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NORTH CAROLINA
HARNETT COUNTY

MASTER DECLARATION OF COVENANTS
AND RESTRICTIONS FOR
BALLARD WOODS SUBDIVISION

Made By:

BALLARD WOODS, L.L.C.

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**PREAMBLE TO MASTER COVENANTS AND RESTRICTIONS
FOR BALLARD WOODS SUBDIVISION**

THIS DECLARATION OF MASTER COVENANTS and RESTRICTIONS, made and entered into this 16th day of October, 2002 ("Master Declaration"), by **BALLARD WOODS, LLC**, a North Carolina limited liability company, as owner, hereinafter referred to as "Declarant";

WITNESSETH

WHEREAS, Declarant is the owner of BALLARD WOODS SUBDIVISION, which is more particularly described as follows:

BEING all of the lots within BALLARD WOODS SUBDIVISION as recorded in Harnett County Registry and as more particularly described in Exhibit A to this Master Declaration.

WHEREAS, Declarant desires to provide for the preservation of values and amenities of the said BALLARD WOODS SUBDIVISION and to impose certain restrictive covenants governing and regulating the use and occupancy of the same, for itself and every person who shall hereinafter purchase any lot in the property described above, together with such additions as may hereinafter be made, to the covenants, restrictions, easements, affirmative obligations, charges and liens, hereinafter set forth, each and all of which is and hereby declared to be for the benefit of said property and each and every owner of any and all parts thereof.

WHEREAS, Declarant has deemed it desirable, for the efficient preservation of the values and amenities in BALLARD WOODS SUBDIVISION, to create a homeowners association to which will be delegated and assigned the powers of maintaining, administering, operating and replacing the Common Areas, administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created.

WHEREAS, Declarant will cause to be incorporated under the laws of the State of North Carolina a non-profit corporation, the Ballard Woods Subdivision Homeowners Association, Inc. (the "Association"), for the purpose of exercising the functions aforesaid.

NOW, THEREFORE, in consideration of the premises and covenants contained herein, Declarant declares that the real property described above is and shall be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations, liens (sometimes referred to as "the Covenants and/or Restrictions") hereinafter set forth in this Master Declaration, and said Covenants and Restrictions shall run with the land and be binding on all persons claiming under and through the Declarant.

DEFINITIONS FOR MASTER COVENANTS AND RESTRICTIONS

The following words when used in this Master Declaration or any amended or Supplemental Declaration (unless the context shall require otherwise) shall have the following meanings:

"Assessment(s)" shall mean and refer to the assessment(s) and charges levied by the Association against Members who are the Owners of Lots or Dwelling Units in The Properties and shall include annual, special and Special Individual Assessments as more particularly described in Part II of this Master Declaration.

"Association" shall mean and refer to the Ballard Woods Homeowners Association, Inc.

"Board" shall mean and refer to the Board of Directors of the Association.

"Boundary Plat" shall mean and refer to that certain plat of survey attached hereto as Exhibit A-1, which survey depicts the approximate location of all of the property to be encumbered and benefited by this Master Declaration at the time of the recording hereof.

"Bylaws" shall mean and refer to the bylaws of the Association as set forth in Exhibit B to this Master Declaration, and all amendments thereto.

"Common Properties" or "Common Areas" shall mean and refer to those areas of land described or referred to as "Common Properties" or "Common Area" in any declaration of covenants, conditions and restrictions to which The Properties are submitted or subjected by the Declarant, or shown on any recorded plat, executed by the Declarant and any other owner of such areas of land, of The Properties and labeled thereon as "Common Properties" or "Common Area", or shown on a recorded plat as open space, streets, roads, bike paths, or pedestrian walking easements (together with all improvements located thereon) which are a part of The Properties and as such are intended to be devoted to the common use and enjoyment of the Members, subject to special rights and limitations, if any, granted to or imposed on Owners of particular Lots, Dwelling Units, or Improved Lots. The Common Area shall include Recreational Facilities, if any, constructed by the Declarant or the Association, as described in Section 12 of Part II to this Master Declaration.

"Declarant" shall mean and refer to Ballard Woods, L.L.C., a North Carolina limited liability company, its successors and assigns, and any person or entity who is specifically assigned the rights and interests of Declarant hereunder or under a separate instrument executed by the Declarant and recorded in the Harnett County Registry.

"Dwelling Unit" shall mean and refer to any improvement or portion thereof situated on an Improved Lot intended for use and occupancy as one (1) single family detached dwelling, irrespective of the number of Owners thereof (or the form of ownership) located within The Properties. Where appropriate by context, the term shall include both the improvements and the real property on which the improvements are situated.

"Existing Property" shall have the meaning assigned to it in Section One of Part 2 of this Master Declaration.

"Ballard Woods Subdivision" shall mean and refer to that community consisting of single family lots and residences, and recreational and supporting facilities, which may include a swimming pool, in Harnett County, North Carolina, more particularly described in Exhibit A to this Master Declaration.

"Improved Lot" shall mean and refer to any improved parcel of land within The Properties which was formerly a Lot and is intended for use as a Dwelling Unit. A parcel of land shall be deemed to be improved when the improvements constructed thereon are sufficiently complete to be occupied as a Dwelling Unit.

"Lot" shall mean and refer to any unimproved numbered parcel of land within The Properties which is intended for use as a site for a Dwelling Unit, as shown upon any recorded plat of any part of The Properties and labeled thereon as a "Lot", and shall not include Improved Lots, Common Areas, or any property in The Properties not yet subdivided for sale as an individual lot. No property in The Properties shall be developed as a Dwelling Unit until designated as a Lot on a recorded plat.

"Member" shall mean a member of the Association and shall refer to an Owner in The Properties.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Dwelling Unit situated upon The Properties. Notwithstanding any applicable theory of any lien or mortgage law, "Owner" shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgage of trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. (Note: the words "Member" and "Owner" are meant to describe all of the owners of the BALLARD WOODS SUBDIVISION interchangeably as semantics dictate throughout this Declaration.)

"Recreational Facilities" shall have the meaning assigned to it in Section 12 of Part II of this Master Declaration.

"The Properties" shall mean and refer to all the Existing Property and any additions thereto as are made subject to this Master Declaration by any Supplemental Declaration(s) under the provisions of Section 1 of Part I to this Master Declaration.

ARTICLE 1

COVENANTS AND RESTRICTIONS OF BALLARD WOODS SUBDIVISION

The Declarant declares that the Existing Property described in Section One herein, is and shall be held, transferred, sold, conveyed and occupied subject to the terms, conditions and provisions of the covenants, conditions, restrictions, charges and liens (sometimes referred to herein as "Covenants and Restrictions") as hereinafter set forth.

1. **PROPERTY SUBJECT TO THIS DECLARATION.** The real property which is, and shall be, held, transferred, sold, conveyed and occupied subject to this Master Declaration is located in Harnett County, North Carolina, and is or will be commonly known as BALLARD WOODS SUBDIVISION, as more specifically described in Exhibit A attached to this Master Declaration and incorporated herein by reference (the "Existing Property").
2. **USE OF PROPERTY.** All numbered Lots shall be used for residential purposes exclusively with the exception of any sales center, office, building or model home constructed or used by the Declarant, his agent or any builder who has received the prior written permission of Declarant. No structure, except as hereinafter provided shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single family Dwelling Unit not to exceed two and one-half (2 ½) stories in height with an attached garage, which may be used and occupied as a residence by a single family. No part of said Lot or Dwelling Unit shall be used for business, manufacturing or commercial purposes.
3. **TERMS OF MASTER COVENANTS AND RESTRICTIONS.** The Covenants and Restrictions set forth herein shall run with and bind the land and shall inure to the benefit of and be enforceable by the Declarant or the Association, their respective legal representatives, heirs, successors and assigns, for a term not to exceed thirty (30) years from the date this Master Declaration is recorded, after which time said Covenants and Restrictions shall be automatically extended for successive periods of ten (10) years unless terminated in a writing recorded with the Register of Deeds in Harnett County.
4. **WITHDRAWAL AND/OR ANNEXATION OF PROPERTY.** Declarant reserves the right to amend these Covenants and Restrictions. Declarant shall have the right to withdraw property previously covered by these Covenants and Restrictions and/or annex additional property to this Declaration and to remove any portion of the lots which have not yet been improved with structures from the coverage of these Declarations.
5. **DESIGN APPROVAL BY DECLARANT.** No building or fence shall be erected, placed or altered on any numbered Lot in BALLARD WOODS SUBDIVISION until the building plans, design, specifications and plat showing the location of such building or fence have been approved in writing as to conformity and harmony of external design with existing structures in the development, and as to location of the building or fence

with respect to topography and finished ground elevation, by the Association or such architect as shall be designated by the Association.

6. COMPLETION OF STRUCTURES. The exteriors of all houses and other structures must be completed within one (1) year after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship on the Owner or builder due to strikes, fires, national emergency, or natural calamities.
7. SQUARE FOOTAGE. The ground floor area of any Dwelling Unit to be built within BALLARD WOODS SUBDIVISION shall not be less than 1,800 square feet of heated area, exclusive of open porches, garages, and carports. The Association shall have the right to waive violations of the square footage requirements which do not exceed ten percent (10%) of said violation.
8. SETBACK REQUIREMENTS. All Dwelling Units, buildings, and/or structures shall be located at least 35 feet from the front lot line, 25 feet from the rear lot line, 10 feet from the side yard lot line, and 20 feet from any corner lot side yard lot line. All required setbacks shall also comply with local ordinances, and to the extent the setbacks set forth above are less in terms of the required distance from structures to the applicable lot lines than as provided by local ordinances, then the setbacks required by local ordinances, as the same may be amended from time to time, shall control. The Association shall have the right to waive violations of the setback requirements set forth above which do not exceed ten percent (10%) of the required setback distance, so long as any such waiver would not permit adjusted building setbacks that would then violate any applicable local ordinances.
9. LOTS FREE OF GARBAGE AND DEBRIS. It shall be the responsibility of each Lot Owner to prevent the development of any unclean, unsightly, or unkempt conditions of buildings or grounds on such lots which shall tend to substantially decrease the beauty of the neighborhood as a whole or the specific area. Non-operating cars, unused objects or apparatus, or any portion thereof, shall not be permitted to remain on any Lot. All Lots shall be kept clean and free of garbage, junk, trash, debris, or any substance that might contribute to a health hazard or the breeding and habitation of snakes, rats, insects, etc. Each purchaser of a respective Lot shall cause each lawn to be mowed as needed, cause the maintenance and protection of landscaping ensuring proper drainage for the Lot so as to prevent soil erosion, and cause the maintenance of the home and any other structures and improvements located on said lot insuring its good condition and appearance. Failure to maintain Lots and Dwelling Units and other structures and improvements, including fences, in a tidy manner, fourteen (14) days after written notice from the Association of the undesirable condition(s), will result in maintenance of the aforesaid by the Association, of which a reasonable charge will be levied against the Lot Owner. Failure to pay such charge within a reasonable time will result in a lien against the subject property. Neither the Association nor any of their agents, employees or contractors shall be liable for any damage which may result from any maintenance work performed hereunder except in cases of gross negligence.

10. **NUISANCE OR NOXIOUS ACTIVITY.** No offensive or noxious activity shall be carried on upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to other Lot Owners. There shall not be maintained any plants, or animals, or device or thing of any sort whose normal activity or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other Lot Owners.
11. **DRIVEWAYS.** All driveways shall be paved in concrete.
12. **MAILBOXES.** There shall be one style of approved mailbox which may be placed on each Lot, and such style of approved mailbox shall be selected by the Declarant or the Association from time to time.
13. **LANDSCAPING.** Builders shall be responsible for planting trees in the front of each Lot within BALLARD WOODS SUBDIVISION, with the species, placement, and number of trees planted to be determined by the Declarant or the Association. Declarant or the Association shall have discretion to increase or reduce the number of trees required or eliminate the requirement for planting trees on any Lot or Lots as circumstances may require.
14. **TEMPORARY STRUCTURES.** No structure of a temporary character, trailer, camper, van, lean-tos, tents, shacks, garages, barns or other outbuilding shall be inhabited on any Lot.
15. **MOBILE HOMES.** No mobile or manufactured homes may be constructed or allowed to remain on any Lot.
16. **PARKING OF VEHICLES.** No mobile home or truck, truck cargo-trailer or other vehicle shall be allowed to be placed or parked on any Lot, except that campers, vans, boats and other recreational vehicles may be placed or parked on any Lot as long as the same are not visible from the street on which the Lot fronts.
17. **SIGNS.** No sign of any kind shall be displayed to the public view on any Lot except the following:
 - a. "Identification Signs" not to exceed one (1) square foot in display area bearing only the address or names of occupants of the premises and located on privately owned property;
 - b. "Political Yard Signs" not to exceed nine (9) square feet in display area and located on privately owned property;
 - c. "For Sale" or "For Rent" signs pertaining to realty on the premises offered for sale or rent, not exceeding nine (9) square feet in area, not illuminated, and placed not closer to a front property line than ten (10) feet. There shall be a limit of one such sign for each street abutting the Lot.

- d. "Temporary Signs" giving information pertaining to construction taking place on the Lot upon which the sign is located which must be removed prior to issuance of a certificate of occupancy. Temporary signs are allowed provided said signs are not erected more than 21 calendar days per year and not larger than nine (9) square feet in area. Temporary signs shall not be illuminated. Only one Temporary Sign shall be permitted on any individual Lot.

Any and all signs within BALLARD WOODS SUBDIVISION shall also comply with Article IX of the Harnett County Zoning Ordinance applicable to signs, as the same may be amended from time to time.

18. ANIMALS. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot except that dogs, cats or other house pets may be kept provided that they are not kept, bred or maintained for any commercial purposes.
19. GARBAGE RECEPTACLES. Each Lot Owner shall provide receptacles for garbage in an area not generally visible from public street view.
20. STORAGE RECEPTACLES. No fuel tanks or similar storage receptacles may be exposed to view, and may be installed only within the main Dwelling Unit, within any other structure, or buried underground.
21. WATER AND SEWAGE SYSTEMS. All water and sewage systems shall be in conformity with the requirements of the Harnett County Health Department and shall be inspected and approved by the same.
22. EASEMENTS. Declarant and the Association reserves unto themselves, their successors and assigns, in addition to any easements of record, a perpetual, alienable and releasable easement and right on, over and under the ground to erect, install, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains, water drainage provisions and facilities and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, water, sewer, water drainage and other public conveniences or utilities on, in or over ten (10) feet around the perimeter of each Lot. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, and to bury Lot debris, make any grading of the soil, or to take any other similar action reasonable to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance.
23. UTILITIES. The Declarant reserves the right to subject the Existing Property in the BALLARD WOODS SUBDIVISION to a contract with Carolina Power & Light Company (also known as Progress energy) for the installation of underground electrical cables which may require an initial contribution and/or the installation of street lighting which may require a continuing monthly payment to Carolina Power & Light Company (also known as Progress energy) by the Homeowners and/or Homebuilders.

ARTICLE 2

BALLARD WOODS SUBDIVISION HOMEOWNERS ASSOCIATION, INC.

BALLARD WOODS, LLC, a North Carolina limited liability company, as owner, hereinafter referred to as "Declarant" hereby declares its intent to form a Homeowners Association to manage and operate the Common Areas within BALLARD WOODS SUBDIVISION, including any additional property which may be annexed in the future, as follows:

1. **TITLE TO COMMON AREA:** The Declarant hereby covenants for itself, its successors and assigns, that it shall control and own in fee simple title, all property within BALLARD WOODS SUBDIVISION which is not owned by a Homebuilder or Homeowner, as well as all the Common Areas located on the property described above as BALLARD WOODS SUBDIVISION, except such Common Areas as are required to be deeded to any governmental agency as designated in the Master Plan, free and clear of all liens and encumbrances, at the time of or prior to the conveyance of the first Lot in each respective phase of development, except utility, drainage and access easements and easements to governmental authorities. The Declarant shall also control and own in fee simple title all those Common Areas which may subsequently become part of BALLARD WOODS SUBDIVISION as those portions may be annexed or purchased in the future.
2. **MEMBERSHIP; VOTING RIGHTS IN THE ASSOCIATION; RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION**
 - a. **Membership.** Every person or entity who is a record Owner of a fee simple interest in any Lot within BALLARD WOODS SUBDIVISION is subject by this and any other provisions of this Master Declaration made in connection herewith to all rights, responsibilities and assessments of the Association and shall be entitled to be a member of the Association as described below, provided, however, that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.
 - b. **Voting Rights.** The Association shall have two (2) classes of voting memberships:
 - 1) **Class I.** The Class I Members shall be all Owners of Lots within BALLARD WOODS SUBDIVISION with the exception of Declarant. All Class I Members shall be entitled to one (1) vote for each Lot owned at such time that the Class II membership shall cease and is converted to Class I memberships as described below in subsection 2). In the case of multiple ownership of any Lot, multiple Owners of the same Lot shall be treated collectively as one Owner for purposes of Class I Members.

- 2) Class II. The Class II Member shall be the Declarant, who shall be entitled to six (6) votes for each Lot owned by it within BALLARD WOODS SUBDIVISION. The Class II membership shall cease and be converted to Class I membership after Declarant has sold and closed the sale of ninety percent (90%) of all Lots within each phase of development of BALLARD WOODS SUBDIVISION.

If Class II membership is terminated or expires and subsequently additional properties owned by the Declarant thereafter become subject to this Declaration, the Class II membership shall immediately be reinstated as of the date such additional properties become subject to this Declaration and shall not terminate until Declarant has sold and closed the sale of ninety percent (90%) of all Lots within each phase of development of BALLARD WOODS SUBDIVISION.

- c. Rights and Responsibilities of the Association. Subject to the rights of the Declarant as set forth herein, the Association shall have management and control of the Common Areas and all improvements thereon and all furnishings, equipment and other personal property relating thereto.
- e. Streets and Roads. The Declarant is responsible for the construction and maintenance of streets and roads within BALLARD WOODS SUBDIVISION until such roads are accepted for maintenance by the applicable governmental authority. Notwithstanding the foregoing, the Association shall be entitled to undertake (but is not obligated to undertake) the management, operation, maintenance, repair, servicing, replacement and renewal of all streets and roads within BALLARD WOODS SUBDIVISION and all improvements thereon; provided, however, following any irrevocable acceptance of the streets and roads for maintenance as public rights of way by applicable governmental entities, the maintenance obligations of the Association for the streets and roads shall only be to the extent such activities are not performed by the applicable governmental entities.
- f. Professional Services. The Association may obtain and pay for the services of any personnel to manage its affairs to the extent the Association deems advisable, as well as such other personnel as the Association determines is necessary or desirable, whether such personnel are furnished or employed directly by the Association or by any person with whom it contracts. Without limitation, the Association may obtain and pay for legal, accounting, engineering or other professional services necessary or desirable in connection with the Common Areas or the enforcement of this Master Declaration, the Association's Articles of Incorporation, Bylaws, rules or regulations.
- g. Real and Personal Property. The Association may acquire, hold, and dispose of real property and tangible and intangible personal property, subject to such restrictions as from time to time may be contained in the Association's Articles of Incorporation and Bylaws.

- h. Association Rules and Regulations. The Association, from time to time, may adopt, alter, amend, rescind and enforce reasonable rules and regulations governing use and operation of the Common Areas, which rules and regulations shall be consistent with the rights and duties established by this Master Declaration. The validity of the Association's rules and regulations, and their enforcement, shall be determined by a standard of reasonableness for the purpose of protecting the value and desirability of BALLARD WOODS SUBDIVISION.
- i. Limits on Litigation of the Association. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by (1) a vote of seventy-five percent (75%) of the Class I Members or (2) the Class II Member. This Section shall not apply, however to (a) the imposition and collection of assessments as provided in this Declaration, and (b) proceedings involving challenges to ad valorem taxes. This Section shall not be amended unless such amendment is made by the Declarant or is approved by a vote of seventy-five percent (75%) of the Class I Members entitled to vote.

3. PROPERTY RIGHTS IN THE COMMON AREAS

- a. Title to Common Areas. Declarant shall retain legal title to any Common Areas shown on any recorded plat of BALLARD WOODS SUBDIVISION, until such time as Declarant, in its sole discretion, shall convey title to such Common Areas to the Association, provided that Declarant shall convey title to such Common Areas to the Association no later than the date on which ninety percent (90%) of all lots within each phase of development are sold. The Common Areas cannot be mortgaged or conveyed to any entity besides the Association without the consent of at least 2/3 of the Owners of Lots within BALLARD WOODS SUBDIVISION or without the consent of the Declarant.
- b. Members' Easements of Enjoyment. Subject to the provisions of Section 6.a. every Member shall have a right and easement of enjoyment in and to all of the Common Areas and such easement shall be appurtenant to and shall pass with the title to every lot in BALLARD WOODS SUBDIVISION.
- c. Delegation of Use. Any Owner may delegate its rights of enjoyment of the Common Areas to the members of its family, its tenants, contract purchasers who reside on the property, or its guests.

4. EXTENT OF MEMBERS' EASEMENTS. The use of Common Areas belonging to the Association shall be a membership entitlement. The rights and easements of enjoyment created herein shall be subject, however, to the following:

- a. The rights of Declarant as provided herein;

- b. The right of the Declarant, in its sole discretion, to grade, pave or otherwise improve any road or street shown on any recorded plat;
- c. The right of the Association to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Areas, and to limit the number of guests, to regulate hours of operations and behavior, and to curtail any use or uses it deems necessary for either the protection of the Common Areas or Recreational Facilities or the peace and tranquility of adjoining residents;
- d. The right of the Association, as provided in its Articles of Incorporation or Bylaws, to suspend the enjoyment rights of any Member for any period during which any assessment of that Member remains unpaid, and for any period not to exceed sixty (60) days for any infraction of any published rules and regulations adopted by the Association;
- e. The right of the Association to lease and use any of the Common Areas for functions, lessons, or special events and to allow the lessee to change admission or other fees for functions, lessons, or special events;
- f. The right of the Association or its assignee to charge reasonable admission and other fees for use of any of the Association's Recreational Facilities situated upon its Common Areas; and
- g. The right of the Association to dedicate or transfer all or any part of the Common Areas (which includes streets and roads) or private water/sewer lines to any public agency, authority or utility (public or private) for such purposes and subject to such conditions as may be agreed to by the Association. Except as provided below, no such dedication or transfer shall be effective unless the Declarant and/or the Members entitled to at least seventy-five (75%) of the Class I and Class II Membership votes agree to such dedication or transfer and signify their agreement by a signed and recorded written document; provided that notwithstanding the foregoing, the Association and the Declarant shall each have the right, power and authority to grant easements and rights-of-way for the installation and maintenance of drainage facilities and of utilities, whether private, public or quasi-public, including cable television, water, gas and sewer upon, over, under and across any Common Area, without the assent of the Members when, in the sole opinion of the Declarant or the Association, as applicable, such easements are required or reasonably necessary for the development and/or the convenient use and enjoyment of BALLARD WOODS SUBDIVISION and, in the sole opinion of the Declarant or said Association, as applicable, will not unreasonably interfere with the overall use and enjoyment of the Common Areas; and provided further this subsection shall not preclude the Association from conveying at such purchase price as the Association deems appropriate strips or portions of the Common Areas to any owner in order to resolve any gap, gore, overlap or other boundary line conflict or to make the lot more usable as a home

site provided such conveyance does not in the good faith judgment of the Association adversely affect the overall use and enjoyment of the Common Areas.

5. **PERSONAL OBLIGATION FOR PAYMENT OF APPLICABLE FEES AND CREATION OF THE LIEN:** Each Member, other than the Declarant, who is the owner of any Lot, by acceptance of a deed therefore, and all other Members, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and does hereby covenant and agree to pay to the Association:

- a. Annual Assessments or charges equal to three hundred dollars (\$300.00), which shall be due and payable on a monthly basis in twelve equal installments ("Monthly Installment");
- b. Common Area Assessment equal to one-sixth of the Annual Assessment amount as set forth in Subsection 5.a., as may from time to time be amended as set forth in this Master Declaration, which amount shall be due and payable to the Association by the grantee at the time a Lot or an Improved Lot is conveyed to such grantee by the Declarant or a subsequent grantor of such grantee, except as set forth in Subsection 5.c. below;
- c. Common Area Assessment of One Hundred Dollars (\$100.00), due and payable to the Association by the grantee at the time a Lot is conveyed by the Declarant where the grantee of the Declarant is a builder who will not live in the improvements constructed on the Lot or to be constructed on such Lot.

The Annual and Common Area Assessments of a Lot Owner and any fines, liquidated damages or summary charges as herein or in the Bylaws provided, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the lot or improved lot against which each such Assessment is made. Each such Assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligations of the person or persons jointly and severally, who is (are) the owner(s) of such properties at the time when the assessment fell due.

6. **PURPOSE OF ANNUAL AND COMMON AREA ASSESSMENTS:** The Annual and Common Area Assessments (if any) levied by the Association shall be used exclusively for (i) promoting the recreation, health, safety, and welfare of the residents, (ii) the operation, improvement and maintenance of the Common Areas, (iii) enforcing these Covenants and Restrictions, the rules established by the Declarant, as well as the Bylaws and Articles of Incorporation of the Association (iv) providing the services and facilities as provided for herein, and (v) the expenses incurred by the Association in managing the Common Areas, including utilities, professional services, maintenance, landscaping, and other like services.

7. **PAYMENT OF ANNUAL ASSESSMENT FEES:** The Annual Assessments due and payable by Homeowners provided for herein shall be paid to the Association in equal monthly installments (i.e. \$25.00 per month based on \$300.00 Annual Assessment) (hereinafter the "Monthly Installment") and the obligation shall commence as to each Lot starting with the day following the date on which a Homeowner purchases a Lot, whether improved or unimproved. The first Monthly Installment payable by a Homeowner shall be adjusted pro rata according to the number days remaining in the month after the date on which the Lot was purchased, divided by the total number of days in that month, times the Monthly Installment as established in Section 5.a., and shall be paid to the Association at the time the Lot is conveyed to the Homeowner. After the first partial month during which a Homeowner owns a Lot, such Homeowner shall thereafter mail or deliver full Monthly Installments to the Association's address set forth in Section 13 below on or before the first day of each month. The Association may change the amount of the Annual Assessment Fee payable by Homeowners within BALLARD WOODS SUBDIVISION at least thirty (30) days in advance of each Annual Assessment Fee period. The first Annual Assessment Fee period shall commence October 15, 2002 and end on December 31, 2003, with subsequent Annual Assessment Fee periods beginning anew each January 1 thereafter. Starting January 1, 2004, upon the required notice provided to all Homeowners of record, the maximum Annual Assessment Fee effective for calendar year 2004, and any subsequent years, may be increased by the Association by a percentage which may not exceed ten percent (10%) above the maximum Annual Assessment Fee payable by Homeowners for the previous year. Written notice of any change to the Annual Assessment Fee shall be mailed to every Homeowner thirty (30) days in advance of the proposed increase to the Annual Assessment Fee. The due dates for Annual Assessment Fees shall be established and may be changed by the Association. The Association, upon demand of any Homeowner at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the fees payable pursuant to this Master Declaration on a specified Lot have been paid. A properly executed certificate of the Association as to the status of the payment of required fees on a Lot is binding upon the Association as of the date of its issuance.
8. **UNIFORM RATE OF ANNUAL ASSESSMENT FEES:** The Annual Assessment Fees payable by each Member/Homeowner must be fixed at a uniform rate for all Lots, on a per Lot basis, and shall be collected on a monthly basis by the Association. The Annual Assessment Fee may be amended from time to time as provided in this Master Declaration.
9. **PAYMENT OF COMMON AREA ASSESSMENTS.** Those Members required to pay Common Area Assessment Fees in accordance with Subsections 5.b. and 5.c. herein shall pay the amount due, as the case may be, at the time of conveyance of the Lot in such a manner that the Common Area Assessment Fee due shall be paid by a grantee of a Lot to the Association as an expense of closing on said Lot.
10. **EFFECT OF NONPAYMENT OF REQUIRED FEES: REMEDIES OF THE DECLARANT:** Any fees or portion thereof required by this Master Declaration or the

By-laws, which are not paid when due, shall be deemed delinquent by the Association. If the required fee is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum or the maximum lawful rate, whichever is less. The Association may bring an action against the Owner personally obligated to pay the same, or foreclose the lien against the property, and, in either event, interest and costs of any such action, including reasonable attorney's fees, shall be added to the amount of any delinquent fees. No Homeowner or Homebuilder may waive or otherwise escape liability for the required fees provided for herein by non-use of the Common Areas or abandonment of his or her Lot.

11. SUBORDINATION OF THE LIEN TO MORTGAGES AND AD VALOREM TAXES: The lien of the required assessments provided for herein on any Lot shall be subordinate to the lien of the first mortgage, and ad valorem taxes on such Lot. Sale or transfer of any Lot shall not affect the lien on the required fees; however, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such required fees as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any required fees thereafter becoming due or from the lien thereon.
12. POOL AND RECREATION FACILITY FEE. Declarant may construct a Pool and Recreation Facility located in the Common Areas within BALLARD WOODS SUBDIVISION. Each Homeowner shall be entitled to use the BALLARD WOODS SUBDIVISION Pool and Recreation Facility so long as such Homeowner is not delinquent with respect to payment of any required fees set forth in this Master Declaration or the Bylaws and/or Articles of Incorporation of the Association. Declarant may permit non-homeowners to use the BALLARD WOODS SUBDIVISION Pool and Recreation Facility upon completion of a required application together with payment of a one-time Application Fee of \$250.00, and an annual Pool Maintenance Fee equal to \$150.00. The Application Fee must be submitted with the application for non-homeowner membership. The annual non-homeowner Pool Maintenance Fee shall be due and payable by all non-homeowner Pool and Recreation Facility members by or before April 1 of each year. Non-homeowners with privileges to use the Pool and Recreational Facility shall not be entitled to membership or voting rights in the Association. The number of non-homeowners entitled to use the BALLARD WOODS SUBDIVISION Pool and Recreation Facility shall be limited in the discretion of the Association and the Association shall establish additional criteria governing permitted use thereof. The Association may increase or decrease the fees required for a Homeowner's or non-homeowner's use of the BALLARD WOODS SUBDIVISION Pool and Recreation Facility depending on the maintenance and capital improvement needs associated therewith. The Pool and Recreation Facility fees applicable to Homeowners and non-homeowners each as a class may be different, but the fees applicable to all Homeowners and all non-homeowners within each such class must be equal. Nothing contained herein shall require or obligate Declarant to construct, manage, or operate a community swimming pool and/or recreational facility within BALLARD WOODS SUBDIVISION. All fees required by these Covenants and Restrictions for use of the Pool and Recreation Facility must be paid in full prior to any Homeowner's or non-

homeowner's use of the BALLARD WOODS SUBDIVISION Pool and Recreation Facility. Any Homeowner or non-homeowner who fails to pay the fees required by these Covenants and Restrictions within thirty (30) days after the due date shall lose all privileges to use the BALLARD WOODS SUBDIVISION Pool and Recreation Facility until such time as all past due amounts are paid in full.

13. NOTICE: Any notice required to be sent to any Homebuilder, Homeowner, or non-homeowner under the provisions of this Master Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, postpaid prepaid, to the last known address of such person as reflected in the records of the Association. Notice to one of two or more co-Owners of a Lot shall constitute notice to all co-Owners. Any notice or information required herein to be provided to the Association shall be deemed given to the Association when mailed, postpaid prepaid, to the following address:

Manager
BALLARD WOODS SUBDIVISION
HOMEOWNER'S ASSOCIATION, INC.
P.O. Box 6127
Raleigh, North Carolina 27628

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

DECLARANT:

**BALLARD WOODS, LLC, a North
Carolina Limited Liability Company**

By:  (SEAL)
Grey Wilson, Manager

NORTH CAROLINA
WAKE COUNTY

I, the undersigned, a Notary Public for said county and state, certify that Grey Wilson, manager of **Ballard Woods, LLC**, a limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the company.

Witness my hand and official seal, this the 16th day of October, 2002.


Notary Public

My commission expires: 8-29-06

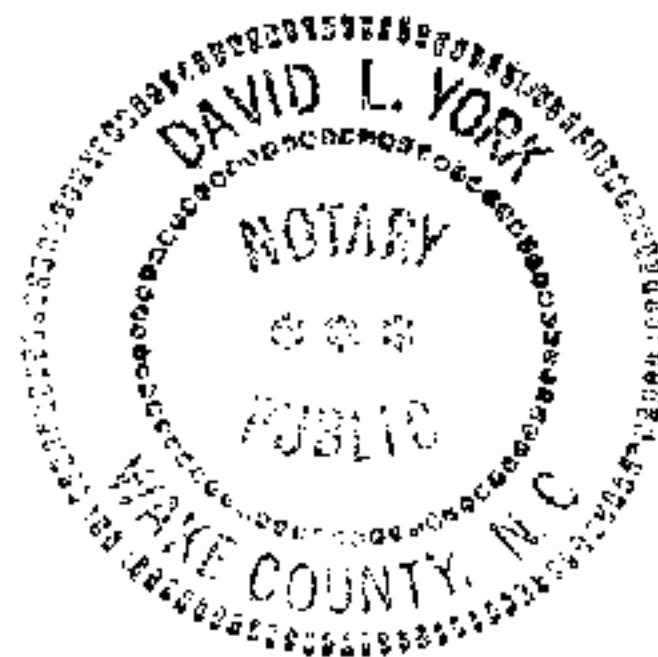


EXHIBIT A

LEGAL DESCRIPTION

BEING Tract 2, containing 79.58 acres gross (78.09 net acres, less the right-of-way) as shown on map recorded in Map #2001-149 of the Harnett County registry.

EXHIBIT B

**BYLAWS OF BALLARD WOODS SUBDIVISION
HOMEOWNERS ASSOCIATION, INC.**

BYLAWS OF
BALLARD WOODS SUBDIVISION HOMEOWNERS
ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is *Ballard Woods Subdivision Homeowners Association, Inc.* (the "Association"). The principal office of the corporation shall be located at Post Office Box 6127, Raleigh, North Carolina 27628, but meetings of Lot Owners and directors may be held at such places within the State of North Carolina, County of Harnett as may be designated by the Board of Directors ("Board").

ARTICLE II
DEFINITIONS

Section 2.1: "Declarant" shall mean Ballard Woods, LLC, its successors and assigns.

Section 2.2: "Declarant Control Period" shall mean the period during which the Declarant owns at least ninety percent (90%) of the subdivided lots (other than Common Areas) in each phase of development of Ballard Woods Subdivision.

Section 2.3: "Declaration" shall mean that certain Master Declaration of Covenants and Restrictions for Ballard Woods, recorded in Book _____, Page _____, Harnett County Registry.

Section 2.4: "Member(s)" shall mean any owner of fee simple title to any of the Lots (but not Common Areas) in Ballard Woods.

Section 2.5: The terms defined in the Preamble to the Master Declaration of Covenants and Restrictions (hereinafter the "Master Declaration") shall have the same meanings when set forth in these Bylaws.

ARTICLE III
MEMBERSHIP

Membership and voting rights shall be as set forth in the Master Declaration.

ARTICLE IV
MEETINGS OF MEMBERS

Section 4.1: *Annual Meetings.* The Annual Meeting of the Members shall be held on a date to be determined by the Board for the purpose of the transaction of any business authorized to be transacted by the Members.

Section 4.2: *Substitute Annual Meeting.* If the Annual Meeting of the Members is not held as provided in Section 4.1, any business including the election of Directors, which might properly have been acted upon at that meeting may be acted upon at any subsequent meeting of Members held pursuant to these Bylaws or pursuant to a court order requiring a substitute Annual Meeting.

Section 4.3: *Special Meeting.* Special meetings of the Members may be called at any time by the President, Secretary, any two or more Directors or upon written request of the Members who are entitled to vote ten percent (10%) of all of the votes in the Association.

Section 4.4: *Notice of Meeting.* Written notice of each meeting of Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than ten (10) days nor more than thirty (30) days, unless otherwise stated in the Master Declarations, before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and the items on the agenda, including the general nature of any proposed amendment to the Master Declarations or Bylaws, any budget changes, and any proposal to remove a director or officer. Proof of such mailings shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings by vote of the Members of the Association.

Section 4.5: *Quorum.* The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-fourth (1/4) of the votes in the Association shall constitute a quorum for any action except as otherwise provided in the Master Declarations. If, however, such quorum shall not be present or represented at any meeting, the majority of the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting. The quorum requirement for the next meeting shall be one-half of the quorum applicable to the meeting adjourned for lack of a quorum. This reduced quorum provision shall continue until such time as a quorum is present and business can be conducted. The presence of a Member at the beginning of a meeting shall constitute the presence of such Member for the purpose of determining a quorum. The vote of the Members of a Lot owned by more than one person or by a corporation or other entity shall be cast by the person named in a Certificate signed by all of the Members of the Unit and filed with the Secretary of the Association. Such Certificate shall be valid until revoked by a subsequent Certificate. If such a Certificate is not on file, the vote of such Members shall not be considered in determining the requirement for a quorum nor for any other purpose.

Section 4.6: *Proxies.* At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 4.7: *Order.* The order of business at an Annual Meeting of Members, and, as far as practical at all other meetings of Members, shall include:

- a. Call of the roll and certification of proxies;
- b. Proof of notice of meeting or waiver of notice;
- c. Read and disposal of meeting or waiver of notice;
- d. Unfinished business;
- e. New business; and
- f. Adjournment.

Section 4.8: *Conduct of Meetings.* The President shall preside over all meetings of Members. The Secretary shall keep a minute book with all resolutions adopted by the Members, minutes of all meetings, and all written consents to actions taken without a meeting. Robert's Rules of Order (latest edition) shall govern the conduct of the meeting.

Section 4.9: *Adjournments.* Any meeting of the Members, whether or not a quorum is present, may be adjourned by a majority of the votes at the meeting to reconvene at a specific time and place. It shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted, if the time and place of the reconvened meeting are announced at the meeting which was adjourned. Any business may be transacted which could have been transacted at the meeting which was adjourned, if a quorum is at the reconvened meeting.

Section 4.10: *Action of Members Without a Meeting.* Any action which may be taken at a meeting of the Members may be taken without a meeting if a written consent of the requisite number of Members setting forth the action authorized is received prior to taking such action.

Section 4.11: *Vote Required for Action.* Except as otherwise provided in Chapters 47F and/or 55A of the North Carolina General Statutes, the act of a majority of the Members entitled to vote at a meeting at which a quorum was present shall be the act of the Members.

ARTICLE V BOARD OF DIRECTORS

Section 5.1: *General Powers.* The business and affairs of the Association shall be managed by the Board of Directors. The Board shall have all powers of the Association that are not required by law, the Master Declarations or the Articles of Incorporation to be exercised by the Members. The powers of the Association include those set forth in Chapters 47F and 55A of the North Carolina General Statutes. The Board may employ a managing agent and/or other managerial or supervisory personnel to administer or assist in the administration of the operation and management of the affairs of the Association, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Association or a Director or Officer of the Association.

Section 5.2: *Qualifications.* Each Director must be an Member, except those appointed by Declarant.

Section 5.3: *Nomination.* Nomination for election to the Board shall be made by a Nominating Committee which shall consist of three (3) Members appointed by the President. During any period of time wherein there is no President, any Member may nominate candidates for election to the Board. The Nominating Committee may nominate any number of qualified individuals, but no less than the number of Directors to be elected. Separate nominations shall be made for each seat on the Board for which a Director is to be elected. The nominations and the names of those on the Nominating Committee shall be included with the notice of the meeting. Nominations shall also be allowed from the floor at the meeting.

Section 5.4: *Election.* Election to the Board shall be by written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Master Declarations. The Member(s) receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

Section 5.5: *Number and Term of Office.* The Board shall consist of three (3) Directors with each having a three (3) year term of office. The Directors shall be divided into three (3) classes with the terms of one class expiring each year.

Section 5.6: *Removal and Resignation.* Any Director may be removed from office, with or without cause, by a vote of at least sixty-seven percent (67%) of the Members at any meeting of the Association at which a quorum is present. Removal action may be taken at any Annual or Special Meeting with respect to which notice of such purpose has been given. A removed Director's successor may be elected at the same meeting to serve the unexpired term. Any Director may resign by submitting his written resignation to the other Directors, or if none, then by delivering or mailing such written resignation to all of the Members at their addresses set forth in the tax records of Harnett County. Resignation is effective upon receipt by the other Directors or the Members, as the case may be, of such written resignation.

Section 5.7: *Vacancies.* A vacancy occurring on the Board may be filled by a majority of the Directors remaining in office, though less than a quorum of the Board. The Director so elected by the Board shall serve until the next Annual Meeting, at which time a Director shall be elected by the Members for the remaining term, if any.

Section 5.8: *Compensation.* Directors shall not receive compensation for their services as Directors. A director may serve the Association in another capacity and receive compensation, if disclosed to the Board in advance of his election.

Section 5.9: *Committees of the Board of Directors.* The Board may designate from among its members an Executive Committee and one or more other committees, each consisting of at least

two (2) Directors. Each committee shall have the authority set forth in the resolution establishing the committee.

ARTICLE VI MEETINGS OF THE BOARD OF DIRECTORS

Section 6.1: *Place of Meetings.* Directors may hold their meetings at any place within reasonable proximity to Ballard Woods Subdivision as the Board may from time to time establish.

Section 6.2: *Regular Meetings.* Regular meetings of the Board shall be held at least once every six (6) months on a regular schedule established by the Board.

Section 6.3: *Special Meetings.* Special Meetings of the Board may be called by the President, the Secretary, or any two (2) Directors.

Section 6.4: *Notice of Meetings.* No notice shall be required for regularly scheduled meetings. Notice of each Special Meeting shall be given to each Director stating the time, place and purpose of the meeting. The notice shall be given by mail deposited at least five (5) days before the meeting or by telephone, telegram, cablegram, facsimile, e-mail or personal delivery at least three (3) days before the meeting. Notice by telegram or cablegram shall be deemed delivered at the time the notice is filed with the transmitting agency. Notice by telephone or personal delivery shall be deemed effective only when actually communicated to the Director.

Section 6.5: *Quorum.* A quorum shall be deemed present throughout any meeting of the Board when Directors entitled to cast a majority of the votes on the Board are present at the beginning of the meeting.

Section 6.6: *Voting.* Except as otherwise provided by law or in the Master Declarations, the act of a majority of the Directors present at a meeting at which a quorum is present at the time shall be the act of the Board. Each Director shall have one equal vote on the Board.

Section 6.7: *Adjournments.* Any meeting of the Board, whether or not a quorum is present, may be adjourned by a majority of the Directors present to reconvene at a specific time and place. It shall not be necessary to give notice of the reconvened meeting or of the business to be transacted, other than by announcement at the meeting which was adjourned. Any business may be transacted which could have been transacted at the meeting which was adjourned, if a quorum is present at the reconvened meeting.

Section 6.8: *Action by Directors Without A Meeting.* Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if unanimous written consent is signed by all the Directors and is filed with the minutes of the Board. The consent shall have the same force and effect as a unanimous vote of the Board.

Section 6.9: *Conduct of Meetings.* The President shall preside over all meetings of the Board. The Secretary shall keep a minute book with all resolutions adopted by the Board, minutes of all meetings, and all written consents to actions taken without a meeting and proceeding occurring at such meetings. Robert's Rules of Order (latest edition) shall govern the conduct of the meetings.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1: *Powers.* The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the Common Areas, and the personal conduct of the Members and their tenants, invitees and guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any Assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days, for infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of the Articles of Incorporation or the Master Declarations;

(d) Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(f) Foreclose on the lien against any Lot for which Assessments are not paid within thirty (30) days after the due date, or to commence an action at law against the Member personally obligated to pay the same in accordance with and as authorized by the Master Declarations; and

(g) Exercise all powers set forth in Chapters 47F and 55A of the North Carolina General Statutes and such other powers as are conferred upon the Association by the Articles of Incorporation and the Master Declarations.

Section 7.2: *Duties.* It shall be the duty of the Board to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting of the Members, or at any Special

Meeting which such statement is required by one-fourth (1/4) of the Members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Association, and ensure that their duties are properly performed;

(c) As more fully provided in the Master Declarations, to:

(1) Fix the amount of the monthly Assessment against each Lot at least thirty (30) days in advance of each Assessment period; and

(2) Send written notice of each change in the Assessment to every Member subject thereto at least thirty (30) days in advance of each Assessment period.

(d) Issue, or to cause to be issued, upon demand by any person, a Certificate setting forth whether an Assessment has been paid. A reasonable fee may be charged by the Board for the issuance of such Certificate. If a Certificate states an Assessment has been paid, such Certificate shall be conclusive evidence of such payment;

(e) Cause all Officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(f) Cause the Common Areas to be maintained;

(g) Within thirty (30) days after adoption of any proposed budget, the Board shall provide a summary of the budget to all Members, and shall set a date for a meeting of the Association to consider ratification of the budget. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless, at that meeting, sixty-seven percent (67%) of the Members of the Association rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Association ratifies a subsequent budget proposed by the Board;

(h) Perform all other duties imposed by the Articles of Incorporation and the Master Declarations;

(i) Procure the insurance coverages set forth and required by the Master Declarations on behalf of the Association; and

(j) Pay any license fees or governmental charges levied or imposed against the Common Areas or other property, real or personal, owned by the Association.

ARTICLE VIII OFFICERS

Section 8.1: *Number.* The Officers of the Association shall consist of a President, one or more Vice Presidents as designated by the Board, a Secretary, a Treasurer and one or more Assistant Secretaries and Treasurers as designated by the Board. The Association shall not be required to have at any time any Officers other than a President, Secretary and Treasurer. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 8.2: *Election and Term.* All Officers shall be elected by the Board and shall serve at the pleasure of the Board. Only Directors shall qualify to hold the offices of President, Secretary and Treasurer.

Section 8.3: *Compensation.* Any compensation of Officers shall be fixed by the Board, subject to the approval of Members having a majority of votes in the Association.

Section 8.4: *Removal and Resignation.* Any Officer or agent elected by the Board may be removed by the Board at any meeting with respect to which notice of such purpose has been given to the Directors. Any Officer may resign by submitting his written resignation to the Board.

Section 8.5: *President.* The President shall be the chief executive officer of the Association and shall have responsibility for the general supervision of the Association. He shall see that all orders and resolutions of the Board are carried into effect. The President shall perform such other duties as may from time to time be delegated to him by the Board. He shall have all the general powers and duties which are incident to the office of the President of a nonprofit corporation.

Section 8.6: *Vice President.* The Vice President, in the absence or disability of the President, or at the direction of the President, shall have the duties and powers of the President. If the Association has more than one Vice President, the Board shall designate one Vice President to act for the President. Vice Presidents shall have whatever duties and powers the Board may from time to time assign.

Section 8.7: *Secretary.* The Secretary shall keep accurate and complete records of all meetings of Members, Directors and committees of Directors, including minutes of the meetings, all resolutions adopted and all consents to actions without a meeting. He shall have the authority to give all notices required by law or the Master Declarations. He shall be custodian of the corporate books, records, contracts and other documents. The Secretary may affix the corporate seal to any lawfully executed documents requiring it and shall sign such instruments as may require his signature. The Secretary shall have whatever additional duties and powers the Board may from time to time assign him or may be incident to the office of Secretary of a nonprofit corporation.

Section 8.8: *Treasurer.* The Treasurer shall have custody of all funds and securities belonging to the Association and shall receive, deposit or disburse them under the direction of the Board. The Treasurer shall keep full and true account of all receipts and disbursements and shall make reports to the Board and President upon request. He shall perform all duties as may be assigned to him from time to time by the Board. The Treasurer shall prepare or cause to be prepared all required financial statements, tax returns and budgets. If the Association employs a property manager, accountant, attorney or other agent, the duties may be delegated to the agent. However, the Treasurer shall remain responsible for supervising the agent.

Section 8.9: *Assistant Secretary and Assistant Treasurer.* The Assistant Secretary and Assistant Treasurer shall, in the absence of the Secretary or the Treasurer, respectively, have the duties and powers of those offices. They shall, in general, perform any other duties assigned to them by the Board. Specifically, the Assistant Secretary may affix the corporate seal to all necessary documents and attest the signature of any Officer.

Section 8.10: *Bonds.* The Board may require any or all of the Officers, agents or employees of the Association to give bonds to the Association, with sufficient surety, conditioned on the faithful performance of the duties of their respective Offices or positions.

ARTICLE IX MISCELLANEOUS

Section 9.1: *Fiscal Year.* The fiscal year of the Association shall begin on the first day of January and end on the thirtieth (30th) day of December of every year, except that the first year shall begin on the date of incorporation of the Association.

Section 9.2: *Seal.* The corporate seal of the Association shall be in circular form having within its circumference the words: Ballard Woods Subdivision Homeowners Association, Inc. - Corporate Seal.

Section 9.3: *Inspection of Books and Records.* All accounts, books and records of the Association, shall be open to inspection by the Members, Mortgagees and prospective purchasers during normal business hours subject to such reasonable rules as the Board may establish.

Section 9.4: *Indemnification.* Each Director or Officer shall be indemnified by the Association against those expenses which are allowed by the laws of North Carolina and which are reasonably incurred in connection with any action, suit or proceeding, whether completed, pending or threatened, in which such person may be involved by reason of his being or having been a Director or Officer. No indemnification shall be made for any expense owed as a member of the Association, and indemnification shall be made only in accordance with laws of North Carolina. The Association may purchase and maintain insurance on behalf of any such Officers and Directors against any liabilities asserted against them, whether the Association would have the power to

Section 9.6: *Amendments.* These Bylaws may be amended at a regular or Special Meeting of the Members, by the unanimous vote of a majority of the quorum of Members present, in person or proxy, except the Declarant shall have the unilateral right to veto amendments during the Declarant Control Period.

Section 9.7: *Conflicts.* In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Master Declarations and these Bylaws, the Master Declarations shall control.

EXHIBIT C

EXECUTIVE SUMMARY OF BALLARD WOODS SUBDIVISION HOMEOWNERS ASSOCIATION, INC.

1. **Title to Common Areas:** Declarant owns Common Areas which shall be managed and operated by Ballard Woods Subdivision Homeowners Association, Inc. (the "Association").
2. **Membership in Association:** Restricted to Lot Owners.
3. **Member Voting Rights:** There are two classes of Association Members. Class I Members are Lot Owners other than Declarant and are entitled to one (1) vote per lot owned. The Class II Member is the Declarant who is entitled to six (6) votes per Lot owned. Class II membership is converted into Class I membership once Declarant sells and closes the sale on 90% of Lots within each phase of development of Ballard Woods Subdivision.
4. **Association Rights, Obligations, and Limitations:** The Association shall:
 - Manage and control the Common Areas and all improvements thereon and all furnishings, equipment and other personal property relating thereto;
 - To the extent not performed by applicable governmental entities, undertake (but is not obligated to undertake) the management, operation, maintenance, repair, servicing, replacement and renewal of all streets and roads within BALLARD WOODS SUBDIVISION and all improvements thereon;
 - Retain professional services as well as such other personnel as the Association determines is necessary or desirable, including without limitation, legal, accounting, engineering or other professional services in connection with the Common Areas or the enforcement of the Master Declaration of Covenants, the Association's Articles of Incorporation, Bylaws, rules or regulations.
 - Acquire, hold, and dispose of real property and tangible and intangible personal property.
 - Adopt, alter, amend, rescind and enforce reasonable rules and regulations governing use and operation of the Common Area
 - Not commence any judicial or administrative proceeding unless approved by (1) a vote of seventy-five percent (75%) of the Class I Members or (2) the Class II Member, except with respect to (a) the imposition and collection of assessments as provided in this Declaration, and (b) proceedings involving challenges to ad valorem taxes.
5. **Title to Common Areas.** Declarant retains title to all Common Areas until it sells and closes the sale of 90% of Lots in each phase of development, at which time, Declarant must convey and Association must accept, title to such Common Areas. Members retain at all times an

easement of enjoyment over all of the Common Areas subject to the Declarant's or the Association's rights to develop, manage and/or operate said Common Areas.

6. Assessments. Each Member, other than Declarant, must pay:

- Annual Assessments or charges of three hundred dollars (\$300.00) due and payable on a monthly basis in twelve equal installments ("Monthly Installment"); provided that Builders are not required to pay Monthly Installments until the first day of the 13th month after closing on the sale of any Lot within Ballard Woods Subdivision.
- Common Area Assessment equal to one-sixth of the Annual Assessment amount, which shall be due and payable to the Association by the grantee at the time a lot is conveyed to such grantee by the Declarant or a subsequent grantor of such grantee, except as set forth below.
- Common Area Assessment of One Hundred Dollars (\$100.00), due and payable to the Association by the grantee at the time such lot is conveyed by the Declarant where the grantee of the Declarant is a Builder.

The Annual and Common Area Assessments and any fines, liquidated damages or summary charges, plus interest and costs of collection, shall be a charge on the land and shall be a continuing lien upon a Lot or Improved Lot against which each such Assessment is made.

7. Payment of Monthly Installments. Except with respect to Builders, payment is due beginning pro rata with the month the Lot is sold and closed and thereafter in full on the first day of the month in an amount set by the Association which may be amended from time to time. Builders must pay Monthly Installments beginning with the first day of the 13 month after closing on any Lot. The Association may change the amount of the Annual assessments by an amount not to exceed 10% of the prior year's Annual Assessment amount.
8. Failure to Pay: If an Owner other than Declarant shall fail to pay fees within 30 day s of the due date, the same shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum or the maximum lawful rate, whichever is less. The Association may bring legal action for the payment of delinquent fees.
9. Subordination of the Lien. The lien of the required assessments provided for herein on any Lot shall be subordinate to the lien of the first mortgage, and ad valorem taxes on such lot.
10. Pool and Recreation Facility. Declarant may construct a Pool and Recreation Facility. The Association shall manage and operate the Pool and Recreation Facility. Lot Owners shall be members of the Pool and Recreation Facility. Non-homeowners may be members upon payment of an initial \$250 application fee and a \$150 annual membership fee. Non-homeowner members of the Pool and Recreation Facility shall not be entitled to membership in the Association. Failure to pay required fees shall result in loss of privileges to use the Pool and Recreation Facility.



KIMBERLY S. HARGROVE
REGISTER OF DEEDS, HARNETT
COURTHOUSE
P.O. BOX 279
LILLINGTON, NC 27546

Filed For Registration: 10/30/2002 03:34:05 PM

Book: RE 1682 Page: 828-860

Document No.: 2002019589

RESTR 33 PGS \$107.00

Recorder: TRACY B TAYLOR

State of North Carolina, County of Harnett

The foregoing certificate of DAVID L. YORK Notary is certified to be correct. This 30TH of October 2002

KIMBERLY S. HARGROVE, REGISTER OF DEEDS

By: 
Deputy/Assistant Register of Deeds

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