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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
SKIPPER HEIGHTS**

Prepared by: Murchison, Taylor & Gibson, PLLC
16 N. 5th Avenue, Wilmington, NC 28401

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SKIPPER HEIGHTS (this "Declaration") is made this 11 day of August, 2025, by **STOREHOUSE HOLDINGS, LLC**, a North Carolina limited liability company (the "Declarant"), with an address of 315 Dawson Street, Wilmington, NC 28401.

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property in Brunswick County, North Carolina, known as "Skipper Heights" which consists of or will consist of single family homes and townhomes and which is more particularly described in Exhibit A, attached hereto and incorporated herein by reference (the "Property"); and

WHEREAS, Declarant desires to subject the Property to this Declaration under a general scheme of development for the mutual benefit of the Lot Owners, and to form an association of owners within Skipper Heights to provide for, among other things, the preservation of the property values and the desirability and attractiveness of the real property in Skipper Heights, and to provide for the establishment of and the continued maintenance of the Common Elements, Townhome Elements and other areas within Skipper Heights.

NOW THEREFORE, Declarant hereby declares that all of the Property and any Additional Property subjected to this Declaration by Supplemental Declaration shall be held, sold, used and conveyed subject to the North Carolina Planned Community Act (the "Act") and to the following easements, restrictions, covenants, and conditions of this Declaration, all of which shall run with the real property subjected to the Declaration. The Declaration, including all conditions, restrictions and affirmative obligations set forth herein, shall be binding on and shall inure to the benefit of all parties having any right, title or interest in the Property or any part thereof, their heirs, successors, and assigns.

ARTICLE I
DEFINITIONS

In addition to other terms defined throughout the Declaration, the following capitalized terms shall have the following meanings:

SECTION 1. Additional Property shall mean and refer to any lands, in addition to the above described Property, which are located within one (1) mile of the Property and which may be annexed to and made a part of the Planned Community in accordance with the terms of this Declaration, whether such lands are now owned or hereafter acquired by Declarant or others, and whether developed by Declarant or others and whether contiguous with existing phases or not contiguous thereto.

SECTION 2. Association shall mean and refer to **Skipper Heights Homeowners Association, Inc.**, a North Carolina non-profit corporation, its successors and assigns, the owners' association organized pursuant to the Act for the purposes set forth herein.

SECTION 3. Board of Directors or Board shall mean the Board of Directors of the Association, who shall be the body designated in this Declaration to act on behalf of the Association.

SECTION 4. Builder shall mean a Person purchasing one or more vacant Lots from Declarant for the purpose of constructing a home for sale to a third party and not for use by such Person or any principal, director, shareholder, officer, member, manager, or partner of such Builder or a family member of any principal, director, shareholder, officer, member, manager, or partner of such Builder.

SECTION 5. Common Elements shall mean all real and personal property, including but not limited to easements, recreational amenities (BUT DECLARANT SHALL NOT BE OBLIGATED TO CONSTRUCT ANY SUCH RECREATIONAL AMENITIES), stormwater retention systems, pump or lift stations, common irrigation systems, and private roads (if any), which (i) the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners and/or (ii) Declarant has designated or designates in the future for the common use and enjoyment of the Owners, including areas labeled as "Common Area," "Common Element," and "Open Space" on a subdivision plat or in any other instrument recorded by Declarant. The term "Common Elements" shall include the Limited Common Elements (if any), as defined below.

SECTION 6. Common Expenses means actual and estimated expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

SECTION 7. Declarant shall be used interchangeably with "Developer" and shall mean and refer to Storehouse Holdings, LLC, a North Carolina limited liability company, and its successors and its assigns, if such successors or assigns are granted or succeed to any Special Declarant Right in accordance with N.C.G.S. § 47F-3-104.

SECTION 8. Declarant Control Period shall mean the period of time during which there is a Class B Membership as described in **Article III** herein.

SECTION 9. Declaration shall mean this instrument as it may be from time to time amended or supplemented.

SECTION 10. Landscape Guidelines (if any) shall mean the guidelines and standards for design, landscaping, care and grooming of vegetative elements existing on a Lot. The initial Landscape Guidelines (if any) shall be prepared by Declarant, and Declarant shall have the sole and full authority

to amend the same during the Declarant Control Period. After the Declarant Control Period, the Board may amend the Landscape Guidelines in its reasonable discretion. Declarant or the Association shall make the Landscape Guidelines (if any) available to Owners but shall not be required to record the same. The Landscape Guidelines may (but are not required to) include different provisions and standards for differently situated home types (i.e., Single Family and/or Townhome Lots).

SECTION 11. Limited Common Elements shall mean the real property, areas and facilities which are intended for the exclusive use of one or more, but less than all of the Lots as shown and designated on any maps of sections of the Planned Community which are or may be recorded in the Brunswick County Registry or which may be annexed to this Declaration by any amendment annexing Additional Property and all facilities located thereon. Limited Common Elements may also be designated by Declarant during the Declarant Control Period in the deed conveying such area to the Association, on a subdivision plat or by Supplemental Declaration.

SECTION 12. Limited Common Expenses shall mean actual and estimated expenses of maintaining, operating, repairing, and replacing the Limited Common Elements, including insurance, reasonable reserves and utilities as may be found necessary and appropriate by the Board of Directors for the benefit of the Limited Common Elements.

SECTION 13. Lot(s) shall mean any portion of Skipper Heights, whether improved or unimproved, designated for separate ownership by an Owner and shown on a recorded subdivision plat. The term shall refer to the land, if any, which is part of the Lot as well as any improvements or structures located thereon. The term includes Single Family Lots and Townhome Lots, as the same are defined herein.

SECTION 14. Lot Owner or Owner shall mean Declarant or other Person who owns a fee simple title to any Lot, or who owns fee simple title to an undivided interest in a Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 15. Person means a natural person, a business or nonprofit corporation, limited liability company, trustee(s) of a business trust, trustee(s) of charitable or noncharitable trust, limited or general partnership, joint venture, government, governmental subdivision, governmental agency, or other legal entity.

SECTION 16. Planned Community or Skipper Heights shall mean and refer to the Property described in Exhibit A, attached hereto, plus any Additional Property made a part of the Planned Community by annexation in accordance with this Declaration.

SECTION 17. Purchaser means any Person, other than Declarant or a Person in the business of selling real estate for the purchaser's own account, who by means of a voluntary transfer acquires a legal or equitable interest in a Lot, other than (i) a leasehold interest (including renewal options) of less than 20 years, or (ii) as security for an obligation.

SECTION 18. Single Family Lot shall mean a Lot designated by Declarant for use as a detached single family dwelling. The term shall refer to the land, if any, which is part of the Single Family Lot, as well as any improvements and structures located thereon. Declarant reserves the right to change such designation for any lots Declarant still owns. Declarant also reserves the right but not the obligation to designate additional lots as Single Family Lots when such lots are recorded and annexed under this Declaration. Any Lot not designated as a Townhome Lot shall be deemed a Single Family Lot. Declarant hereby designates Lots 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19 and 20 as shown on that map recorded in **Map Cabinet 164, Page 23** of the Brunswick County Registry as Single Family Lots.

SECTION 19. Special Declarant Rights shall mean any and all rights, powers, and privileges reserved for the benefit of Declarant in this Declaration, including, but not limited to (i) the right to complete improvements intended or planned by Developer for the Property or Additional Property; (ii) the right to exercise any development or other right reserved to Declarant by this Declaration or otherwise; (iii) the right to maintain within the Planned Community sales and leasing offices and/or clubhouses, management offices, construction offices/trailers, and models, in each case that may not be available for use by residents unless otherwise agreed by Declarant, and also signs advertising the Planned Community; (iv) the right to use the Common Elements for the purpose of making improvements within the Planned Community; (v) the right to make the Planned Community part of a larger planned community or group of planned communities; (vi) the right to make the Planned Community subject to a Master Association; (vii) the right to establish one or more sub-associations or neighborhood associations with jurisdiction over less than all of the Lots in the Planned Community; (viii) the right to appoint or remove any officer or Board of Directors member of the Association or any Master Association during the Declarant Control Period; (ix) the right to permit or cause other land to be annexed to the Planned Community in accordance with this Declaration; (x) the rights reserved to Declarant in **Article V** of this Declaration; and (xi) to the extent not already described, all those rights described in the Act, including but not limited to N.C.G.S. § 47F-1-103(28).

SECTION 20. Townhome Elements shall mean those exterior portions of all Townhome Lots that the Association shall be obligated to maintain, as more particularly described in **Article III, Section 7**.

SECTION 21. Townhome Lot shall mean a Lot designated by Declarant for use as an attached single family dwelling designated as a townhome. The term shall refer to the land, if any, which is part of the Townhome Lot, as well as any improvements and structures located thereon. Declarant reserves the right to change such designation for any lots Declarant still owns. Declarant also reserves the right but not the obligation to designate additional lots as Townhome Lots when such lots are recorded and annexed under this Declaration. Declarant hereby designates Lots TH1, TH2, TH3, TH4, TH5, TH6, TH7 and TH8 as shown on that map recorded in **Map Cabinet 164, Page 23** of the Brunswick County Registry as Townhome Lots.

ARTICLE II

PROPERTY RIGHTS AND EASEMENTS

SECTION 1. Owners' Property Rights and Easement of Enjoyment. Every Owner shall have and is hereby granted a non-exclusive right and easement of enjoyment in and to the Common Elements (including but not limited to all roads shown on recorded plats of the Planned Community), if any, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) All of the restrictions and limitations in this Declaration, including but not limited to the right of the Board to impose reasonable charges and fines for late payments and to suspend the voting rights and the rights to use the Common Elements by an Owner as further provided herein.

(b) The right of Declarant, and after the Declarant Control Period terminates, the Board of Directors to make and amend reasonable rules and regulations governing use of the Planned Community, the Lots and the Common Elements by the Owners.

(c) The right of the Association to grant a security interest in or convey the Common Elements, or dedicate or transfer all or part of the Common Elements, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Owners of at

least eighty percent (80%) of the Lots, provided, however, that the Association, if it has Declarant's written consent (which is required during the Declarant Control Period), may, without the consent of the Owners, grant easements, leases, licenses and concessions through or over the Common Elements. No conveyance or encumbrance of Common Elements shall deprive any Lot of its rights of access or support.

(d) The right of the Association to make reasonable and appropriate modifications to the boundaries of the Common Elements in order to make such boundaries consistent with improvements as actually constructed therein (including, without limitation, reasonable relocations of Common Elements to conform to the specifications of roads actually installed within the Common Elements).

SECTION 2. Easements in Favor of Declarant and the Association. The following easements are reserved to Declarant and the Association, their agents, contractors, employees, successors and assigns.

(a) Easements as necessary in the lands constituting the Common Elements and the rear and front twenty (20) feet of each Lot and side ten (10) feet of each Lot (unless shown in excess of such distances on any recorded plat, in which case the plat shall control) for the installation and maintenance of utilities and drainage facilities including the right to go upon the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone lines, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities on, in or over each Lot and such other areas as are shown on the plat of the Property or any Additional Property recorded or to be recorded in the office of the Register of Deeds of Brunswick County, the right to cut drain ways, swales and ditches for surface water whenever such action may appear to the Developer or the Association to be necessary in order to maintain reasonable standards of health, safety and appearance, the right to cut any trees, bushes or shrubbery; the right to make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. No structures or plantings or other material shall be placed or permitted to remain upon such easement areas or other activities undertaken thereon which (in the opinion of Declarant or the Board) may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion. These easement areas (whether or not shown on the recorded plats for the Planned Community) but not the improvements within such areas shall be maintained by the respective Owner except those for which a public authority or utility company is responsible. Once a home that is duly approved by the ACC is constructed on a Lot, then the front, rear and side easements described above shall terminate at the foundation of the constructed home regardless of the width of the easement.

(b) Easements over, under, and across all streets, access easements, and Common Elements within the Planned Community as necessary to provide access, ingress and egress to and from any Additional Property, and for the installation of utilities for any Additional Property.

(c) Easements shown and depicted on any recorded map or plat and which affect any Lot or Limited Common Element or which serve the Planned Community or are necessary for the development of the Planned Community.

(d) An easement of unobstructed access over, on, upon, through and across each Lot and the Common Elements and Townhome Elements, at all reasonable times to perform any maintenance and repair to the same as required by this Declaration.

(e) Temporary easement over vacant Lots for access, parking and/or laydown purposes for the benefit of any Builder building a home on an adjacent Lot; provided however, that the use of a vacant lot for such purposes shall be conducted entirely at the Builder's own risk and the Builder shall be required to promptly seed any areas that may be disturbed by its use such that the Lot is returned to its original condition prior to such use. In the event an Owner is prepared to commence construction on its vacant Lot, this temporary easement will automatically and immediately terminate.

SECTION 3. Other Easements. The following additional easements are granted by Declarant:

(a) An easement to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency services, to enter upon all Lots and Common Elements in the performance of their duties.

(b) In case of any emergency originating in or threatening any Lot or Common Elements, regardless of whether any Lot Owner is present at the time of such emergency, the Association or any other Person authorized by it, shall have the immediate right to enter any Lot for the purpose of remedying or abating the causes of such emergency and making any other necessary repairs not performed by the Lot Owners.

(c) The Association is granted an easement over each Lot for the purposes of performing Lot maintenance and upkeep when an Owner fails to provide maintenance and upkeep in accordance with this Declaration.

SECTION 4. Nature of Easements. All easements and rights described herein are perpetual easements appurtenant, running with the land, and shall inure to the benefit of and be binding on Declarant and the Association, their successors and assigns, and any Owner, Purchaser, mortgagee and other person having an interest in the Planned Community, or any part or portion thereof, regardless of whether or not reference is made in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Declaration.

ARTICLE III HOMEOWNERS ASSOCIATION

SECTION 1. Formation of Association. The Association is a North Carolina nonprofit corporation organized pursuant to the North Carolina Nonprofit Corporation Act for the purpose of establishing an association for the Owners of Lots to operate and maintain the Common Elements (including but not limited to the stormwater runoff system(s) and pump or lift stations) and any Limited Common Elements, the Townhome Elements, and other property and facilities maintained by the Association; to enforce covenants, conditions and restrictions of this Declaration; and to make and enforce rules and regulations governing the Owners' use and occupation of Lots and Common Elements. The Association shall perform its functions in accordance with this Declaration, its Articles of Incorporation and Bylaws. The Association shall be empowered to perform and/or exercise those powers set forth in the Act as it may be amended from time to time, in addition to any powers and authority otherwise granted to it.

SECTION 2. Membership. Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from fee simple ownership of a Lot or fee simple ownership of an undivided interest in a Lot.

SECTION 3 Voting Rights. The Association shall have two (2) classes of voting Membership as described below.

Class A. Class A Members shall be all Single Family Lot Owners and Townhome Lot Owners (with the exception of Declarant during the Declarant Control Period), and shall be entitled to one vote for each Lot owned. When more than one Person holds an interest in any Lot, all such Persons shall be Members. The vote for each such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any such Lot. Fractional voting with respect to any Lot is prohibited.

Class B. Declarant shall be the Class B Member and shall be entitled to five (5) votes for each Lot owned and for each planned but currently unplatted Lot to be in the Planned Community. The total number of planned Lots for the Planned Community is currently twenty (20); provided however, that the actual number of Lots may be more or less, and the Class B member makes no representation whatsoever regarding the actual number of Lots to be included in the Planned Community. The Class B Membership shall cease and be converted to Class A Membership for any Single Family Lots or Townhome Lots owned by Declarant, on the happening of any of the following events, whichever occurs earlier:

- (a) When Declarant no longer owns any portion of the Property;
- (b) on December 31, 2045; or
- (c) upon the voluntary surrender of all Class B Membership by the holder thereof.

SECTION 4. Declarant Control Period. During the Declarant Control Period, Declarant shall have the right to designate and select the Board of Directors of the Association (from Members or non-Members) and the right to remove any Person or Persons designated and selected by Declarant to serve on the Board of Directors, and to replace them for the remainder of the term of any Person designated and selected by Declarant to serve on the Board of Directors who may resign, die, or be removed by Declarant.

SECTION 5. Government Permits. After completion of construction of any facilities required to be constructed by Declarant pursuant to permits, agreements and easements for the Planned Community, all duties, obligations, rights and privileges of Declarant under any water, sewer, land use, stormwater and utility agreements, easements and permits for the Planned Community with municipal or governmental agencies or public or private utility companies, shall automatically become the duties, rights, obligations, privileges and the responsibility of the Association, notwithstanding that such agreements, easements or permits have not been assigned or the responsibilities thereunder specifically assumed by the Association. Declarant reserves the right to assign any such permits, easements, or agreements to the Association, in which case the Association shall be required to assume the same. There are additional provisions made in this Declaration concerning stormwater facilities and the stormwater permits.

SECTION 6. Common Element Maintenance. The Association shall at its sole cost and expense be responsible for the operation and maintenance of each Common Element within the Planned Community from the date of completion of its construction or improvement by the Developer, whether or not (i) such Common Element has actually been deeded to the Association, or (ii) any permit issued by a governmental agency to Declarant for the construction and operation of the Common Element has been transferred from Declarant to the Association or assumed by the Association. If Declarant is

required by any government agency to provide any operation or maintenance activities to a Common Element for which the Association is liable to perform such operation and maintenance pursuant to this section, then the Association agrees to reimburse Declarant the cost of such operation and maintenance within thirty (30) days after Declarant renders a bill to the Association therefor. The Association agrees to levy a Special Assessment within thirty (30) days of receipt of such bill to cover the amount thereof if it does not have other sufficient funds available. Declarant shall be entitled to specific performance to require the Association to levy and collect such Special Assessment.

SECTION 7. Townhome Element Maintenance. In addition to maintenance of the Common Elements, the Association shall provide certain scheduled exterior maintenance upon each Townhome Lot, which maintenance may generally include: the maintenance of exterior siding, the repainting of exterior building surfaces, including exterior doors and their components and garage doors and re-staining of originally installed wooden utility enclosures; the scheduled replacement of roofs, including the removal and replacement of shingles, flashing and moisture barrier materials, and the maintenance of gutters and downspouts. Such exterior maintenance shall **not** include repair or replacement of glass surfaces, all exterior doors and windows and their components. With regard to maintenance of the roofs or scheduled roof replacement, the Association shall **not** be responsible for the repair or replacement of the sheathing or underlying support members within the roof system. In addition, the Association shall also be responsible for the maintenance of the common irrigation system serving the Townhome Lots. The Association, at the discretion of the Board, may be responsible for the replacement of dead shrubs, grass, trees and other vegetation on Townhome Lots if provided in the Landscape Guidelines (if any). Provided however, the Board may decide, in its discretion, to replace dead shrubs, grass, trees and other vegetation on Townhome Lots with different varieties than were first planted. Maintenance and replacement of any flowers and other additions to landscaping made by a Townhome Lot Owner (whether approved by the ACC or not) shall be the respective Townhome Lot Owner's responsibility. Attached hereto as **Exhibit B** is a table of maintenance responsibilities applicable to Townhome Lots, with the responsible entity designated. Should there be any conflict pertaining to maintenance of Townhome Elements, the provisions of **Exhibit B**, attached hereto, shall govern.

All such exterior and other maintenance of the Townhome Lots described in this **Section 7** will be provided by the Association on a schedule and to a scope of work appropriate to meet the reasonable standards determined by the Board in its discretion, and not on a schedule or to a scope of work as directed or requested or specified by any specific Owner. The costs of all such exterior maintenance and other maintenance described in this **Section 7** as to the Townhome Lots will be included in the Townhome Assessments and shall be levied at a uniform rate against all Townhome Lots. No Townhome Owner may exempt himself or herself from liability for assessments for exterior and other maintenance provided by the Association. In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, guests, invitees or licensees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject. The Townhome Element maintenance responsibilities described in this **Section 7** and set out in **Exhibit B**, attached hereto, may be modified by the Board in its discretion as it deems reasonable and appropriate.

No assurance or guarantee is made that the Association will continue to provide the above-described maintenance to Townhome Elements as set forth herein. Townhome Element maintenance services may be suspended, modified, or terminated by the Board of Directors of the Association as it, in its sole discretion, deems reasonable and appropriate, whereupon the corresponding assessments shall also be suspended, modified or terminated. In order to carry out the maintenance services described herein, the Association shall be authorized to move any personal property of the Owner, and

shall not be liable for any loss or damage to real or personal property of the Owner resulting from said activities.

Except for the Association's maintenance of the Townhome Elements, common irrigation system and limited vegetation replacement as described in this **Section 7**, each Townhome Lot Owner will be responsible for all other required maintenance of the exterior and interior of his or her Lot, including the fixtures and utilities located in the Lot. All fixtures, equipment, and utilities installed and included in a Townhome Lot commencing at a point where the fixtures, equipment, and utilities enter the Townhome Lot shall be maintained and kept in good repair by the Owner. The Owner, at the Owner's expense, shall maintain, repair or replace the heating and air conditioning units (HVAC), air handling units, heat exchanger, heat outlet, enclosures and mechanical attachments. The Owner shall not allow any action of work that will impair the structural soundness of the improvements, impair the proper functioning of the utilities, heating, ventilation, or plumbing systems or integrity of any townhome building, or impair any easement or hereditament. An Owner is responsible for a repair resulting from a casualty occurring within, or affecting the inside of his or her Townhome Lot. Each Owner shall be responsible for removing all snow, ice, leaves and debris from all doorsteps or stoops, decks, walkways and driveways appurtenant to his or her Townhome Lot.

SECTION 8. Owner's Maintenance. Each Owner shall maintain his or her Lot and all landscaping and improvements comprising the Lot in a manner consistent with the community-wide standard, **Exhibit B** (in regard to Townhome Elements, and as such exhibit may be amended in the discretion of the Board) and this Declaration, unless such maintenance responsibility is otherwise assumed by or assigned to the Association. If an Owner of any Lot fails to maintain that Lot and the improvements thereon in accordance with this Declaration in a manner reasonably satisfactory to the Board, in its sole discretion, the Board shall give written notice to such Owner and, if the necessary maintenance is not completed within twenty (20) days, the Association shall have the right, through its agents, contractors, and employees to enter upon the Lot of the defaulting Owner and to repair, maintain and restore the Lot and the exterior of the building and other improvements erected thereon in a reasonable and good and workmanlike manner. The cost of such repair, maintenance or restoration plus a service charge of fifteen percent (15%) of such cost, shall immediately be deemed an Individual Assessment levied by the Association against such Owner and such Owner's Lot, shall become the personal obligation of such Owner and shall become a lien against such Lot enforceable in accordance with **Article IV**. In the event of an emergency (as so deemed by the Board in its reasonable discretion), the Association shall have the right, with or without prior notice to the Owner, to enter any Lot to make emergency repairs necessary for the proper maintenance and operation of the Planned Community.

SECTION 9. Architectural Control Committee. The Board of Directors shall perform all duties of the Architectural Control Committee ("**ACC**") if no such committee is appointed by it, subject, however, to the Special Declarant Rights. Any Architectural Control Committee appointed by the Board of Directors shall consist of at least three (3) members.

ARTICLE IV **COVENANTS FOR ASSESSMENTS**

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. Each Lot Owner covenants and agrees to pay to the Association the following assessments (collectively the "**Assessments**" or "**Assessment**").

- (a) General Assessments;

- (b) Townhome Assessments;
- (c) Special Assessments;
- (d) Insurance Assessments;
- (e) Ad Valorem Tax Assessments;
- (f) Working Capital Assessments; and
- (g) Individual Assessments.

The Assessments, together with interest, costs, late fees and any attorneys' fees reasonably incurred without regard to any limitations on attorneys' fees which otherwise may be imposed by law (the "Reasonable Attorneys' Fees") shall be a charge on the land and shall be a continuing lien upon the respective Lot against which the Assessments are made. Each such Assessment, together with interest, costs and Reasonable Attorneys' Fees, shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

SECTION 2. Purpose of Assessments. The Assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the Owners and residents of the Planned Community and in particular for the acquisition, maintenance, repair, improvement and replacement of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Lots, the Common Elements, any Limited Common Elements, the Townhome Elements and/or common irrigation systems described in **Article III**. Without limiting the foregoing, the funds arising from said Assessments or charges may be used for any or all of the following purposes: the costs of repairs, replacements and additions; the cost of labor, equipment, materials, management and supervision; the payment of any taxes and assessments assessed against the Common Elements and any improvements thereupon; the maintenance of the grounds and elements as described in this Declaration; the procurement and maintenance of insurance in accordance with the Bylaws; the maintenance of any dams and ponds, including retention or detention ponds or other bodies of water, if any, located within the Common Elements; the performance of any other maintenance or repair obligations under this Declaration; the erection, maintenance and repair of signs, entranceways, landscaping and lighting within easements provided therefor or the Common Elements, road medians and islands; the payment of charges for utilities, garbage collection and municipal water and sewer services furnished to the Common Elements; establishing working capital, paying dues and assessments to any organizations of which the Association is a member; the costs of enforcing this Declaration, insurance premiums, legal and accounting fees and governmental charges, establishing and funding adequate reserve accounts for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; establishing working capital, paying dues and assessments to any organization or other association of which the Association is a member; and doing any other things necessary or desirable as determined by the Board of Directors to keep the Common Elements, Limited Common Elements, Townhome Elements, and common irrigation systems in good operating order and repair.

SECTION 3. General Assessments and Townhome Assessments. At least thirty (30) days before the beginning of each fiscal year, the Board of Directors shall adopt a proposed annual budget, as follows:

A. Budget for the General Assessments applicable to all Lots consisting of the annual cost of operating, managing, maintaining, improving, repairing and replacing the Common Elements; payment of utilities; enforcing this Declaration; paying taxes, insurance premiums, legal and

accounting fees; governmental charges; establishing working capital; and paying dues and assessments to any organizations of which the Association is a member;

B. Budget for the Townhome Assessments for the Townhome Lots consisting of the annual cost of improving, maintaining and managing of the Townhome Elements, the common irrigation systems and limited vegetation replacements described in **Article III** and the insurance for the Townhome Lots as described in **Article IX**; and

C. Such other budgets as the Board deems appropriate.

Within thirty (30) days after adoption of the proposed budgets, the Board shall provide to all Lot Owners a summary of the budget and notice of a meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. Each budget is ratified unless at the meeting seventy-five percent (75%) of all of the Lot Owners in the Association entitled to vote on the particular budget rejects the budget. All Members shall be entitled to vote on the budget for the General Assessments; and only Townhome Lot Owners and the Class B Member, if any, shall be entitled to vote on the budget for the Townhome Assessments.

In the event a proposed budget is rejected, the periodic budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Board. The General Assessments for each Lot shall be established based on the annual budget thus adopted, with all Lots funding the budget for the General Assessments; and only the Townhome Lots funding the budget for the Townhome Assessments; provided, however, that the first General Assessments shall be set by Declarant prior to the conveyance of the first Lot to an Owner. The due date for payment shall be established by the Board. The Board shall have the authority to require the Assessments to be paid in periodic installments. The Association shall, upon demand, and for a reasonable charge furnish a certificate signed by an officer of the Association or designee setting forth whether the Assessments on a specified Lot have been paid.

SECTION 4. Special Assessments. In addition to the General Assessments and Townhome Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to the year only for the following purposes.

(a) To defray, in whole or in part, unbudgeted expenses or expenses in excess of those budgeted, and/or the cost of any construction, reconstruction, repair or replacement of any capital improvement upon the Common Elements, any Limited Common Elements, Townhome Elements, or common irrigation system, including fixtures and personal property related thereto. The Board may establish the amount of the Special Assessment if it is Five Hundred Dollars (\$500.00) or less in any assessment year for each Member. Except as otherwise specifically provided herein, any Special Assessment greater than \$500.00 shall require the affirmative vote or written consent of two-thirds (2/3) of the Members of each class who are subject to such assessment voting in person or by proxy at a meeting duly called for this purpose. Written notice of any meeting of Owners called for the purpose of approving such Special Assessment shall be sent to all Members to be assessed not less than ten (10) days or more than sixty (60) days in advance of the meeting. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

(b) Without a vote of the Members, to reimburse Declarant as provided for in **Article III, Section 6**, or to reimburse the Association as provided in **Article IX, Section 8**.

SECTION 5. Insurance Assessments. Except for insurance policies purchased by the Board of Directors for the Townhome Lots as required in **Article IX** (which are Limited Common Expenses applicable to respective Townhome Lots only), all premiums on insurance policies purchased by the Board of Directors or its designee and any deductibles payable by the Association upon loss shall be a Common Expense, and the Board may at any time levy against the Owners equally an "Insurance Assessment", in addition to the General Assessments, which shall be in an amount sufficient to pay the cost of all such deductibles and insurance premiums not included as a component of the General Assessment

SECTION 6. Ad Valorem Tax Assessments. All ad valorem taxes levied against the Common Elements, if any, shall be a common expense, and the Association may at any time of year levy against the Owners equally an "Ad Valorem Tax Assessment", in addition to the General Assessments, which shall be in an amount sufficient to pay ad valorem taxes not included as a component of the General Assessment.

SECTION 7. Working Capital Assessments. Upon every acquisition of title to any Lot by an Owner other than Declarant or a Builder, such Owner shall pay the sum of Five Hundred and 00/100 (**\$500.00**) to the Association to establish a working capital fund to be used for operating and capital expenses of the Association. Such amounts paid for working capital are not to be considered as advance payment of the Annual or any other Assessments. The amount of the Working Capital Assessment may be revised by the Board of Directors at any time in its reasonable discretion.

SECTION 8. Individual Assessments. In addition to the other Assessments set forth in this **Article IV**, the Board of Directors may levy an Individual Assessment against specific Lot(s) for the following purposes:

(a) For the payment of Limited Common Expenses associated with the maintenance, repair, or replacement of a Limited Common Element against the Lot or Lots to which the Limited Common Element is assigned.

(b) For the payment of any Common Expenses which are designated to benefit specific Lot(s).

(c) For the payment of those amounts levied against any Lot owned by an Owner under **Article III, Section 8 (Owner's Maintenance)**, **Article VI, Section 4 (Maintenance)**, **Article VIII, Section 2(a) (Association to Remedy Violations)**, and/or **Article VIII, Section 2(b) (Fines)**.

SECTION 9. Rate of Assessment. All General Assessments shall be levied at a uniform rate against all Lots. All Townhome Assessments shall be levied at a uniform rate against all Townhome Lots.

SECTION 10. Commencement of Assessments. Assessments for each Lot shall commence upon the date of acceptance by an Owner of a deed from Declarant.

SECTION 11. Effect Of Nonpayment of Assessments And Remedies Of The Association. Any Assessment or installment thereof not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate allowable by law or at any other interest rate adopted by the Board of Directors. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot. The Association may collect Reasonable Attorneys' Fees from any Owner for attorney's fees incurred by the Association as a result of any Owner's failure to timely pay any Assessment or installment thereof. No Owner may waive or

otherwise escape liability for the Assessments provided for herein by non-use of the Common Elements or abandonment of his Lot. All unpaid installment payments of Assessments shall become immediately due and payable if an Owner fails to pay any installment within the time permitted. The Association may also establish and collect late fees for delinquent installments.

SECTION 12. Lien for Assessments. The Association may file a lien against a Lot when any Assessment levied against said Lot remains unpaid for a period of 30 days or longer.

(a) The lien shall constitute a lien against the Lot when and after the claim of lien is filed of record in the office of the Clerk of Superior Court of the county in which the Lot is located. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes. Fees, charges, late charges, fines, interest, and other charges imposed pursuant to Sections 47F-3-102, 47F-3-107, 47F-3-107.1 and 47F-3-115 of the Act are enforceable as Assessments.

(b) The lien under this section shall be prior to all liens and encumbrances on a Lot except (i) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the Lot) recorded before the docketing of the claim of lien in the office of the Clerk of Superior Court, and (ii) liens for real estate taxes and other governmental assessments and charges against the Lot.

(c) The lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three years after the docketing of the claim of lien in the office of the Clerk of Superior Court.

(d) Any judgment, decree, or order in any action brought under this section shall include costs and Reasonable Attorneys' Fees for the prevailing party.

(e) Where the holder of a first mortgage or deed of trust of record, or other Purchaser of a Lot obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust, such Purchaser and its heirs, successors and assigns shall not be liable for the Assessments against the Lot which became due prior to the acquisition of title to the Lot by such Purchaser. The unpaid Assessments shall be deemed to be Common Expenses collectible from all of the Lot Owners including such Purchaser, its heirs, successors and assigns.

(f) A claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Lot at the time the claim of lien is filed, a description of the Lot, and the amount of the lien claimed.

SECTION 13. Declarant's Obligation for Assessments; Grace Period for Builders.

(a) During the Declarant Control Period, Declarant may satisfy its obligation for assessments on Lots which it owns either by: (i) paying such assessments in the same manner as any other Owner; (ii) by paying the difference between the amount of assessments levied on all other Lots subject to assessment (excluding any payments to reserves) and the amount of actual expenditures by the Association during the fiscal year; or (iii) paying one-half of the assessments for an unimproved Lot for all Lots which are platted and Recorded but which have not yet been sold to an Owner other than Declarant or a Builder. Unless Declarant otherwise notifies the Board in writing at least 45 days before the beginning of each fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Regardless of Declarant's election,

Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these (so long as the Association's expenses can be paid). After termination of the Declarant Control Period, Declarant shall pay assessments on its unsold Lots in the same manner as any other Owner.

(b) During the Declarant Control Period, any Builder who purchases directly from Declarant property subject to this Declaration shall, at Declarant's discretion, not be required to pay assessments or working capital fees relative to such property acquired from Declarant for a period beginning on the date such property is acquired from Declarant (each, an "Acquisition Date") and ending on the date that is two (2) years after the Acquisition Date; provided however, in the event any portion(s) of such property are subsequently conveyed by a Builder to any other party prior to end of the two (2) years following the Acquisition Date, then the grace period described in this section shall automatically and immediately terminate as to any portion(s) of the property conveyed by the Builder as of the date of such conveyance, and the grantee of such conveyance shall thenceforth be subject to full assessments and fees under this Article.

ARTICLE V

RIGHTS OF DECLARANT

In addition to any and all other rights, powers and privileges reserved to Declarant in this Declaration, Declarant shall have, and there are hereby reserved to Declarant, as part of the Special Declarant Rights defined in **Article I**, of this Declaration, the following rights, powers and privileges so long as Declarant owns any of the Property or any of the Additional Property:

SECTION 1. Architectural Control Committee/Board of Directors. All duties and responsibilities conferred upon the Architectural Control Committee by this Declaration or the Bylaws of the Association may be exercised and performed by Declarant or its designee, so long as Declarant shall own any Lot within the Property, any Additional Property, or the Planned Community. Declarant shall be entitled during the Declarant Control Period to appoint and remove the officers of the Association and members of the Board of Directors and the Architectural Control Committee. These appointments may be made with Association Members or non-Members

SECTION 2. Plan of Planned Community. The right to change, alter or redesignate the allocated planned, platted, or recorded use or designation of any of the lands constituting the Planned Community including, but not limited to, the right to change, alter or re-designate road, utility and drainage facilities and easements and to change, alter or re-designate such other present and proposed amenities, Common Elements, or facilities as may in the sole judgment and discretion of Declarant be necessary or desirable. The rights reserved in this Section specifically include, but are not limited to, the right of Declarant to redesignate, change or alter any platted Lot(s) it owns into road(s) or into Common Elements; and to redesignate, change or alter any platted Common Elements that it owns into roads or Lot(s). Declarant hereby expressly reserves unto itself, its successors and assigns, the right to re-plat any one (1) or more Lots shown on the plat of any subdivision of the Property or Additional Property in order to create one or more modified Lots, to further subdivide tracts or Lots shown on any such subdivision plat into two or more Lots; to recombine one or more tracts or Lots or a tract and Lots to create a larger tract or Lot (any Lot resulting from such recombination shall be treated as one Lot for purposes of Assessments), to eliminate or withdrawal from this Declaration or any plats of the Planned Community Lots that are not otherwise buildable or are needed or desired by Declarant for access or are needed or desired by Declarant for use as public or private roads or access areas, whether serving the Planned Community or other property owned by Declarant or others, or which are needed for the

installation of utilities, Common Elements or amenities, and to take such steps as are reasonably necessary to make such re-platted Lots or tracts suitable and fit as a building site, access area, roadway or Common Elements. Declarant need not develop, or develop in any particular manner, any lands now owned or hereafter acquired by Declarant, including any lands shown on plats of the Planned Community as "Future Development".

SECTION 3. Amendment of Declaration by Declarant. As long as Declarant owns any of the Property or any of the Additional Property, this Declaration may be amended by Declarant in its sole discretion. Retention of this right by Declarant is not intended to materially alter the general or common scheme of development for the property herein described but to correct and/or modify situations or circumstances which may arise during the course of development. Without limiting the foregoing, this Declaration may also be amended by Declarant without approval of the Members or the Board of the Association, as the case may be, as follows:

- (a) In any respect, prior to the sale of the first Lot.
- (b) To the extent this Declaration applies to Additional Property.
- (c) To correct any obvious error or inconsistency in drafting, typing or reproduction.
- (d) To qualify the Association or the Property and Additional Property, or any portion thereof, for tax-exempt status.
- (e) To incorporate or reflect any platting change as permitted by this Article or otherwise permitted under this Declaration.
- (f) To accomplish the purposes of **Article V, Section 2** above.
- (g) To conform, by amendment or otherwise, this Declaration to the requirements of any law or governmental agency having legal jurisdiction over the Property or any Additional Property or to qualify the Property or any Additional Property or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of the United States Government or the State of North Carolina, regarding purchase or sale of such Lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. Declarant may at any time amend this Declaration to change the maximum allowable built-upon area as permitted by the State of North Carolina. Notwithstanding anything else herein to the contrary, only Declarant, during the Declarant Control Period, shall be entitled to amend this Declaration pursuant to this Section.

In addition, so long as Declarant owns any of the Property for development as part of Skipper Heights, it may unilaterally amend this Declaration for any other purpose, provided that the amendment has no material adverse effect upon the rights of more than ten percent (10%) of the Owners.

SECTION 4. Annexation of Additional Property. As long as Declarant owns any of the Property or any of the Additional Property, Declarant may annex to and make a part of the Planned Community any Additional Property without the consent of the Association or any Lot Owners. Except for the annexation of Additional Property by Declarant, the annexation of Additional Property to the Planned Community shall require the assent of the Owners of Lots to which at least sixty-seven percent (67%)