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ELAINE N. HARMON
REGISTER OF DEEDS
LINCOLN COUNTY, NC

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**DECLARATION OF COVENANTS, EASEMENTS, RESTRICTIONS AND
ASSESSMENT LIEN**

For

SHILOH RUN SUBDIVISION

Prepared by: **COUNTRYTYME N. C. LLC**

After recording please return to: / Countrytyme N.C. LLC
P.O Box 1109
Denver NC 28037

Shiloh Run Homeowners' Association

**DECLARATION OF
COVENANTS, EASEMENTS, RESTRICTIONS AND ASSESSMENT LIEN**

This Declaration of Covenants, Easements, Restrictions and Assessment Lien is made on or as of this 21st day of August, 2007, by Countrytyme N.C. L.L.C., a North Carolina limited liability company, (the "Declarant").

BACKGROUND

A. Countrytyme N.C. L.L.C. is the owner in fee simple of the following described property:

Situated in the State of North Carolina, County of Lincoln, Township of Ironton, and further described as follows:

Being Lots Numbered 1 through 40, inclusive of Shiloh Run, as the same are numbered and delineated on the recorded plat thereof, of record in Plat Book 14, Page 317-322 of the Register of Deeds Office, Lincoln County, North Carolina.

B. The Declarant desires to create a plan of restrictions, easements and covenants with respect to the Lots described herein, and establish liens upon the Lots described herein, which shall be binding upon and inure to the benefit of the Declarant, the Association, and all future owners and occupants of the Lots.

Definitions

The terms used in this document shall have these meanings, unless the context requires otherwise:

1. "Articles" and "Articles of Incorporation" mean, depending upon the context, the articles, filed with the Secretary of State of North Carolina, incorporating the Shiloh Run Homeowners' Association, as corporations not-for-profit under the provisions of Chapter 55 of the Code of North Carolina, as the same may be lawfully amended from time to time.
2. "Association" mean the Homeowners' Association.
3. "Association Organizational Documents" means these Covenants, and, depending upon the context, the Articles of the Homeowners' Association.
4. "Board" and "Board of Directors" mean those persons who, as a group, serve as the board of directors of the Association.
5. "Common Area" mean the real property delineated on the recorded plat of the Shiloh Run Subdivision as the sign and berm easement (including without limitation the well, entrance sign and surrounding landscaping) and shall mean and refer to all roads, streets and lighting owned by the Association, or in which the Association has a legal interest by way of easement or right of way for the common use and enjoyment of the Owners and others entitled to the use thereof.
6. "Covenants" means this instrument.
7. "Declarant" means Countrytyme N.C. L.L.C., a North Carolina Limited Liability Company, and its successors and assigns, provided that the rights specifically reserved to Declarant under these Covenants, or under any other Association Organizational Documents shall accrue only to such successors and assigns as are designated in writing by Declarant as successors and assigns of such rights.
8. "Director" and "Directors" mean that person or those persons serving, at the time pertinent, as a director of the Association.
9. "Shiloh Run Homeowners' Association" mean the corporation not-for-profit created by the filing of the Articles for Shiloh Run Homeowners' Association.
10. "Homeowners' Association" and "Shiloh Run Homeowners' Association" mean the corporation not-for-profit created by the filing of the Articles for Shiloh Run Homeowners' Association.

11. "Lot" or "Lots" mean one or more of Lots numbered 1 through 40, inclusive, of Shiloh Run Subdivision, as such Lots are numbered and delineated on the recorded plat thereof, of record in Plat Book 14, Page of the Register of Deeds Office, Lincoln County, North Carolina.
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12. "Lot owner" and "Lot owners" mean that person or those persons owning a fee-simple interest in a Lot or Lots, each of whom is also a "member" of the Homeowners' Association.
13. "Natural Material" (with regard to dwelling requirements) includes, but is not limited to, brick, stone, wood, hardcoat stucco and Hardy Plank siding.
13. "Occupant" means a person lawfully residing on a Lot, regardless of whether that person is a Lot owner.
14. "Person" means a natural individual, corporation, partnership, trustee, or other legal entity capable of holding title to real property.
15. "Subdivision" means the portion of Shiloh Run Subdivision, as shown on the recorded plat thereof, of record in Plat Book 14, Page of the Register of Deeds Office, Lincoln County, North Carolina.
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16. "Turnover Date" means January 1, 2008.

**DECLARATION OF
COVENANTS, EASEMENTS, RESTRICTIONS AND ASSESSMENT LIEN**

The Declarant hereby declares that the following described property shall be held, sold, conveyed and occupied subject to the following covenants, easements, restrictions and lien for assessments, which are for the purpose of protecting the values and desirability of, and which shall run with, the land and each part thereof, and be binding on all parties having any right, title or interest in the land, and each part thereof, and their respective heirs, successors and assigns, and shall inure to the benefit of and be enforceable by the Declarant, each Lot owner, the respective heirs, successors and assigns of the Declarant and each Lot owner, and the Association.

Situating in the State of North Carolina, County of Lincoln, Township of Ironton, and further described as follows:

Being Lots Numbered 1 through 40, inclusive, of the Shiloh Run Subdivision, as the same are numbered and delineated on the recorded plat thereof, of record in Plat Book 14, Page 317-322 of the Register of Deeds Office, Lincoln County, North Carolina.

The provisions of this Declaration of Covenants, Easements, Restrictions and Assessment Lien, as from time to time amended, shall be considered to be a part of, and incorporated within, each deed hereinafter conveying the Lots, or any portion thereof.

**ARTICLE I
PURPOSES; RESTRICTIONS**

Section 1. **Purposes.** This Declaration is being made to establish Covenants, Easements and Restrictions for the Subdivision, to provide for the operation of the Common Areas of the respective Association; to provide for and promote the benefit, enjoyment and well being of Lot owners and occupants; to administer and enforce the covenants, easements, charges and restrictions hereinafter set forth; and to raise funds through assessments to accomplish these purposes.

Section 2. **Restrictions.** The Lots shall be subject to the following restrictions:

(a) **Lot Uses.** No Lot may be subdivided or have more than one primary residential dwelling on said Lot without the prior written consent of the Declarant. Except as otherwise specifically provided in these Covenants, no Lot shall be used for any purpose other than that of a single-family residence and purposes customarily incidental thereto. Notwithstanding the foregoing: (i) professional and quasi-professional occupants may use a residence constructed on a Lot as an auxiliary or secondary facility to an office established elsewhere; (ii) an occupant maintaining a personal or professional library, keeping personal business or professional records or accounts, or conducting personal business or professional telephone calls or correspondence, in or from a residence constructed on a Lot is engaging in a use expressly declared customarily incidental to principal residential use and is not in violation of these restrictions; and (iii) it shall be permissible for the Declarant to maintain, during the period of its sale of

Lots, one or more Lots as sales models and offices and/or for storage and maintenance purposes, until such time as all Lots have been sold and conveyed.

(b) **Antennas.** The Homeowners' Association may promulgate rules and regulations governing the use of antennas and towers so long as they are not inconsistent with then current governmental regulations.

(c) **Nuisances.** No noxious or offensive activity shall be permitted on any Lot, or upon the Common Areas, nor shall either be used in any way or for any purposes, which might endanger the health of, or unreasonably disturb, any other Lot owner or occupant. Lot Owners must keep their Lots mowed so that weeds and grass are no more than 18 inches in height. The Homeowners' Association and/or the Declarant shall have the right to enter a Lot for the purpose of mowing the Lot, and the costs thereof may be assessed against a Lot Owner as a Special Individual Lot Assessment, subject to any rules the Homeowners' Association may impose requiring reasonable notice to the Lot Owner.

(d) **Vehicles.** No worn out, discarded automobiles, machinery or vehicles, or part thereof shall be stored on any lot and no part thereof shall be used for automobile junk piles or the storage of any kind of junk or waste material. Recreational vehicles may not be parked on the streets or in the driveways. The Board of the Homeowners' Association may enforce these restrictions by levying fines or enforcement charges, having such vehicles towed away, or taking such other actions as it, in its sole discretion, deems appropriate.

(e) **Renting or Leasing.** No Lot or part thereof, unless the same is owned by the Homeowners' Association, shall be rented or used for transient or hotel purposes, which is defined as: (i) rental for any period less than thirty (30) days; (ii) rental under which occupants are provided customary hotel services such as room service for food and beverages, maid service, the furnishing of laundry and linen, busboy service, and similar services; or (iii) rental to non-employee roomers or boarders, that is, rental to one or more persons of a portion of a residence constructed on a Lot. Any lease agreement shall be in writing and shall provide that the tenant shall be subject in all respects to the provisions hereof, and to the rules and regulations promulgated from time to time by the Board, and shall provide that the failure by the lessee to comply with the terms of the Association' Organizational Documents and lawful rules and regulations shall be a default under the lease.

(f) **Signs.** No sign of any kind shall be displayed to the public view on the Lots except: (a) on the Common Areas, signs placed by the Declarant or the Board; (b) on the Lots, one professionally prepared sign advertising the Lot for sale; and (c) on the Common Areas and Lots, signs advertising the sale of Lots by the Declarant during the initial sales period, which shall continue until all Lots have been sold to parties unrelated to the Declarant.

(g) **Animals.** Dogs, cats, and other household pets (other than exotic pets) may be kept, provided they are not bred or maintained for commercial purposes, to be kept in such a manner that shall constitute an annoyance or nuisance to the neighborhood, adjacent neighbors, or the public at large. No aggressive dogs or aggressive breeds of dogs shall be kept, harbored, or boarded on any lot or in any residence in the subdivision. Definition of aggressive dogs means showing aggression towards humans or other pets. This prohibition is absolute and the Declarant shall have no obligation to observe any animal to determine whether the dog is individually aggressive. Each lot owner shall be solely responsible for his or her pets and shall comply with all laws and regulations pertaining thereto and shall keep all such pets within the boundary lines of their Lot at all times, unless accompanied by the owner or other responsible person and adequately restrained. Pet owners will be responsible to clean up and dispose of pet's waste when off their Lot, and on their own Lot. Large animals such as horses, cattle, sheep, swine, and fowl are specifically and expressly prohibited.

(h) **Temporary Residences.** No garage or unfinished single family dwelling, travel-trailer, barn, tent, basement or other structure shall at any time be occupied or used as a temporary or permanent residence.

(i) **Conveyances.** Each Lot shall be conveyed subject to the terms, conditions and provisions hereof. The right of a Lot owner to sell, transfer or otherwise convey that owner's Lot is not subject to any right of first refusal or similar restriction, and any Lot owner may transfer that owner's Lot free of any such limitation. To enable the Association to maintain accurate records of the names and addresses of Lot owners, each Lot owner agrees to notify the Association, in writing, within five days after an interest in that members Lot has been transferred to another person. In addition, each Lot owner agrees to provide to a purchaser of that owner's Lot a copy of the Association' Organizational Documents and all effective rules and regulations.

(j) **Discrimination.** No action shall at any time be taken by the Association or its Board which in any manner would discriminate against any Lot owner in favor of another.

(k) **Dwelling Requirements.** All dwellings shall be site and stick built. Manufactured single wide, double wide, modular and panelized homes are prohibited. The minimum net living area for any residence shall not be less than 2,000 square feet for ranch style homes; not less than 2,400 square feet for two story homes, and not less than 2,200 for all other style homes exclusive of basements, attics, decks, patios, and garages.

(i) **Exterior Material.** With the exception of soffits, gutters and downspouts, the exterior of all dwellings shall be a natural material such as brick, stone, wood, hard coat stucco or Hardy Plank. All materials shall be new building materials. All homes shall be constructed on a solid masonry foundation and shall not have an exposed foundation or exterior of cement block.

(ii) **Roofing.** With the exception of porches and dormers, all roof pitches must fall within the range of 8/12 - 12/12. All roofs shall be finished with slate, tile, cedar shakes or dimensional shingles.

(iii) **Garages.** All homes shall have at least a two-car attached garage constructed of similar material and style as the dwelling.

(iv) **Construction Time.** The construction of the dwelling and garage shall be completed within one (1) year of obtaining the appropriate building permits.

(v) **Driveways.** Initial driveways may be gravel, but they must be well maintained and dust shall be controlled. All driveways shall be constructed of asphalt, plain concrete, textured concrete, pre-cast concrete pavers, or brick prior to occupancy.

(vi) **Fences.** No stockade, chain link, other wire fences or dog runs will be permitted. No fencing will be allowed in front yards, except for small sections of decorative wood or wrought iron fence.

(vii) **Detached Structures.** Detached structures shall be constructed of similar material and style as the dwelling.

(l) **Utilities.** New utility service including electrical, telephone and cable service shall be underground from the existing service lines to any structure on each property and shall be installed at the expense of each lot owner.

(m) **Maintenance of Roads.** All roads in the Subdivision shall be built to state road standards and upon the required number of homes being built in the Subdivision, the owners of Lots in the Subdivision may, upon petition to the State of North Carolina, have the maintenance and ownership of all such roads assumed by the State of North Carolina. By accepting a deed to a Lot, each owner or owners thereof agree that they shall be responsible for the upkeep of the roads in the Subdivision until such time as the roads are taken over by the State of North Carolina. Should any such repairs or maintenance be required, the payments required of Lot owners therefore will be made pro-rata, on a per Lot basis, unless said repair is caused by the negligence or extraordinary purpose of another Lot owner. In said case of negligence or extraordinary use, it shall be the sole responsibility of the Owner of the Lot, creating the damage to make or cause to be made, at their sole cost and expense, all necessary repairs to bring the roadway back into conformity with NCDOT standards. Such repairs shall be completed within 30 days after the negligence and/or extraordinary use ends. Any Lot owner that fails to pay the pro-rata share for maintenance, or any Lot owner that fails to repair damage they cause, after thirty days written notice by Developer or the Association or by any other Lot owner, shall be in violation of these Restrictions. A violation shall result in the ability of the Developer or the Association or any other Lot owner to repair the damage and/or pay the pro-rata share and the entire cost of same with interest at the highest rate then permitted by law, shall be a lien upon the Lot until repaid in full. Nothing herein shall constitute a duty on Developer to pay for the damage and/or maintenance nor shall it create a duty on Developer to enforce these rights.

(n) **Arbitration.** The interpretation of the Declarant as to the application of these restrictions or any rule or regulation promulgated by a Board, shall be binding upon all Lot owners until the Declarant has sold and conveyed all Lots. Thereafter, in the event of any dispute between Lot owners as to the application of these restrictions or any rule or regulation promulgated by a Board, the party aggrieved shall submit a complaint in writing to the Board of the Homeowners' Association specifying the dispute. The Board shall set a time, date and place for a hearing within sixty (60) days thereafter, and give written notice to each party no less than thirty (30) days prior to the hearing. No action at law may be instituted by either party to such a dispute unless arbitration pursuant hereto has first been had.

ARTICLE II. OWNERS' ASSOCIATION

Section 1. **Establishment of Association.** The Association has been formed to be and to serve as the Homeowners' Association for the Subdivision. The Declarant is presently the sole member of the Association.

Section 2. **Membership in Homeowners' Association.** Membership in the Homeowners' Association shall be limited to the Declarant and the Lot owners. Every person or entity who is or becomes a record owner of a fee or undivided fee-simple interest in a Lot is a Lot owner and shall be a

member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot, and transfer of a Lot shall automatically transfer membership to the transferee.

Section 4. **Voting Rights.** Prior to the Turnover Date, all voting power in the Association shall be vested in the Declarant. From and after the Turnover Date, each member, including the Declarant, shall be entitled to one vote in the Homeowners' Association for each Lot owned in fee simple.

Section 5. **Board of Directors.** The Board of Directors of the Association shall initially be those three persons named as the initial Directors pursuant to the provisions of the Articles, or such other person or persons as may from time to time be substituted by Declarant. Because of the substantial financial undertakings of the Declarant, the Declarant shall continue to control the makeup of the Board until the Turnover Date. From and after the Turnover Date, there shall be six Directors elected by the members which members shall include the Declarant as the owner of any unsold Lots. The terms of the six Directors in the Association shall be staggered so that the terms of one-third of the Directors will expire and successors be elected at each annual meeting of the Association. Thereafter, at such annual meetings, successors to the two directors in the Association whose terms then expire shall be elected to serve three-year terms.

Section 6. **Authority.** The Board shall have all authority to manage, maintain, repair, replace, alter and improve the Common Areas owned by the respective Association and do all things, and exercise all rights provided by the Association' Organizational Documents and permitted by North Carolina Law that are not specifically reserved to Lot owners, and assess and collect funds for the payment of all costs and expenses incurred in connection therewith. Prior to the Turnover Date, the Board shall not enter into any contract lasting longer than one year, unless terminable without penalty on ninety-day notice.

**ARTICLE III.
MAINTENANCE AND REPAIR**

Section 1. **Association Responsibility.** Except as provided herein, the Association shall maintain, repair and replace the Common Areas, including and not limited to shrubs, trees, plantings, Subdivision signage, and all other improvements which are located in the Common Areas. Additionally, the Homeowners' Association shall maintain, repair and replace Subdivision amenities located on the Lots, including entrance features and equipment owned by the Association serving the Subdivision.

**ARTICLE IV.
UTILITY SERVICES**

Section 1. **Utility Services.** The Association shall arrange for the provision of utility services required for the use of the Common Areas and shall pay the costs of such services separately metered to the Association by the utility company.

**ARTICLE V.
INSURANCE; LOSSES BONDS**

Section 1. **Fire and Extended Coverage Insurance.** The Board shall have the authority to and shall obtain insurance for all structures, fixtures and equipment and common personal property, now or at any time hereafter constituting a part of the Common Areas or common property of the respective Association, against loss or damage by fire, lightning, and such other perils as are ordinarily insured against by standard coverage endorsements, with such limits and coverage as is deemed appropriate by the Board.

Section 2. **Liability Insurance.** The Association shall obtain and maintain a comprehensive policy of general liability insurance covering all of their respective Common Areas, insuring that Association, its Board of Directors, and the Lot owner/members and their occupants, with such limits as the Board may determine.

Section 3. **Other Association Insurance.** In addition, the Board may purchase and maintain contractual liability insurance, directors' and officers' liability insurance, and such other insurance as the Board may determine.

**LE VI
GRANTS AND RESERVATIONS OF RIGHTS AND EASEMENTS**

Section 1. **Easements of Enjoyment and use; Limitations.** Every member of the Association shall have a right and easement of enjoyment in, over and upon the Common Areas owned by the Association in which he or she is a member, which rights and easements shall be appurtenant to and shall pass with the title to a Lot owned by such member, subject to the right of the Board to make reasonable rules and regulations concerning the use and management of the Common Areas.

Section 2. **Right of Entry for Repair, Maintenance and Restoration.** The Association shall have a right of entry and access to, over, upon and through all of the Lots to enable the Association to perform their respective obligations, rights and duties pursuant hereto with regard to maintenance, repair, and replacement of any Common Areas.

Section 3. **Easements for Utilities.** There is hereby created upon, over and under all of the Lots, an easement to the Homeowners' Association for ingress and egress to all of the Lots, and for the installation, replacement, repair, and maintenance of all utility lines and equipment thereon. It shall be expressly permissible for the Homeowners' Association to grant to the providing company permission to construct and maintain the necessary poles and equipment, wires, circuits and conduits on, above, across and under the Lots so long as such poles and equipment, wires, circuits and conduits do not unreasonably interfere with the use and enjoyment of the Lots. Should any utility company furnishing a service request a specific easement by separate recordable document, the Board shall have the right to grant such easement without conflicting with the terms hereof.

In addition, a non-exclusive perpetual easement is hereby reserved to Declarant, its successors and assigns, for their benefit and the benefit of Lot owners for pedestrian and vehicular access over roadways, footpaths and streets within the Subdivision, for ingress and egress to and from the Lots and Common Area and public rights-of-way. Additionally, Declarant, for itself and its successors and assigns, reserves the right to extend and tie into utility lines in the Lots and Common Areas, as permitted by public authority and the utility company involved, to extend such lines into other Lots, portions of Common Areas, or other lots in the Subdivision.

Section 4. **Other Relevant Easements.** All Lots are subject to oil lease, crop lease, utility easements, road right-of-way easements, or drainage easements, if applicable to the Lot.

Section 5. **Easements for Drainage.** Each Lot Owner, by acceptance of a deed to a Lot, hereby agrees, for himself/herself and his/her heirs and assigns: (a) to grant a drainage easement (at no monetary cost or any other consideration) for the purpose of providing an outlet for storm water and/or septic system drainage to any Lot Owners or any Lot of this Subdivision; (b) to comply with all requests from the County Health Department and County Engineer, and with all County or Township requirements to ensure the health and welfare of each Lot Owner and any Lot of this Subdivision; and (c) to grant utility/drainage easements to serve any Lot of this Subdivision.

Section 6. **Power of Attorney.** Each Lot owner, by acceptance of a deed to a Lot, hereby irrevocably appoints the President of the Homeowners' Association, as his, her or its attorney-in-fact, to execute, deliver, acknowledge and record, for and in the name of such Lot owner, such deeds of easement and other instruments as may be necessary or desirable, in the sole discretion of the Board, to further establish or effectuate the foregoing easements. This power is for the benefit of each and every Lot owner, the Homeowners' Association, and the real estate to which it is applicable, runs with the land, is coupled with an interest, and is irrevocable.

Section 7. **General.** The easements and grants provided herein shall in no way affect any other recorded grant or easement.

ARTICLE VII. ASSESSMENTS AND ASSESSMENT LIENS

Section 1. **Types of Assessments.** The Declarant, for each Lot, hereby covenants, and each Lot owner, by acceptance of a deed to a Lot, (whether or not it shall be so expressed in such deed), is deemed to covenant and agrees to pay to each of the Association in which they are members: (1) annual operating assessments, (2) special individual Lot assessments to be established and collected as hereinafter provided.

Section 2. **Elements- Apportionment: Due Dates**

(a) **Annual Operating Assessments Prior to Turnover Date**

(i) Commencing on the date that a Lot is conveyed to a bona-fide purchaser, the owner(s) of that Lot shall pay an annual payment of operating assessments to the Homeowners'

Association in the amount of \$300.00 per annum, in advance, on or before the first day of the year until the Turnover Date.

(ii) Until such Turnover Date, the Declarant shall not pay any assessments with respect to such Lots owned by it or conveyed by it to persons or entities affiliated with the Declarant or one of Declarant's members, or entities in which the Declarant or one of Declarant's members owns an equity interest.

(iii) Until the Turnover Date, the Declarant shall pay all expenses of the Association which exceed the amounts assessed to owners of Lots.

(iv) The Turnover Date shall be January 1, 2008.

(b) **Annual Operating Assessments After the Turnover Date**

(i) Promptly after the Turnover Date, and thereafter, prior to the beginning of each fiscal year, the Board shall estimate, and divide equally among the Lots, the owners of which are members of that Association, the expenses of the Association consisting of the following:

(a) the estimated next fiscal year's cost of the maintenance, repair, replacement, and other services to be provided by that Association;

(b) the estimated next fiscal year's costs for insurance and bond premiums to be provided and paid for by that Association;

(c) the estimated next fiscal year's costs for utility services charged to or otherwise properly payable by that Association;

(d) the estimated amount required to be collected to maintain a general operating reserve to assure availability of funds for normal operations of that Association, in an amount deemed adequate by the Board;

(e) an amount deemed adequate by the Board to maintain a reserve for the cost of unexpected repairs and replacements; and

(f) the estimated next fiscal year's costs for the operation, management and administration of the Association.

(ii) The Board shall thereupon allocate such expense equally among all Lots, the members of which are members of that Association, and thereby establish the annual operating assessment for each separate Lot.

(iii) The annual operating assessment shall be payable in advance, annually and due on January 2nd of each year, unless the Board establishes otherwise.

(iv) If the amounts so collected are, at any time, insufficient to meet all obligations for which those funds are to be used, the deficiency shall be assessed by the Board among the Lots on an equal basis.

(v) If assessments collected during any fiscal year are in excess of the funds necessary to meet the anticipated expenses for which the same have been collected, the excess shall be retained as reserves, and shall in no event be deemed profits nor available, except on dissolution of the Association, for distribution to Lot owner/members.

(c). **Special Individual Lot Assessments.** The Board may levy an assessment against an individual Lot or Lots owned by a member, as fines levied for the violation of the restrictions set forth herein (including, without limitation, fines for the violation of covenants restricting construction of improvements not complying with approved plans), and to reimburse the Association for those costs incurred properly chargeable by the terms hereof to a particular Lot (such as, but not limited to, the cost of enforcement of covenants and restrictions against a particular Lot, or of causing compliance with the restrictions and covenants set forth herein, or arbitration costs properly chargeable against such Lot owner.) Any such assessment shall become due and payable on such date as the Board determines, and gives written notice to the Lot owners subject thereto.

Section 3. **Effective Date of Assessments.** Any assessment created pursuant hereto shall be effective on the date determined by the Board. Written notice of the amount of any assessment shall be sent by the respective Board to the Lot owner subject thereto at least ten days prior to the due date

thereof, or the due date of the first installment thereof, if to be paid in installments. Written notice shall be mailed or delivered to a Lot owner's Lot unless the Lot owner has delivered written notice to the Board of a different address for such notices, in which event the Board shall mail such notice to the last designated address. Failure to receive such notice, for whatever reason, shall not be a defense to the Lot owner's obligation to pay such assessment.

Section 4. Effect of Nonpayment of Assessment; Remedies of the Association

(a) If any assessment or any installment of any assessment is not paid within ten (10) days after the same has become due, the Board, at its option, without demand or notice, may (i) declare the entire unpaid balance of the assessment immediately due and payable; (ii) charge interest on the entire unpaid balance, (or on an overdue installment, alone, if it hasn't exercised its option to declare the entire unpaid balance due and payable), at the highest rate of interest then permitted by law, or at such lower rate as the Board may from time to time determine; (iii) charge a reasonable, uniform late fee, as determined from time to time by the Board; and (iv) restrict services to the Lot and restrict use of the Association's Common Areas and of easements for the use thereof, by the owners and occupants of the Lot. Such services and use may be restricted until the assessments with respect to the Lot have been paid.

(b) Annual operating and both types of special assessments, together with interest, late charges and costs, shall be a charge and a continuing lien in favor of the Association upon the Lot against which each such assessment is made. (Whenever the term "costs" is used herein, it shall include, without limitation, reasonable attorneys' fees incurred by the Association, to the extent that the recovery of such fees is not prohibited by North Carolina law.)

(c) At any time after an installment of an assessment levied pursuant hereto remains unpaid for ten (10) or more days after the same has become due and payable, an affidavit regarding the non-payment of Assessments and restriction of the use of easements appurtenant to the Lot and the availability of services to such Lot, may be filed with the Register of Deeds of Lincoln County, North Carolina, pursuant to authorization given by the Board. The certificate shall contain a description of the Lot for which Assessments are unpaid, the name or names of the record owner or owners thereof, and the amount of the unpaid portion of the assessments, interest, late charges and costs, and shall be signed by the president or other officer of the Association.

(d) Any Lot owner who believes that an assessment chargeable to his, her or its Lot has been improperly charged against that Lot, may bring an action in the Court of Common Pleas of Lincoln County, North Carolina for the discharge of that assessment. In any such action, if it is finally determined that all or a portion of the assessment has been improperly charged to that Lot, the court shall make such order as is just.

(e) Each such assessment together with interest, late charges and costs, shall also be the joint and several personal obligation of the Lot owners who owned the Lot at the time when the assessment fell due. The obligation for delinquent assessments, interest, late charges and costs shall not be the personal obligation of that owner or owners' successors in title unless expressly assumed by the successors, provided, however, that the right of the Association to any lien upon the Lot for non-payment of Assessments, and the right of the Association to restrict the use of easements appurtenant to such Lot and restrict services to such Lot, or restrict the use of the Association Common Areas by the owners and occupants of the Lot, shall not be impaired or abridged by reason of the transfer.

(f) The Association, as authorized by its Board, may pursue any other remedy available to the Association pursuant to North Carolina law, and without limiting the generality of the foregoing, may obtain a lien to secure payment of delinquent assessments, interest, late charges and costs, bring an action at law against the owner or owners personally obligated to pay the same, and an action to foreclose a lien, or any one or more of these or other remedies. In any foreclosure action, the owner or owners affected shall be required to pay a reasonable rental for that Lot during the pendency of such action, and either of the Association, in any action resulting in the sale of a Lot, shall be entitled to become a purchaser at the sale.

(g) No owner may waive or otherwise escape liability for the assessments provided for in these Covenants by non-use of the Common Areas, or any part thereof, or by abandonment of his, her or its Lot.

Section 5. Subordination of the Lien to First Mortgages. The lien of the assessments and charges provided for herein shall be subject and subordinate to the lien of any duly executed first mortgage on a Lot recorded prior to the date on which such lien of the Association arises, and any holder of such first mortgage which comes into possession of a Lot pursuant to the remedies provided in the

mortgage, foreclosure of the mortgage, or deed or assignment in lieu of foreclosure, and any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid installments of assessments or charges against the mortgaged Lot which became due and payable prior to the time such holder or purchaser took title to that Lot, provided that the Association has been made a party to such action.

Section 6. **Certificate Regarding Assessments.** The Board shall, upon demand, for a reasonable charge, furnish certificates signed by the president, treasurer, secretary or other designated representative of an Association, setting forth whether the assessments on a specified Lot have been paid. This certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

**ARTICLE VIII.
AMENDMENTS**

Section 1. **Power to Amend.** Except as hereinafter provided, amendment of these Covenants (or the Articles of an Association) shall require consent of Lot owners exercising not less than eighty-five percent (85%) of the voting power of Lot owners. Notwithstanding the foregoing, the consent of all Lot owners shall be required for any vote pertaining to terminating the Homeowner's Association.

Section 2. **Method to Amend.** An amendment to these Covenants, adopted with the consents hereinbefore provided, shall be executed with the same formalities as these Covenants and shall contain certification that the amendment was duly adopted in accordance with the foregoing provisions. Any amendment duly adopted and executed in accordance with the foregoing provisions shall be effective upon the filing of the same with the Register of Deeds of Lincoln County, North Carolina.

**ARTICLE IX.
GENERAL PROVISIONS**

Section 1. **Covenants Running With the Land.** The covenants, conditions, restrictions, easements, reservations, liens and charges created hereunder or hereby shall run with and bind the land, and each part thereof, and shall be binding upon and inure to the benefit of all parties having any right, title or interest in or to all or any part of the Subdivision, and the Association and the Declarant and their respective heirs, executors, administrators, successors and assigns.

Section 2. **Enforcement.** In addition to any other remedies provided in these Covenants, the Declarant, the Association, and each Lot owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, easements, reservations, liens and charges set forth herein or in the Articles or or now or hereafter imposed by or through the Association's rules and regulations. Failure by Declarant, the Association or by any Lot owner to proceed with such enforcement shall in no event be deemed a waiver of the right to enforce at a later date the original violation or a subsequent violation, nor shall the doctrine of laches nor any statute of limitations bar the enforcement of any such restriction, condition, covenant, reservation, easement, lien or charge. Further, the Association and each Lot owner shall have rights of action against each other for failure to comply with the provisions of the Association's Organizational Documents, rules and regulations, and applicable law, and with respect to decisions made pursuant to authority granted thereunder, and the Association shall have the right to assess reasonable charges against a Lot owner/member who fails to comply with the same, including the right to assess charges for the costs of enforcement and arbitration. Notwithstanding the foregoing, in the event of any dispute between an Association and any Lot owner or occupant, other than with regard to assessments, that cannot be settled by an agreement between them, the matter shall first be submitted to arbitration in accordance with and pursuant to the arbitration law of North Carolina then in effect by a single independent arbitrator selected by the Board.

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

Section 4. **Gender and Grammar.** The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations, partnerships, men or women, shall in all cases be assumed as though in such case fully expressed.

Section 5. **Captions.** The captions of the various provisions of these Covenants are not part of the context hereof, but are merely labels to assist in locating the various provisions hereof.

By signing below you are indicating that you have been shown a copy of the Shiloh Run Homeowners' Association Declaration of Covenants, Easements, Restrictions and Assessment Lien.

Buyer _____

Date _____

Buyer _____

Date _____

IN WITNESS WHEREOF, Declarant has duly executed the foregoing as of the 21st day of August, 2007.

COUNTRYTYME N.C. LLC

By: Patty Gorman
Patty Gorman, Manager

STATE OF NORTH CAROLINA
COUNTY OF LINCOLN, SS:

I, the undersigned Notary public in and for said State and County, certify that Patty Gorman personally appeared before me this day and acknowledged that she is the Manager of Countrytyme N.C. LLC, a North Carolina limited liability company, and that by authority duly given and as the act of each entity, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal this 21st day of August, 2007.

My Commission expires: 04.09.2011

Linda L Connelly
Notary Public

