

Ballentrae

Architectural and Site Guidelines

INTRODUCTION

Ballentrae is a planned community in which manmade improvements have been designed and installed in a manner in harmony with the natural environment. Care has been taken to respond to natural features and to create Home sites ("Lots") which take maximum advantage of the physical features of the development. Architectural Guidelines ("Guidelines") are established and enforced so that similar care will be taken to assure that Homes within Ballentrae will contribute to, rather than detract from, the attractiveness of Ballentrae. For more information pertaining to specific issues contained in these guidelines, please refer to the Declaration of Covenants, Conditions, and Restrictions for Ballentrae ("The Restrictions") as is noted herein. If there arises any conflict between the Guidelines and Restrictions, it is the Restrictions that will prevail. Unless specified otherwise, the terms contained in these Guidelines shall have the meaning as defined in Article I of the Restrictions.

ARCHITECTURAL CONTROL COMMITTEE

In accordance with the Restrictions which have been recorded in Book ___ of Page ___ of the Lincoln County Registry of Deeds, as it may be amended from time to time, an Architectural Control Committee ("The Committee") will review all plans for Homes and any other structures to be built in the residential community known as Ballentrae which is reflected on the present plat recorded in Plat Book 13 Page 301 of the Lincoln County Registry of Deeds. The purpose of The Committee is not to restrict design freedom or to make design decisions, but to ensure that each of the Homes reflect the overall objectives of the entire community and that the unique natural setting of the community is preserved and enhanced.

PLAN SUBMISSION PROCEDURES

1. Meeting

The committee may meet informally as a group or by telephone, written communication, facsimile transmissions or such other means as the members may agree upon and as may be sufficient to conscientiously, and fully, perform its duties.

2. Materials to be Submitted for Site Plan Approval

Before initiating any construction, alteration of existing Improvements, grading or any site or structural work upon any Lot, the Owner must first submit the following plans, or other materials as the Committee may request,:

Architectural Plans:

- (a) All floor plans @ 1/4" - 1'-0" scale preferred;
- (b) All elevations @ 1/4" = 1'-0" scale preferred (1/8" = 1'-0" minimum scale required);
- (c) Typical building sections sufficient to explain the design;
- (d) Relationship of floor levels to exterior grade;
- (e) All wall and other exterior materials, finishes and colors.

Site Plan: must submit @ 1" =20' - 0" minimum scale:

- (a) Precise location of the house, showing orientation on the site, within required setbacks and indication of North arrow;
- (b) Driveways and sidewalks with typical widths indicated;
- (c) Details, location and elevations of retaining walls, if any;
- (d) Design, location and materials of outdoor hard surface areas, patios, fences, screens, decks, paving materials, etc.;
- (e) Locations of all existing easements, fire hydrants, permanent obstructions, catch basins, culverts, etc.;
- (f) Location of all trees over 6" caliper and groups of trees;
- (g) Detailed landscape plans including location of trees, shrubs and exterior lighting.

3. Filing Fee

In order to defray the expense of the Committee, the Committee may require a reasonable fee for review of plans. The initial filing fee shall be Two Hundred Fifty Dollars (\$250.00). The filing fee may only be increased to defray actual out-of-pocket costs to the Declarant, such as attendance fees or travel reimbursements to the Committee members, and in no event may the fee exceed Three Hundred Dollars (\$300.00). In addition there will be a refundable \$500.00 fee as a deposit for any potential damage occurring to the roads or other common areas during construction. If no damage is done then the fee will be refunded.

4. Approval Criteria

The Committee shall have the right to disapprove plans, specifications or details submitted to it for any of the following reasons:

- (a) The submission fails to comply with the terms of this Declaration or the Architectural and Site Guidelines;
- (b) Insufficient information or failure to provide detail reasonably requested by the Committee;
- (c) The submission fails to comply with the appropriate zoning ordinance or other Applicable Laws that may be in effect from time to time;
- (d) Objection to the grading plan for any portion of the Lot;
- (e) Objection to the color scheme, finish, proportions, style height, bulk or appropriateness of any structures; or
- (f) The plans are not prepared by licensed architects, engineers or landscape architects.

5. Time for Submission and Review

All plans must be submitted to the Committee within ninety (90) days from the date of closing of Owner's Lot. Upon submission of all detail reasonable requested by the Committee (received in the office of Declarant or other office as designated by Declarant), the submitting Owner shall receive, in writing, the decision of the Committee within fifteen (15) business days. Failure of the Committee to render a written decision within fifteen (15) business days shall be deemed approval of the submission.

6. Certification of Approval

Upon the request of Owner, the Committee shall confirm its approval of the Owner's plans by issuing a written certificate describing the specific Lot and plans, which have been approved.

7. Approval is not a Warranty

Approval of the plans submitted by any Owner or other party to the Committee shall not be construed as a certification or warranty, by either Declarant or the Committee, that

- (a) The plans meet with any minimum standards of suitability for use.
- (b) Are acceptable under any Applicable Laws,
- (c) Conform to any other standards of quality or safety, or
- (d) Describe Structures or development, which would be safe, prudent or feasible.

Neither Declarant, the Committee, nor any member thereof shall be liable for any damage, loss or prejudice suffered or claimed by any person on account of the approval or disapproval of any preliminary plans, plans, drawings or specifications, construction or performance of any work or the development of any Property within the Subdivision

8. Commencement of Work

Beginning with the approval of the Committee as described herein, the owner or other parties submitting plans shall, as soon as practical, satisfy all conditions of the Committee and proceed with all approved work described in the plans and such other work as may be necessary for improvement of the Lot in accordance with this Declaration. Commencement of Construction must begin within one hundred eighty (180) days from the date of such approval or the approval of the Committee shall lapse. The Committee may, at its discretion and upon the request of Owner, extend the one hundred eighty (180) day period for Commencement of Construction in the event that good cause is shown for such extension.

9. Completion of Work

All Improvements upon the Lot, including alteration, construction and landscaping shall be completed within twelve (12) months after the Commencement of Construction upon the Lot. This time period may be extended in the event that work or completion is rendered impossible due to strikes, fires, national emergencies, force majeure or other supervening forces beyond the control of Owner, lessee, licensee, Occupant or their agents. Installation of large items of shrubbery or trees may be delayed beyond the 12-month completion period in order to plant the best seasons for such plantings. Installation of sod and seeding in yards shall however, be completed within the 12-month period.

BUILDING POLICIES

The following requirements shall apply to all builders involved in construction at Ballentrae, their employees, and their subcontractors, and to any person who visits the Lot in Ballentrae.

1. General

- a. All activity by the builder shall be restricted to the Lot on which he is building
- b. Delivery and storage of materials shall be confined to the building Lot only.
- c. Existing vegetation shall not be disturbed except as approved where necessary to construct the Home, driveway, and utilities.
- d. A sign, with a maximum area of six (6) square feet, indicating Lot number, property owner, and general contractor, should be erected for the Building Inspector and supply companies.

2. Before Beginning construction and after approval of plans:

- a. Building contractors shall locate a temporary driveway in the same location as the future permanent driveway to ensure that ingress and egress are within the building Lot only. There shall be no traffic, vehicular or pedestrian, on adjacent Lots.
- b. Building contractors shall arrange for a suitable container for waste building materials and trash to be placed on the Lot in a clearing, which is existing or has been approved.

3. During Construction:

- a. Building contractors and subcontractors shall be responsible for the condition of adjoining roads and roadsides, and shall keep the roads clear of all mud and other debris.
- b. Builder shall be responsible for regular clean-up of the Lot. Scrap and trash too large to be put in the container shall be removed from the Lot on a weekly basis.
- c. There shall be a weekly clean-up and stacking of building materials by the builder.

4. At the end of construction

The Lot shall be completely cleaned at the end of construction and/or when the building inspectors give occupancy permit, whichever is earlier.

BUILDING RESTRICTIONS

These policies concern all new construction, additions and/or modification of existing Homes, structures and other improvements in the community and any clearing, grading, filling or other alterations to any Lot within the community.

1. Maximum Height

The maximum height for a Home is two (2) stories above the ground. A basement is not deemed a "level" or a "story".

2. Minimum Size

The following minimum square footage requirement are for enclosed heated floor area and are exclusive of the area in basements, unheated porches of any type, attached or detached garages, carports, and unheated storage areas, decks or patios, except as otherwise provided below:

- a. Any one-story dwelling erected upon any Lot shall contain not less than 1,800 square feet;
- b. Any one and one-half (1 ½) story or two (2) story dwellings shall contain not less than 2,000 square feet and the 1st floor shall contain not less than 1,450 square feet.

3. Building Setbacks and Location

The location and design of each Home and all other improvements shall be tailored to the specific features of each Lot. All improvements should be sited so as to minimize disruption to the existing natural setting, including existing vegetation, drainage ways, and views.

The buildable area of each Lot is determined by easements and setbacks shown on the subdivision plats as recorded in the Lincoln County Registry of Deeds and the following setbacks, or as indicated in the Lincoln County Zoning Regulations:

- a) Typical side yard: 5 Feet
- b) Front yard facing street: 20 Feet
- c) Rear setback for Lots on Golf Course: 20 feet

In addition the committee may control the location and orientation of any Home within the area enclosed by the above setbacks. All building on the Lot (including any stoops, porches, patios, terraces, decks, etc.) and any recreational improvements shall be located within the area enclosed by the above setbacks.

4. Exterior Materials, Colors~ and Finishes

Materials and color constitute a dominant visual element of the community and require careful attention. The main portion of the residence should be brick. Other accent exterior materials including stone, stucco, or hardiplank are permitted if approved by The Committee. Exterior of any building shall not be of asbestos shingle siding, or other non-siding aluminum or vinyl siding, exposed concrete, cement blocks, or logs. Notwithstanding the foregoing, the use of vinyl clad or vinyl material for soffit and associated boxing is permitted.

The exterior materials and colors used on a Home should blend together to create a harmonious whole. To this end, samples of proposed exterior materials and colors of paints and stains must be submitted to The Committee for approval.

Approved exterior materials include the following:

- (a) Tamko Heritage, rustic black, architectural 30 year shingles;
- (b) Yorktown oversized and tumbled brick by Pine Hall;
- (c) Standard factory mortar color (no tint added);
- (d) gutters and downspouts must be white in color.

5. Doors Windows, and Shutters

Doors and windows should be carefully proportioned and located to enhance the exterior appearance of the Home while taking advantage of opportunities for special views, natural light and ventilation. Door trim, windows, window trim and other trim must be white in color and must be vinyl or anodized aluminum or wood if approved by the Committee. Natural color aluminum or other metal finishes are not allowed. No storm doors are permitted if visible from the street.

Each Home must have a minimum of two entry doors, which shall be hinged. Shutters are encouraged, should fit the shape and proportion of the windows, and, when used, should be located at a minimum on all elevations visible from the street.

The color and material of all doors, windows and shutters must be submitted to the Committee for review and approval.

6. Roofs

Roofs and roof pitches should be in proportion to the overall size and shape of the Home. A minimum roof slope of 7/12 is required. All roofs (except for dormers, porches and bay windows) should have not less than 12" in overhangs unless justified by design distinctions and approved by The Committee. Not permitted are flat roofs (which constitute more than 25% of the total roof area), A-frame roofs, dome roofs, or shed roofs composed of only one natural or man-made slate, tile or architectural (fiberglass) shingles. As with other items, all specific roof materials must be approved in writing by the Committee prior to the commencement of constructions.

All visible flashing must be made of copper.

7. Chimneys

All chimneys must be brick or stone. Exposed metal flues are not permitted. All chimney caps should be constructed of copper.

8. Antennae

No satellite dish or other similar structure may be located on any lot unless such dish is 24 inches in diameter or less. No dishes shall be located in the front of the main residence and must be located behind the residence.

9. Mailboxes

The mailbox and associated paper box will be designated by the Committee and shall be purchased by the Owner. Location of the mailbox shall be determined by the Committee.

10. Decks and Porches

Decks and porches should be designed with substantial, well-proportioned railings, flooring, and support posts meeting building code requirements and all support posts shall be constructed of brick. The space below decks should be screened with lattice, shrubbery or other means appropriate to the design of the Home.

11. House Numbers

House numbers must be installed in an easily visible location near the front entrance of the Home as approved by The Committee and in accordance with Lincoln County Zoning Ordinance.

12. Driveways and Sidewalks

Driveways must be constructed of brick or lightly brushed concrete finished in a natural concrete color. Exposed aggregate concrete may be permitted with the written approval of The Committee. Unpaved driveways and parking areas are prohibited. Asphalt driveways are not permitted. The Declarant, or the Association, shall pour the concrete sidewalks on each Lot simultaneously with the installation of the Owner's driveway.

13. Service Areas

All service areas containing heating or air conditioning apparatus, propane tanks, garbage containers, or other equipment stored outside the Home may not be located within any front yard or side yard facing a street and must be appropriately screened by a brick wall attached to the house. All such service areas shall be shown on the plans submitted to The Committee.

14. Grading and Erosion and Sedimentation Control

Plans for any grading, excavation, or filling of Lots must be approved in writing by The Committee before any site work can begin. During any clearing, grading and construction activities on a Lot, all run-off, erosion, and sediment beyond that which occurs in the natural, undisturbed condition of the Lot must be contained within the perimeter of the Lot. Silt fencing must be installed along the full length of rear property lines, and other areas as determined by the Committee, before commencement of grading.

Grading must be designed as much as possible to conform to the natural site contours. Lots have generally been located to minimize grading and avoid disruption of natural drainage patterns. Excessive grading should not be necessary and will be viewed as undesirable by The Committee. Final grading should produce gently rounded contours rather than sharp changes in slope and should allow for transition at the head and toe of slopes.

The creation of fill section to artificially elevate Homes will generally be disallowed. In the event of particularly low-lying Lots, or in areas where artificial elevation will not adversely affect views of surrounding Lots, filling to provide elevation may be approved by The Committee.

15. Landscaping

Plans for any landscaping, grading, excavation, or filling of Lots must be approved by The

Committee before any site work can begin. All landscaping plans including (without limitation) all structures, driveways, mailboxes, service yards, terraces, patios, walks, paths, outdoor lighting fixtures, walls, fences, decks, and screens are to be shown on the plan submitted to The Committee and are subject to approval by The Committee. All landscaping of Lots must be completed within thirty (30) days of occupancy.

In the event a shrub, tree or other planted vegetation should die or become diseased within 12 months of installation, the Owner shall promptly replace said dead or diseased material. Except as provided herein, the Association shall be responsible for the maintenance of all plant materials and landscaping required of the Owner including all planting beds, trees, shrubs, flowers, ground cover and lawn areas, including any areas mulched with pine needles, pine bark nuggets or other materials.

The fundamental design criterion to be considered in the review and approval of landscaping plans is the need for gardens and lawns to harmonize with the native vegetation, terrain, and natural beauty of the community. Plants native to or traditional in North Carolina are encouraged.

16. Exterior Lighting

Exterior lighting is subject to approval by The Committee. In general, such lighting must not result in excessive glare and must not interfere with the privacy of nearby Homes.

17. Fences and Walls

Fences and walls should be considered an extension of the architecture of the residence and a transition of the architectural forms to the natural forms of the Lot. All fences must be constructed of the brick as approved by the Committee. The location, size and design of all fences and walls must be approved in advance in writing by The Committee prior to installation. Chain link fences and invisible fencing are specifically prohibited within the community.

No fence or wall shall be erected, placed or maintained on any Lot nearer to any street fronting such Lot than the building corner of the main building constructed on such Lot. Fences and walls shall generally not exceed five (5) feet in height.

The use of retaining walls on Lots will generally be permitted where such omission would result in excessive slopes, erosion, excessive maintenance or excessive clearing. Retaining walls visible from streets, or from adjoining Lots must be constructed of or faced with material of a type approved by The Committee.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
BALLENTRAE

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TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS BALLENTRAE

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NORTH CAROLINA

LINCOLN COUNTY

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR BALLENTRAE

This Declaration of Covenants, Conditions and Restrictions (the "Declaration") is made on the date hereinafter set forth by Jon-Mar, LLC, A North Carolina Limited Liability Company, hereinafter referred to as "Declarant";

STATEMENT OF PURPOSE

Declarant is the owner of certain real property located in Lincoln County, North Carolina, which is more particularly described as Lots 1 through 25 of Ballentrae subdivision as so shown on a map recorded in Plat Book 13 at Page 308 in the Lincoln County Public Registry, and the Declarant desires to create and development a single-family residential community on said Property.

For the purpose of insuring the attractiveness of the Development and maintaining the value of the Property, and for the maintenance and upkeep of the amenities and Common Areas, the Declarant desires to subject the Property to the covenants, conditions, and restrictions set forth herein.

Declarant, by this Declaration, does hereby declare, covenant and agree to and with all persons hereinafter acquiring any of the property in Ballentrae subdivision, and any other adjoining property which may hereafter be added to the development, that said Property is and shall be held and conveyed subject to the following covenants, conditions, and restrictions which shall be covenants and restrictions running with the land and shall be binding upon the present owners, their successors, heirs and assigns, future owners, and every Grantee of any interest in any property now or hereafter made subject to this Declaration. All Lots shall be subject to this Declaration, and acceptance of a deed of any Lot shall be deemed as consent to all provisions of this Declaration.

ARTICLE I
DEFINITIONS

1. "Architectural Control Committee" shall mean and refer to the committee appointed by the Board or Declarant to oversee and approve the residences constructed in the Development and to enforce the architectural control standards and restrictions with respect to the Development and to perform other functions and duties as further described in the Declaration or Guidelines.

2. "Architectural and Site Guidelines" or "Guidelines" shall mean and refer to guidelines as established by the Declarant as set forth in Article VI, Section 3 of this Declaration.

3. "Articles of Incorporation" shall mean and refer to the Articles of Incorporation for the Association, a copy of which is attached hereto as Exhibit A and incorporated herein by reference.

4. "Association" shall mean and refer to the Ballentrae Property Owners Association, a North Carolina non-profit corporation, its successors and assigns.

5. "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association, which shall be elected and shall serve pursuant to the Bylaws.

6. "Bylaws" shall mean and refer to the Bylaws for the Association, a copy of which is attached hereto as Exhibit B and incorporated herein by reference.

7. "Common Area" or "Common Areas" shall mean and refer to the Entrance Monument, Street Lights, Roadways (prior to the acceptance for maintenance by the North Carolina Department of Transportation or other governmental entity), sidewalks, area located between the sidewalks and the curb of the Roadways, and the areas identified as "Common Open Space" and "25' Landscape Easement" as shown and designated on the Map. The Common Areas shall be owned by the Association for the common use, benefit and enjoyment of the Owners.

8. "Declarant" shall mean and refer to Jon-Mar, LLC, a North Carolina limited liability company, and its successors and assigns.

9. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Ballentrae, and any duly executed amendments thereto.

10. "Development" shall mean and refer to Ballentrae, a single-family residential development to be developed by the Declarant on the Property.

11. "Dwelling" shall mean and refer to any structure constructed on a Lot for the use and occupancy as a detached single-family residence, including an attached garage. Each Lot shall contain no more than one (1) dwelling.

12. "Entrance Monument" shall mean and refer to the area(s) designated by Declarant within the Common Areas for the construction, placement and maintenance of monuments, entrance signs, lighting, irrigation systems, landscaping and other improvements.

13. "Improvement" or "Improvements" shall mean and refer to all man-made changes, alterations or additions to a Lot, including original Improvements and all subsequent changes or alteration thereto.

14. "Lot" or "Lots" shall mean and refer to the separately numbered and identified parcels of real property as depicted on the Map.

15. "Map" or "Plat" shall mean and refer to that certain survey and plat entitled "Ballentrae" as recorded in Map Book 13 at Page 308 in the Lincoln County Public Registry, and any revision of said Map so duly recorded.
16. "Member" shall mean and refer to every person or entity who holds membership in the Association.
17. "Mortgage" shall mean and refer to any mortgage or deed of trust constituting a first lien on a Lot.
18. "Mortgagee" shall mean and refer to the owner or holder of a Mortgage.
19. "North Carolina Planned Community Act" or "Act" shall mean and refer to Chapter 47F of the North Carolina General Statutes.
20. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot within the Development, including the Declarant if it still owns any Lot, but specifically excluding those having such interest merely as security for the performance of an obligation.
21. "Person" shall mean and refer to any natural person, corporation, joint venture, partnership, sole proprietorship, limited liability company, association, trust or other legal entity.
22. "Property" shall mean and refer to the property, including the Lots and Common Areas as shown on the Map.
23. "Roadways" shall mean and refer to all roads, curbs, gutters, cul-de-sacs in the Subdivision as shown on the Map, which are to be maintained by the Association until accepted for dedication and public maintenance by the North Carolina Department of Transportation or other government entity.
24. "Street Lights" shall mean and refer to those certain street lights which may be constructed and installed within the Roadways or other Common Areas.
25. "Subdivision" shall mean and refer to Ballentrae subdivision, as so shown on the Map.

ARTICLE II PROPERTY SUBJECT TO THIS DECLARATION

The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Association, is located in Lincoln County, North Carolina, and is the property now identified as Lots I through 25 of Ballentrae Subdivision as shown on a map recorded in Plat Book 13 at Page 308, Lincoln County Public Registry. Additional property adjacent to or adjoining this property may be brought within the scheme of

this Declaration and the jurisdiction of the Association by Declarant in future stages

of development without the consent of the association or its members by filing a supplementary declaration in the Lincoln County Public Registry. Declarant shall not be obligated to subject any additional property to this Declaration.

**ARTICLE III
PROPERTY RIGHTS**

Every Member of the Association and every Owner of a Lot shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and pass with title to such Member's Lot subject to the right of the Association to: charge reasonable fees; make rules and regulations concerning the use; suspend voting rights of an Owner and/or to suspend the right to use the Common Areas for unpaid assessments or for violations of the published rules and regulations; and grant or reserve easements over, across and upon the Common Areas. The Association shall have the right to borrow" money for the purpose of improving common area, to dedicate or transfer all or any part of its interest in the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. Any Member may delegate to members of his family, tenants or contract purchasers who reside at the Member's Lot the Members right to use the Common Areas.

**ARTICLE IV
PROPERTY OWNER'S ASSOCIATION**

SECTION 1. MEMBERSHIP. Every Owner of a Lot shall be a Member of the Association. Membership is appurtenant to the ownership of each Lot and is only available to Declarant and Owners. Membership shall be extinguished upon the complete transfer of all Property held by any Member. Membership shall be governed by the Bylaws.

SECTION 2. CLASSES OF MEMBERSHIP.

- a. Owners Class Membership. The Owners Class Members shall consist of all Owners, but will exclude Declarant prior to its termination of its Founders Class Membership. If at any time, Declarant owns one or more Lots subsequent to the termination of its Founders Class Membership, Declarant shall then be an Owners Class Member.
- b. Founders Class Membership. The Declarant, or its successors or assigns only, shall be the sole Founders Class Member. The Founders Class Membership shall terminate at such time as Declarant has conveyed all of its interest in the Property.

SECTION 3. VOTING. The voting rights of the Membership shall be appurtenant to the ownership of Lots, and shall be as follows:

- a. Owners Class. The Owners of each Owners Class Lot shall be entitled to one (1) vote for each Lot owned. The vote for any one Lot owned by more than one person or entity shall be exercised as they among

themselves shall determine, but in no event shall the vote or votes with respect to any jointly owned Lot by split or cast separately.

b. Founders Class. The Declarant shall be entitled to five (5) votes for each Lot owned by the Declarant.

SECTION 4. PERIOD OF DECLARANT CONTROL. For a period ending not earlier than three (3) years following the recordation of this Declaration, and for so long as the Declarant owns at least two (2) Lots in the Subdivision, whichever occurs first, the Declarant shall have the exclusive authority to designate, appoint, and remove all members of the Association's Board of Directors and Officers. To the fullest extent permitted by the Act, no Director or Officer appointed by the Declarant shall be removed by the Members or Board of Directors. The time period during which the Declarant holds the exclusive authority to appoint and remove members of the Board of Directors and Officers may be referred to in this Declaration and the Associations Bylaws as the "Period of Declarant Control".

SECTION 5. POWERS AND DUTIES. The Association will maintain in its files up-to-date copies of its organizational documents, the Declaration, rules concerning use of the Common Areas, financial records, records of the current ownership of the Lots, and such other documentation and records as necessary for its management and oversight functions or as required by the Act. All documentation maintained by the Association shall be available to the Owners for inspection during normal business hours and upon reasonable notice. The Association may employ an individual or business entity to act as managing agent. The length of engagement and the compensation to be paid to such managing agent shall be determined by the Board of Directors of the Association. The Association shall have the authority to perform all actions as set forth in the Act, including, but not limited to the powers enumerated in Article 3, Section 102 of the Act.

SECTION 6. COMMON AREA MAINTENANCE. The Common Areas shall be maintained by the Association, except that Declarant reserves the right, at Declarant's discretion, to repair or maintain any portion of the Common Areas which Declarant, in good faith, determines is not maintained to acceptable standards and shall be reimbursed for such maintenance by the Association. Maintenance of Common Areas, which shall be the duty of the Association, includes (by way of example) the following:

a. Maintenance of any Entrance Monument, to include irrigation, plantings of both permanent and seasonal nature, lighting, mowing, weeding, other landscaping, utility charges for irrigation and lighting, maintenance of signage;

b. Liability insurance shall be maintained upon all parties of the Common Areas, with such companies and in such coverage amounts as the Board of Directors may deem appropriate;

c. The Common Areas, including the Roadways, open areas, and amenities (if any), shall be kept in a clean and orderly condition, neatly mowed and landscaped with appropriate irrigation. Utility bills for lighting and irrigation and the costs of

maintenance and repair of any pathways, facilities, and the like, shall be appropriate expenditures for the Association; and

d. The maintenance and upkeep of the landscaped areas of each Lot that are located in front of the Dwelling, including, but not limited to, the grass, shrubs, trees, flowers, landscaped beds, and irrigation systems, including the payment of associated utility bills. Additionally, the Association shall be responsible to keep all gutters and downspouts clear of debris.

e. The procurement and payment of a contract with a sanitation company for residential trash pickup and removal, not to exceed one (1) roll out container per Lot.

SECTION 7. RESERVE FUND. The Association is charged with the duty to establish and maintain adequate reserve funds for periodic repair, reconstruction or replacement of portions of the Common Area which may occur on an irregular basis.

SECTION 8. INSURANCE. The Association shall maintain insurance in amounts to be determined by the Board, but shall maintain, to the extent reasonably available, the minimum insurance policies and related coverage as provided in the Act.

ARTICLE V ASSESSMENTS

SECTION 1. CREATION OF LIEN AND PERSONAL OBLIGATION OF ASSESSMENT. Each Owner of any Lot shall, by acceptance of a conveyance thereof, whether or not it is so expressed in any conveyance, be deemed to covenant and agree to all the terms and provisions of this Declaration specifically including the duty to pay to the Association both Annual and Special Assessments ("Annual Assessments" and "Special Assessments") and charges as hereinafter provided. The Annual and Special Assessments and charges, together with such interest thereon and costs of collection as are hereinafter provided, shall be a charge and continuing lien upon the Lot against which assessment is made as of the effective date of said assessments. Each assessment, together with interest thereon and any cost of collection, shall also be the personal obligation of the person or entity who was Owner of such Lot at the time when the assessment became due. In the case of co-ownership of a Lot, all of such co-owners shall be jointly and severally liable for the entire amount of any assessment.

SECTION 2. PURPOSE OF ANNUAL ASSESSMENTS. The Annual Assessments levied by the Association shall be used for the improvement, maintenance, operation, repair, replacement of and additions to the Common Area, including, but not limited to, the payment of taxes and insurance thereon, the payment of utility charges related thereto (including water for any sprinkler or irrigation systems), maintaining, operating and improving (but not initial construction) of Roadways and other Common Area facilities and amenities, collection and disposal of garbage, rubbish and the like, employing security service, maintenance personnel, and for the cost of labor, equipment, materials, and the management of supervision thereof. Declarant may employ a related entity or entities to manage the maintenance, operation and

repair of the Common Area. In addition, the Association may use Annual Assessments for the purpose of doing any other things necessary or desirable, in the discretion of the Association, to keep Common Area facilities and amenities in neat and good order, to provide for the health, welfare, and safety of the Owners and occupants of the Property, to advance or maintain the general appearance and function of the Subdivision, and to carry out the goals described in the preliminary statement of this Declaration.

Without limiting the general statements set forth in the immediately preceding paragraph, Annual Assessments shall specifically be used as follows:

a. To repair, maintain, reconstruct (when necessary), keep clean and free from debris, the Common Areas and any amenities and Improvements located thereon, including but not limited to the Roadways, Entrance Monument, and Common Areas, and to maintain the landscaping (including shrubs, trees and seasonal flowers) thereon in accordance with the highest standards for private parks, including any necessary removal or replacement of landscaping;

b. To maintain and repair the Roadways (until accepted by N.C.D.O.T.);

c. To pay all costs except initial construction and installation, associated with any street lights, Entrance Monument, or similar Common Area amenities, including but not limited to, lease payments and utility costs;

d. To pay all ad valorem taxes levied against the Common Areas and any other property owned by the Association;

e. To pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws;

f. To pay all legal, accounting, and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws;

g. To maintain contingency reserves for the purpose set forth in this Declaration and in amounts determined by the Board of Directions of the Association.

h. To pay all costs associated with carrying out the maintenance of the Common Areas as described in Article IV, Section 6 of this Declaration.

By acceptance of any conveyance of any Lot, each Owner acknowledges that neither the precise location, acreage or dimensions of the Common Area, nor the type of amenities, Improvements and structures to be located within the Common Area (if any) will be specifically defined until such are conveyed to the Association.

SECTION 3. MAXIMUM ANNUAL ASSESSMENT. The initial maximum Annual Assessment for the first calendar year of 2006 shall be One Thousand Eight Hundred Dollars (\$1,800.00) for each Lot, with fractions of the calendar year to be computed and prorated

equitably. For the second calendar year, the maximum Annual Assessment may be increased by the Board, without a vote of the Members, by not more than twenty percent (20%). For the third and each subsequent calendar year, the maximum Annual Assessment may be increased by the Board at the rate of up to then percent (10%) of the prior year's assessment. In the event the Annual Assessment is not increased by the maximum amount permitted during any calendar years, the difference between any actual increase in the maximum permitted increase for such years shall be computed, and the Annual Assessment may be increased by that amount in a future year, in addition to the maximum increase otherwise permitted. The percentage limits on annual increases may be increased for one or more years, but only a vote of no less than two-thirds (2/3) of the Lot Owners with the approval of the Declarant, so long as Declarant owns any Lots.

SECTION 4. SUPPLEMENTAL ANNUAL ASSESSMENT. In the event the Board fixes the Annual Assessment in an amount less than the permitted maximum Annual Assessment, the Board shall have the right to later increase (the increase being a "Supplemental Annual Assessment") the total Annual Assessment for such calendar year if the Board of Directors determines that the required duties and functions of the Association cannot be funded by the originally determined Annual Assessment. The Association shall set the due date for such Supplemental Annual Assessment which shall not be less than 45 days following after the mailing of notice to the Owners of such Supplemental Annual Assessment. The original Annual Assessment and the Supplemental Annual Assessment shall not, under any circumstances, exceed the permitted maximum Annual Assessment for the subject calendar year.

SECTION 5. SPECIAL ASSESSMENTS. In addition to the Annual Assessments hereinabove authorized, the Association may levy Special Assessments ("Special Assessments") for the purpose of defraying, in whole or in part, the cost of any reconstruction, unexpected repair or replacement of the Common Area, including the Roadways. Special Assessments may only be assessed upon receiving a majority vote of Owners. In addition, the Association may levy a Special Individual Assessment to a particular Lot Owner for: (i) the purpose of paying for the cost of any construction, reconstruction, repair or replacement of any damage to the Common Area caused by such Owner, its agents, guests, employees or invitees, or (ii) the payment of fines, penalties or other charges imposed against a particular Lot Owner for failure to comply with this Declaration, the Bylaws, the Guidelines, or any rules and regulations promulgated by the Association or Declarant.

SECTION 6. COMMENCEMENT. Beginning upon the sale of the first lot by Declarant, (the "Assessment Start Date") the Association may begin collection of annual assessments from each Owner for maintenance of general Common Areas.

SECTION 7. DUE DATE. Assessments shall be billed on a monthly basis with appropriate prorations. Unless otherwise provided herein, assessments shall be due and payable in full within 15 days after they are billed to an Owner.

SECTION 8. EFFECT OF NON-PAYMENT OF ASSESSMENT. If any assessment is not paid on the date when due, then such assessment shall be delinquent and shall accrue interest thereon at the "prime rate" of interest announced from time to time by The Wall Street Journal,

plus two percent (2%) per annum (such rate to change from time to time as The Wall Street Journal prime rate changes) never to exceed a maximum of 18% per annum, unless a lesser rate is required under the Act, in which event interest will accrue at a maximum required lesser rate. If such assessment is not paid with fifteen (15) days after the due date, then the Association may bring an action at law against the Owner directly and/or foreclose the lien against the Lot, and there shall be added to the amount of such assessments all reasonable attorney's fees and costs incurred by the Association in such action or foreclosure.

SECTION 9. CONTRIBUTION BY DECLARANT. Declarant agrees to contribute to the Association such funds as may be required to maintain the Common Area, to the extent that the maximum Annual Assessments are insufficient to pay the costs thereof, through the calendar year 2006.

ARTICLE VI ARCHITECTURAL AND LANDSCAPE CONTROL

SECTION 1. ARCHITECTURAL REVIEW COMMITTEE. There is hereby established an Architectural Review Committee ("the Committee") whose members will be appointed by the Declarant. The Committee will consist of three (3) members that need not have any specific professional certification and may be representatives of the Declarant. Declarant will select the initial membership of the Committee. In the event of future vacancies upon the Committee, Declarant shall appoint successor members. Declarant may also appoint members to terms of limited duration or replace any or all members at intervals. By written notice to the Association, Declarant may delegate its power to appoint members of the Committee to the Association. The power to appoint members of the Committee shall automatically be transferred to the Association immediately following the Period of Declarant Control

SECTION 2. DUTIES AND POWERS. The Committee shall: (1) review and act upon proposals and plans submitted to it by Owners pursuant to the terms of this Declaration, (2) adopt Architectural and Site Guidelines, and (3) perform all other duties delegated to and imposed upon it by this Declaration.

SECTION 3. ARCHITECTURAL AND SITE GUIDELINES. The Committee may promulgate certain rules, guidelines and statement of policy, which will be known as the "Architectural and Site Guidelines". At all times, the Committee shall maintain copies of the most recently adopted Architectural and Site Guidelines in writing so that copies are available, upon request, to all Owners. Said Guidelines may interpret and implement the provisions of this Declaration by detailing the standards and procedures for review, guidelines for building and site design, landscaping, lighting, parking, exterior materials which may be used, or are required within the Subdivision. Such guidelines may be interpretations and expansions of, but not in contradiction to, the terms of this Declaration.

Any Architectural and Site Guidelines as well as all such rules, guidelines and statement of policy as may be approved and adopted, from time to time, by the Committee as Architectural and Site Guidelines shall be deemed incorporated as part of this Declaration.

SECTION 4. RIGHT OF INSPECTION. Members and agents of the Architectural Review Committee, and the Declarant and its agents may, at any reasonable and safe time enter upon the Lot of an Owner for the purpose of inspecting the Improvements and site development and their compliance with the Architectural and Site Guidelines.

SECTION 5. VARIANCES. The Committee is hereby authorized and empowered to grant reasonable variances from the provisions of this Declaration or the Architectural and Site Guidelines in order to overcome specific development problems or hardship caused by strict application of the provision of either this Declaration or the Architectural and Site Guidelines. Such variances, however, must not materially injure any of the Property, amenities or Improvements in the Subdivision and must be made in furtherance of the spirit and purpose of this Declaration. The committee is specifically empowered, at its sole discretion, to grant variances of setback requirements up to ten percent (10%) of the total setback distance required. The Committee will not, however, grant any variance for setbacks less than those required by applicable zoning ordinances unless the Owner also obtains a variance from the appropriate governmental authority empowered to grant such variances.

SECTION 6. LIMITATIONS OF SCOPE OF APPROVAL. Approval by the Committee of any Improvement or use for a designated Lot shall not be a waiver of the Committee's right to reject a similar or identical Improvement or use upon another Lot (or the same Lot at another time) if such Improvement or use is of a nature that it may be rejected under the terms of this Declaration or the Architectural and Site Guidelines. Similarly, in light of the purpose of this Declaration, approval by the Committee of any specific set of plans does not bind the Committee to approve an identical set of plans submitted at another time.

SECTION 7. ARCHITECTURAL REVIEW PROCEDURES. The Committee may meet informally, by meeting, telephone, written communication, facsimile transmissions or such other means as the members may agree upon and as may be sufficient to conscientiously, and fully, perform its duties.

SECTION 8. MATERIAL TO BE SUBMITTED FOR SITE PLAN APPROVAL. Prior to initiating any construction, alteration of existing Improvements, grading or any site or structural work upon any Lot, the Owner must first submit construction, site and landscape plans plus such other materials as the Committee may request. At a minimum, the plans shall show in detail:

- a. The grading work to be performed on the Lot;
- b. The nature, materials and location of all Improvements including buildings, paving, plantings and screening;
- c. setback distances; and
- d. The location of Improvements on adjoining Lots.

The plans shall provide specific detailed information concerning (1) landscaping for the Lot, (2) exterior lighting and (3) a building elevation plan showing dimensions, materials and exterior color schemes.

SECTION 9. FILING FEE. In order to defray the expense of the Committee, the Committee may require a reasonable fee for review of plans. The initial filing fee shall be Two-Hundred and Fifty Dollars (\$250.00).

SECTION 10. APPROVAL CRITERIA. The Committee shall have the right to disapprove plans, specifications or details submitted to it for any of the following reasons:

- a. The submission fails to comply with the terms of this Declaration or the Architectural and Site Guidelines;
- b. Insufficient information or failure to provide detail reasonably requested by the Committee;
- c. The submission fails to comply with the appropriate zoning ordinance or other Applicable Laws that may be in effect from time to time;
- d. Objection to the grading plan for any portion of the Lot;
- e. Objection to the color scheme, finish, proportions, style, height, bulk or appropriateness of any structures;
- f. The plans are not prepared by licensed architects, engineers or landscape architects; or
- g. Any other reasonable or good cause at the discretion of the Committee.

SECTION 11. TIME FOR REVIEW. Upon submission of all detail reasonably requested by the Committee (received in the office of Declarant or other office as designated by Declarant), the submitting Owner shall receive, in writing, the decision of the Committee with fifteen (15) business days. Failure of the Committee to render a written decision within fifteen (15) days shall be deemed approval of the submission.

SECTION 12. CERTIFICATION OF APPROVAL. Upon the request of the Owner, the Committee shall confirm its approval of the Owner's plan by issuing a written certificate describing the specific Lot and plans which have been approved.

SECTION 13. APPROVAL IS NOT A WARRANTY. Approval of the plans submitted by any Owner or other party to the Committee shall not be construed as a certification or warranty, by either Declarant or the Committee, that (1) the plans meet with any minimum standards of suitability for use, (2) are acceptable under any applicable building codes, ordinances or statutes, (3) conform to any other standards of quality or safety or (4) describe structures or development which would be safe, prudent or feasible. Neither Declarant,

the Committee, nor any member thereof shall be liable for any damage, loss or prejudice suffered or claimed by any person on account of the approval or disapproval or any preliminary plans, drawings or specifications, construction or performance of any work of the development of any Property with the Subdivision.

SECTION 14. COMMENCEMENT OF WORK. Beginning with the approval of the Committee as described in this Article, the Owner or other parties submitting plans shall, as soon as practical, satisfy all conditions of the Committee and proceed with all approved work described in the plans and such other work as may be necessary for improvement of the Lot in accordance with this Declaration. Commencement of Construction must begin within one hundred eighty (180) days from the date of such approval or, the approval of the Committee shall lapse. The Committee may, at its discretion and upon the request of Owner, extend the one hundred eighty (180) day period for Commencement of Construction in the event that good cause is shown for such extension.

SECTION 15. COMPLETION OF WORK. All Improvements upon the Lot, including alteration, construction and landscaping shall be completed within twelve (12) months after the commencement of construction upon the Lot. This time period may be extended in the event that work or completion is rendered impossible due to strikes, fires, national emergencies, force majeure or other supervening forces beyond the control of Owner, lessee, licensee, occupant or their agents. Installation of large items or shrubbery or trees may be delayed beyond the 12-month completion period in order to plant during the best seasons for such plantings. Installation of sod and seeding of all yards shall, however, be completed within the 12-month period.

SECTION 16. ENFORCEMENT. The Association shall have the right to enforce and /or prevent any violation of the architectural control provisions of this Declaration by a proceeding at law or in equity against the person(s) violating or attempting to violate any such provision. Further, Declarant specifically reserves and grants unto the Board, the Committee, and any agent thereof, the right of entry and inspection upon any portion of the Property for the purpose determination as to whether there exists any construction of any Improvement that violates the terms of the approval by the Committee, the Guidelines, this Declaration, or any amendments thereto.

ARTICLE VII
GENERAL RESIDENTIAL COVENANTS

The general residential covenants contained and set out as restrictions contained in deed recorded Book 827 at Page 581 and Book 1289 at Page 791 are incorporated herein by this reference except to the extent that those provisions have been modified by this Declaration and by the By-Laws of Ballentrae Property Owners Association. In the event the provisions contained in this Declaration are more restrictive than or inconsistent with the provisions and restrictions set forth in the Deeds referenced above, the provisions of this Declaration shall control.

Section 1. Dwelling Size. The minimum size requirements contained in those restrictions referenced above are amended to read as follows:

(1) Any one-story Dwelling erected upon any Lot shall contain not less than 1,800 square feet;

(2) Any one and one-half (1 ½) story or two (2) story Dwellings shall contain not less than 2,000 square feet with at least 1,450 heated square feet on the first floor.

The square footage requirements set forth above apply to enclosed heated living area, which excludes basements, vaulted ceiling areas, attics, unheated porches and storage areas, garages, decks, patios, and porte-cocheres.

Due to the small lot sizes, and notwithstanding the foregoing requirements, the Architectural Control Committee shall have the right, but no the obligation, to grant written variances from such minimum square footage requirements of up to ten percent (10%) of said minimum square footage requirement.

Section 2. Residential. All of said property shall be known and described as residential property and no structure shall be erected, altered, placed or permitted to remain on any residential building lot within the subdivision, other than one detached single-family Dwelling, not to exceed two stories in height above grade, with an attached private garage with capacity for not less than two (2) automobiles and not exceeding three (3) automobiles. No storage buildings, greenhouses, outbuildings, or detached enclosed structures of any kind shall be erected or located on any Lot.

No building shall be erected, placed, altered, or permitted to remain on any lot, even though it may meet and comply with all other conditions and restrictions if such building is not of new construction, is a trailer, a shell home, a mobile home, (whether single wide, double wide or larger), a manufactured home, or is a modular or component home which has been pre-built in modular or component parts (but the use of standard pre-built roof trusses, wall and floor systems is permitted if the finished structure otherwise complies with the conditions and restrictions set forth herein), or is a residence erected elsewhere and moved in whole or in part to the lot.

Section 3. Driveways. Each Dwelling shall be connected to the subdivision road or street by a driveway constructed of brick or lightly brushed concrete finished in a natural concrete color in accordance with the Guidelines.

Section 4. Exterior Structure. No Dwelling or structure will be permitted on any lot, which has outer walls, which are, or appear to be, constructed of exposed cinder blocks or concrete blocks, asbestos shingle siding, aluminum or vinyl siding, or exposed timber or logs. The exterior of all Dwellings must consist of brick. Stone, concrete fiber lap siding (commonly referred to as HardiPlank) or authentic stucco (synthetic stucco is prohibited) are permitted for accent as approved by the Committee, but should not make up the primary surface of the Dwelling. Notwithstanding the foregoing, the use of vinyl clad or vinyl material for soffit and associated boxing is permitted. All dwellings and structures must be constructed of new material

of high grade, quality and appearance and shall be constructed in a high quality workmanlike manner. All buildings shall have roofs (except for dormers, porches, and bay windows) of not less than a 7/12 pitch and shall be covered with architectural fiberglass shingles.

Section 5. Diligent Construction. All construction, landscaping, or other work which has been commenced on any Lot must be continued with reasonable diligence to completion and no partially completed dwellings or other improvements shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. Any dwellings, building or other structures constructed on any lot must be completed within twelve (12) months of commencement of construction. All lots must be completely landscaped and sown with grass seed within thirty (30) days of occupancy. Any damage to the roads, curbs, sidewalks, street lights, right of ways, or other Common Areas, caused by an Owner or general/sub contractor working for the benefit of the Owner, must be repaired within ten (10) days of said damage; and failure to repair said damage may result in the Association levying a special assessment against said Owner to pay for costs associated with said repairs or cleaning. A temporary gravel driveway must be maintained on each Lot during construction of the dwelling located thereon. During construction of a Dwelling, each Owner shall have a dumpster located on the Lot with sufficient capacity to allow for the disposal of all construction related debris.

Section 6. Subdivision or Combination of Lots. The Declarant reserves the right to re-subdivide Lots within the subdivision so as to create additional building Lots which would be subject to the protective covenants. Except for the right to do so reserved by the Developers, no lot within the subdivision may be re-subdivided so as to create an additional building lot, but property lines may be adjusted from time to time with portions of one lot thereby being added to another and the resulting lot shall be subject to these same restrictions. Adjacent lots may be combined into one Lot only upon written consent of the Declarant, the Architectural Control Committee and the Board. No lot within the subdivision may be used to provide access to other property outside the subdivision.

Section 7. Setbacks. The setback provisions noted on the subdivision Map will control, unless contrary to the Lincoln County Subdivision Ordinance or such rules and regulations as may apply through Lincoln County Building and/or Inspection Department and construction and location in accordance with a duly issued building permit shall be sufficient. In the event such rules or regulations are different than designated on the Map, the setbacks shall be as regulated by the County of Lincoln.

Section 8. Utilities/Easements. Easements for installation and maintenance of utilities and drainage facilities are reserved over the front and rear ten (10) feet of each lot; over the side five (5) feet of each lot; within the road right-of-ways; and other areas as depicted on the Map. Within these easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow or drainage of surface water. All utilities and utility connections shall be located underground and shall be located at the rear of the improvements constructed on the lot, unless written approval is granted by the Architectural Control Committee to locate them elsewhere, subject to the screening requirements in accordance with this Declaration and the Guidelines.

Section 9. Debris/Waste. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall be kept in sanitary containers, which are screened from public view and located behind the main residence, except that containers may be placed at the road side up to twenty four (24) hours prior to scheduled garbage collection

Section 10. Satellite Dishes. No satellite dish or other similar structure may be located on any lot unless such dish is 24 inches in diameter or less. No dishes shall be located on the front (roadside) or side of the Dwelling and must be located in the rear or back (non-roadside) of the Dwelling.

Section 11. Vehicle/Trailer Parking. No boats and other watercraft, RV's, motor homes, campers, utility trailers, trailers of any kind, or commercial vehicles shall be permitted to be parked in any open driveway or road right of way and must be parked in an enclosed garage. In addition, no junked or abandoned vehicles shall be allowed to remain on any Lot unless stored in a garage. All vehicles on any Lot shall be in running condition and shall be properly registered and licensed; any vehicle not registered and licensed shall be considered a junked vehicle unless said vehicle is stored in an enclosed garage and is being actively restored to a running condition. No commercial vehicles larger than a pickup truck are permitted to be parked overnight on any Lot, unless in an enclosed garage; and no vehicles or trailers of any kind are to be parked overnight within any road right of way or other common areas.

Section 12. Fence/Walls. No fence or wall (including densely planted hedges, rows or similar landscape barriers) having a height in excess of sixty (60) inches shall be maintained or permitted on any Lot. All fences/walls must be approved by the Committee and must be constructed of the brick as approved by the Committee. Fences/walls shall not be permitted in front of any Dwellings and must be located to the rear or side of the Dwelling and shall not extend forward of the front corners of the Dwelling. No chain link fences (including dog kennels), chicken wire or other metal/wire mesh fences, or invisible fencing shall be permitted on any Lot.

Section 13. Animals. No animals shall be kept, raised or bred on any Lot except a total of not more than three dogs, cats, or other common/normal household pets, provided the same are not kept, raised or bred for any commercial purposes. The Association shall have the right to prohibit or require the removal of any dog or other animal which, after consideration of factors such as size, breed, and disposition of the animal and security measures taken by the Owner, the Association, in its sole discretion, deems to be undesirable, a nuisance (a dog which habitually or repeatedly chases, snaps at, bites, attacks or barks at pedestrians, bicyclists or vehicles, or turns over garbage cans or otherwise damages property, or barks incessantly, shall be deemed a nuisance) or a safety hazard. Unleashed pets are not permitted to wander or roam away from the Lot where their owner resides, and all pets shall wear a collar with the owners name and address firmly attached to it.

Section 14. Nuisance. No Lot shall be used for any purpose other than residential. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No Lot shall be used

for the deposit, storage or placement of any thing or material that would cause such Lot to appear to be in an unclean or untidy condition or that would be obnoxious or offensive to the eye; nor shall any substance, thing or material be kept on any Lot that would emit a foul or offensive odor or that would cause any noise or other condition that would disturb the peace and tranquility of the occupants of the surrounding properties.

Section 15. Mechanical/Service Facilities. All service areas containing heating or air conditioning apparatus, propane tanks, garbage containers, or other equipment stored outside the Dwelling may not be located within any front yard or side yard facing a street and must be appropriately screened from public view by a brick wall attached to the Dwelling.

Section 16. Mailboxes. All mailboxes and newspaper boxes must be uniform as determined and approved by the Declarant.

Section 17. Sign. No sign of any kind shall be displayed to the public view on any Lot except one professional sign of not more than six (6) square feet in size advertising the property for sale or rent, or signs used by a builder to advertise the property during the construction and sales period. Notwithstanding the foregoing, the Declarant shall have the right to erect and maintain signs for the purpose of advertising the Property and the Development.

Section 18. Recreation. No above ground swimming pools shall be permitted on any Lot. No permanent or affixed basketball backboards or goals shall be permitted on any Dwelling. Portable basketball backboards and goals when not in use, must be removed from the road right of way and other common areas of the subdivision and must be stored in a garage. In no event shall a portable basketball backboard and goal be allowed to remain overnight in a road right of way or other Common Areas of the subdivision.

Section 19. Public Water and Sewer System. Declarant shall cause to be constructed a system in order to provide domestic water and a sanitary sewer service necessary to serve the Subdivision (the "System"). All pipes, hydrants, manholes and covers, and other equipment necessary for the operation and maintenance of the System shall be located within the designated utility easement areas or within the Roadways. Upon completion of the System, the Declarant shall dedicate and convey the System to Lincoln County or other appropriate governmental entity. All Owners shall connect to the System and no private wells or septic tank systems are permitted.

ARTICLE VIII GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. Declarant wishes to maintain a high standard in the appearance and quality of the Development. Though damages would be difficult to measure, the failure of the Owners and the Association to abide by the terms, covenants and restrictions contained in this Declaration would result in irreparable damage to Declarant and its Development. Accordingly, Declarant, during the term of this Declaration, as well as the Association or any Owner or Owners, shall have the right, but not the obligation, to enforce all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by

the provisions of this Declaration by proceeding at law or in equity against any person or persons violating or attempting to violate any such restriction, covenant, reservation, lien or charge, either to restrain violation thereof or to recover damages therefore. Each Owner and the Declarant shall have all appropriate remedies at law or in equity to enforce the provisions of this Declaration and the Bylaws and any duly authorized rules and regulations governing the Development against the Association.

In addition, the Association hereby covenants and agrees that it shall exercise its power of enforcement hereunder in order to maintain a first class development in appearance and quality, and that it shall, upon the request of Declarant, enforce any restriction, condition, covenant or reservation contained in this Declaration deemed by Declarant, in its sole discretion, to have been violated, using all remedies available to the Association at law or in equity. The Declarant hereby reserves the right and easement, but not the obligation, to go upon any portion of the Common Areas at any time in order to repair and maintain such Common Areas where needed, in Declarant's sole discretion, to bring such Common Areas within the standards required by Declarant. Should Declarant go upon the Common Areas to perform maintenance and repairs for such purpose, the Association hereby agrees to reimburse Declarant in full for the cost of such maintenance and repairs, upon receipt of a statement for such cost from Declarant. Failure by Declarant, the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right of do so thereafter.

Failure by the Declarant, the Association, or any Owner to enforce any covenant or restriction shall in no event be deemed a waiver of the right to do so thereafter. If a proceeding is commenced to enforce these covenants and is concluded in favor of a party, that party shall be entitled to recover from the Defendant or Defendants reasonable attorney's fee incurred by the prevailing party and prosecuting such proceeding.

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

SECTION 3. AMENDMENT. The provisions of this Declaration may be amended or terminated during the initial 30-year term by a written instrument signed by the Owners of not less than seventy five percent (75%) of the Lots subject to this Declaration at the time of such amendment, and after the 30 year term by an instrument signed by Owners of not less than sixty percent (60%) of such Lots; provided, however, that the Association or the Declarant may amend this Declaration to correct errors or inconsistencies in drafting, typing or reproductions without action or consent of the Members. Notwithstanding the foregoing, so long as the Declarant owns any part of the Property, the prior written consent of the Declarant shall be required for any parties to modify, change and/or amend, in whole or in part, the terms or provisions of this Declaration.

SECTION 4. TERM. The covenants and restrictions of this Declaration shall run with the land and be binding upon all parties and ensure to the benefit of Declarant, the Association, and the owner of any lot, and all persons claiming under them, for a period of thirty (30) years from the date this Declaration is filed for registration, after which time they shall be

automatically extended for successive periods of ten (10) years unless terminated by a written and duly recorded instrument signed by at least eighty percent (80%) of the Owners of the Lots.

IN WITNESS WHEREOF Declarant has caused this instrument to be executed on the 5th day of January, 2006.

Jon-Mar, LLC,
A North Carolina Limited Liability Company

By: Anderson Properties, Inc.,
A North Carolina Corporation, Manager

By:
 John T. Anderson, President

STATE OF NORTH CAROLINA

COUNTY OF LINCOLN

I, Christine A. Brown, a Notary Public of county and state aforesaid, certify that John T. Anderson personally came before me this day and acknowledged that he is President of Anderson Properties, Inc., A North Carolina Corporation, which corporation is manager of Jon-Mar, LLC, A North Carolina Limited Liability Company and that he as President of Anderson Properties, Inc., being authorized to do so executed the foregoing on behalf of Anderson Properties, Inc., as manager of Jon-Mar, LLC on behalf of said LLC.

I, Christine A. Brown, also hereby certify that Marsha H. Jordan, Manager of Jon-Mar, LLC, A North Carolina Limited Liability Company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of said LLC.

Witness my hand and official seal, this the 5th day of January, 2006.

Notary Public

My Commission Expires: 11-24-08

CONSENT OF MORTGAGE

The Denver Group, LLC, being the Beneficiary under that certain Deed of Trust from Jon-Mar, LLC to Robert J. Brown, Trustee, dated August 9, 2005, and recorded on August 17, 2005 in Book 1730 Page 625 in the Lincoln County Registry, does hereby consent to the recordation of this Declaration of Covenants, Conditions and Restrictions for Ballentrae and does hereby consent and agree that from and after this date, the provisions of this Declaration shall be superior to the lien of said Deed of Trust on the property described therein. Said Beneficiary executes this Consent of Mortgagee solely for the purposes set forth herein. Robert J. Brown as Trustee joins in and executes this Consent as Trustee in said Deeds of Trust for the purposes hereinabove set forth.

In witness whereof, the undersigned have caused this Consent to be duly executed and sealed as of the 20th day of December, 2005.

The Denver Group, LLC

By: Dwight A. Sherrill, Manager

By: Douglas S. Howard, Manager

NORTH CAROLINA

LINCOLN COUNTY

I, Christine A. Brown, a Notary Public for said County and State, do hereby certify that Dwight A. Sherrill and Douglas S. Howard, personally appeared before me this day and acknowledged that they are managers of The Denver Group, LLC, a North Carolina Limited Liability Company, and they executed the foregoing instrument on behalf of the company.

Witness my hand and official seal this 20th day of December, 2005.

Notary Public

TRUSTEE:

Robert J. Brown

STATE OF NORTH CAROLINA

COUNTY OF LINCOLN

I, Christine A. Brown, a Notary Public for said County and State, do hereby certify that Robert J. Brown, personally came before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official seal, this the 20th day of December, 2005.

NORTH CAROLINA
Department of The Secretary of State

To all whom these presents shall come, Greetings:

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION
OF
BALLENTRAE PROPERTY OWNERS ASSOCIATION

the original of which was filed in this office on the 15th day of December, 2005.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 15th day of December, 2005

Secretary of State

Document Id: C20053480037
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SOSID: 0817893
Date Filed: 12/15/2005 11:25:00 AM Elaine F. Marshall
North Carolina Secretary of State C200534800377

**ARTICLES OF INCORPORATION
OF
BALLENTRAE PROPERTY OWNERS ASSOCIATION**

I, the undersigned natural persons of the age of eighteen (18) years or more, acting as incorporators for the purposes of creating a non-profit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act", and the several amendments thereto, do hereby set forth:

1. The name of the corporation is Ballentrae Property Owners Association.

2. The period of duration of the corporation shall be perpetual.

3. The purposes for which the corporation is organized are:

a. The Ballentrae Property Owners Association, hereinafter sometimes referred to as the "Association", does not contemplate pecuniary gain or profit to the member thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residential lots and common area within those lands described or to be described as Ballentrae Subdivision in Lincoln County, North Carolina, and to promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought with the jurisdiction of the Association.

b. For the purposes aforesaid, the Association shall have all of those powers of a non-profit corporation as granted by law from time to time, and in addition thereto and not by way of limitation thereof, power to:

(i) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called "Declarations", applicable to the property and recorded or to be recorded in the Office of the Register of Deeds of Lincoln County, North Carolina, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(ii) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or government charges levied or imposed against the property of the Association;

(iii) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operated, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.

4. The Association shall have members whose qualification for membership and rights of membership shall be as set out in the Declaration of Covenants, Conditions and Restrictions for Ballentrae Subdivision.

5. The directors of the Association shall be elected by the members in the manner provided in the By-Laws.

6. No part of the net earnings of the Association shall inure to the benefit of any officer, director or member of the Association. Upon dissolution of the Association the assets thereof shall, after all of its liabilities and obligations have been discharged or adequate provision made thereof, be distributed to any association or associations organized for purposes similar to those set forth in paragraph 3 hereinabove, or to an appropriate public agency to be used for said purposes.

7. The name of the registered agent is John T. Anderson; and the address of both the initial registered office and the Principal office of the *Association* shall be:

John T. Anderson
233 ½ East Main Street
Lincolnton, NC 28092
Lincoln County

8. The number of directors constituting the initial Board of Directors shall be two (2); and the names and addresses of the persons who are to serve as the initial directors of the corporation and until their successors are elected and qualified are:

John T. Anderson
233 ½ East Main St.
Lincolnton, NC 28092

Marsha H. Jordan
513 E. Main St.
Lincolnton, NC 28092

9. The name and address (including street and number, if any) of the incorporators are:

John T. Anderson
233 ½ East Main St.
Lincolnton, NC 28092

Marsha H. Jordan
513 E. Main St.
Lincolnton, NC 28092

10. IN WITNESS WHEREOF, I have hereunto set my hand and seal, this the 12th day of December, 2005.

John T. Anderson, Incorporator

Marsha H. Jordan, Incorporator

**BY-LAWS
OF
BALLENTRAE PROPERTY OWNERS ASSOCIATION**

ARTICLE I

NAME AND LOCATION

The name of the Corporation is Ballentrae Property Owners Association, hereinafter referred to as the "Association." The principal office of the Association shall be located at 233 ½ East Main St. Lincolnton, NC 28092, but meeting of members and directors may be held as such places within the State of North Carolina, County of Lincoln, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

The words, phrases and terms used in these Bylaws shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for Ballentrae as executed by Jon-Mar, LLC as Declarant, and recorded in the Office of the Register of Deeds for Lincoln County (as modified or amended from time to time, the "Declaration").

ARTICLE III

MEMBERSHIP AND MEETINGS

Section 1. Qualification. Membership in the Association shall be limited to Owners, and every Owner of a Lot shall automatically be a Member of the Association. Membership shall be appurtenant to and may not be separated from Lot ownership.

Section 2. Classes of Membership. There shall be two classes of membership as defined in Article IV of the Declaration.

Section 3. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the first Tuesday of the same month of each year thereafter, at the hour of 7:00 o'clock, P.M. If the day of the annual meeting is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. Meetings shall be held at a place to be determined by the Board, but should be held in Lincoln County, North Carolina if possible. If an annual meeting is not held on the designated date and time, a substitute annual meeting may be held provided notice is given pursuant to this Article.

Section 4. Special Meetings. After the first Annual Meeting of the Members, Special Meetings of the Members may be called at any time by the President, a majority of the Board of Directors, or upon written request of the Members having ten percent (10%) of all of the votes in the Association. Notice of Special Meetings shall be given in accordance with this Article and shall include the purpose of the meeting.

Section 5. Notice of Meeting. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by hand-delivering, or mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting to each member entitled to vote thereafter, 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 in the case of the special meeting, the purpose of the meeting.

Section 6. Quorum. A quorum is present throughout any meeting of the association if members entitled to cast ten percent (10%) of the votes of each class of membership are present in person or by proxy at the beginning of the meeting. If, however, such quorum shall not be present or represented at any meeting, 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, until a quorum as aforesaid shall be present or be represented.

Section 7. Proxies. At all meetings of members, each member may vote in person, or by proxy. All proxies must be in writing, signed and dated by the Member, and filed with the Secretary prior to the commencement of the meeting. A Member may revoke a proxy by giving written notice to Secretary, or the person presiding over the meeting. Each proxy shall automatically cease upon conveyance by the Member of his Lot.

Section 8. Voting Rights. The voting rights of Members are set forth in the Declaration. No Member that is delinquent in the payment of assessments or is in violation of the Declaration, Guidelines or these Bylaws, shall be entitled to cast votes at annual meetings or special meetings. Voting privileges shall be restored upon verification from the Treasurer that all assessments, and interest if applicable, have been fully paid and/or upon remediation of the violation.

Section 9. Majority Vote. Once a quorum is established, the casting of a majority of the votes represented at a meeting, in person or by proxy, shall be binding for all actions and purposes, except where a different percentage is required by these Bylaws, the Articles, or the Declaration.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors, who need to be members of the Association. The initial Board of Directors will consist of two (2) directors until the first annual meeting of the members of the Association. Thereafter, the number of directors will be five (5).

Section 2. Term of Office. The initial Board of Directors and/or tile Directors appointed by the Declarant, shall serve until the expiration of the Declarant Control Period, or until resignation, whichever occurs first. Thereafter, the Board of Directors, each of whom must be a Member, shall be elected by the Members at the Annual Meeting. The members shall elect two (2) directors for a term of one (1) year; two (2) directors for a term two (2) years; and one (1) director for a term of three (3) years. At each annual meeting thereafter, the members shall elect the number of directors that are necessary to succeed any director(s) whose term then expires.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of the director, his successor shall be elected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) directors, after not less that five (5) days notice to each director.

Section 3. Ouorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present shall be regarded as the act of the Board.

Section 4. Action Taken Without A Meeting. The Directors shall have the right to take any action in the absence of a meeting, which they could take at a meeting by obtaining the written approval of all the directors. Any actions so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

POWER AND DUTIES OF THE BOARD OF DIRECTORS

Section 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 facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- b. suspend the voting rights and right to use of the common areas 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 sixty (60) days for infraction of published rules and regulations;
- c. impose and collect fines and enforce liens in accordance with the Act;
- d. exercise for the Association all powers, duties and authority vested in or delegated to this Association by the provisions of these By-Laws, the Articles of Incorporation, the Declaration or the Act.
- e. declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meeting of the Board of Directors;
- f. employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;
- g. to fix and determine the fiscal year; and
- h. to appoint committees as deemed appropriate in carrying out its duties and responsibilities.

Section 2. Duties. It shall be the duty of the Board of Directors 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 meetings of the members, or at any special meeting when such statement is requested in writing by one-half (1/2) of the members who are entitled to vote;

b. supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

c. as more fully provided in the Declaration to:

1. fix the amount of the annual assessment against each owner/member at least thirty (30) days in advance of each annual assessment period; and
2. send written notice of each assessment to every owner subject thereto at least thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

d. issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificates shall be conclusive evidence of such payment;

e. procure and maintain adequate liability and hazard insurance on property owned by the Association;

f. cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

g. cause the common to be maintained as provided for in the Declaration

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President, Secretary, Treasurer and one or more Vice-Presidents, or other such officers as the Board may from time to time by resolution create. Only the President needs to be a member of the Board.

Section 2. Election of officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office and each shall hold office for one (2) year unless he/she shall sooner resign, or shall be removed, or otherwise disqualify to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period,

have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office without or with cause by the Board. Any officer may resign at any time giving written notice to the board, the president, or the secretary. Such resignation shall take effect on time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The person holding the office of President shall not also serve as Secretary or Treasurer. Otherwise, multiple offices may be held by the same person.

Section 8. Duties. The duties of the officers are as follows:

President: The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President: The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, shall exercise and discharge such other duties as may be required of him by the Board.

Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer: The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association, keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular meeting, and deliver a copy of each to the members.

ARTICLE VIII

BOOKS AND RECORDS

The books, records and papers of the Association shall be kept in accordance with the Act and shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association.

ARTICLE IX

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. If any assessment is not paid on the date when due, then such assessment shall be delinquent and shall accrue interest thereon at the "prime rate" of interest announced from time to time by The Wall Street Journal plus two percent (2%) per annum (such rate to change from time to time as The Wall Street Journal prime rate changes) never to exceed a maximum of 18% per annum, unless a lesser rate is required under Applicable Law in which event interest will accrue at a maximum required lesser rate. If such assessment is not paid with fifteen (15) days after the due date, then the Association may bring an action at law against the Owner directly and/or foreclose the lien against the Lot, and there shall be added to the amount of such assessments all reasonable attorney's fees and costs incurred by the Association in such action, and in the event a judgment is obtained, such agreement shall include interest on the Assessments as indicated above.

ARTICLE X

MISCELLANEOUS

Section 1. Amendment. These By-Laws may be amended, at a regular or special Meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. Conflicts. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall Control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall Control.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

CERTIFICATION

I, the undersigned, do hereby certify: That I am the duly elected and acting secretary of Ballentrae Property Owners Association a North Carolina non profit corporation, and

That the foregoing By-Laws constitute the original By-Laws of the said Association, as duly adopted at a meeting of the Board of Directors thereof, held on December 1, 2005

IN WITNESS WHEREOF, I have hereunto subscribed my name on behalf of the Association, this the 21st day of December 2005.

Marsha Jordan, secretary