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Union County, Monroe, North Carolina

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STATE OF NORTH CAROLINA,

Drawn by and return to: Steven D. Starnes, Esq.

COUNTY OF UNION.

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS HILTON MEADOW HOMEOWNERS ASSOCIATION, INC.

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is entered into this 25th day of August, 2004, between H&E LAND DEVELOPMENT, LLC (hereinafter "Declarant"), and HILTON MEADOW HOMEOWNERS ASSOCIATION, INC. (hereinafter "Association"), joined by MCCLAM BUILDERS, INC., and all parties hereafter acquiring any of the described property.

WITNESSETH:

WHEREAS, Declarant (along with McClam Builders, Inc.) is the owner of all lots within a subdivision in the County of Union, State of North Carolina, known as HILTON MEADOW, and being that certain tract or parcel of land more particularly described by that certain plat recorded in Plat Cabinet H, File No. 341, Union County Registry; and

WHEREAS, it is in the best interest of the Declarant and to the benefit, interest and advantage of every party hereafter acquiring any of the described property that certain covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use and occupancy of the property be established; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities and the desirability and attractiveness of said property; and for the continued maintenance and operation of any recreational and/or common area.

NOW THEREFORE, in consideration of the premises, the Declarant agrees with all parties hereafter acquiring any of the property hereinafter described, that it shall be and is hereby subject to the following restrictions, covenants, conditions, easements, assessments and liens relating to the use and occupancy thereof, which shall be construed as covenants running with the land which shall be binding on all parties acquiring any right, title or interest in any of the properties and which shall inure to the benefit of each owner thereof.

ARTICLE I
PROPERTIES SUBJECT TO THIS DECLARATION

The property which shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in the County of Union, State of North Carolina, and is more particularly described as being all of that property shown on that certain plat recorded in Plat Cabinet H, File No. 341, Union County Registry, plus all the utility and access easements as shown on the aforesaid map. The Declarant hereby subjects the heretofore described property to this Declaration and the jurisdiction of the Association. Additional properties may be subjected to these Declarations within ten (10) years of the date of this instrument, subject to the approval of the Monroe City Council.

ARTICLE II
DEFINITIONS

Section 1. ***``Association''*** shall mean and refer to Hilton Meadow Homeowners Association, Inc., its successors and assigns.

Section 2. ***``Owner''*** shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. ***``Properties''*** shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. ***``Permanent Common Open Space''*** shall consist of those areas designated on recorded plats of Hilton Meadow as such. Such areas shall be dedicated in perpetuity to the common use and enjoyment of the owners. The Declarant will convey all Permanent Common Open Space shown on the plat of the subdivision to the Association. The Association shall be responsible for the repair, maintenance and repaving as set forth in this Declaration.

Section 5. ***``Lot''*** shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Permanent Common Open Space.

Section 6. ***``Declarant''*** shall mean and refer to H&E Land Development, LLC.

Section 7. ***``Common Expense''*** shall mean and include:
(a) All sums lawfully assessed by the Association against its members;
(b) Expenses of the common area and administration, maintenance, repair, or replacement of the Permanent Common Open Space;
(c) Expenses declared to be common expenses by the provisions of this Declaration or the By-Laws;
(d) Hazard, liability, or such other insurance premiums as the Declaration or the By-Laws may require the Association to purchase;
(e) Ad valorem taxes and public assessment charges lawfully levied against common areas; and
(f) Expenses agreed by the members to be common expenses of the Association.

Section 8. ***"Commercial Vehicle"*** shall mean any vehicle with a gross vehicular weight of not more than 1 ton.

ARTICLE III
PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Permanent Common Open Space and over the common open spaces for access, ingress and egress from and to public streets, walkways and parking areas and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:
(a) the right of the Association to suspend the voting rights of an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;
(b) the right of the Association to dedicate or transfer all or any part of the Permanent Common Open Space to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members; No such dedication or transfer shall be effective unless an instrument agreement to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded;
(c) the right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Permanent Common Open Space and facilities and in aid thereof to mortgage said property, and the rights of such mortgagee in said Properties shall be

subordinate to the rights of the homeowners hereunder; and
(d) the right of the Association to adopt, publish and enforce rules and regulations as provided in Article IX.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Permanent Common Open Space and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to the Permanent Common Open Space. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Permanent Common Open Space to the Association, free and clear of all encumbrances and liens once the association has been established and authority and control has passed from the Declarant to the association, except utility and storm drainage easements.

Section 4. Parking Rights. The Association may regulate the parking of boats, trailers and other such items on the Permanent Common Open Space.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:
Class A. Class A members shall be all Owners, with the exception of the Declarant, 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 such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting with respect to any Lot is hereby prohibited.
Class B. The Declarant shall be a Class B member and shall be entitled to four (4) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:
(a) when the total vote outstanding in the Class A membership equals the total vote outstanding in the Class B membership; or
(b) upon the surrender of all Class B membership by the holder thereof.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. All assessments relating to common open spaces shall be shared equally by the owners of each Lot.

Section 2. Purpose of Assessments. The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and in particular for the acquisition, improvement and maintenance of the Permanent Common Open Space, including the maintenance, repair and reconstruction of private streets, driveways, walks and parking areas situated on the Permanent Common Open Space, such maintenance to include the cutting and removal of weeds and grass and the removal of trash and rubbish or any other maintenance or for the use and enjoyment of the Permanent Common Open Space, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Permanent Common Open Space, the procurement and maintenance of insurance in accordance with this Declaration, the employment of attorneys to represent the Association when necessary, the provision of adequate reserves for the replacement of capital improvements including, without limiting, the generality of the foregoing, signs, paving, grading, landscaping and any other major expense for which the Association is responsible, and such other needs as may arise.

Section 3. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the common area and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

Section 4. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be $100.00 per lot. But see Section 8 as to date of commencement.
(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1 of each year without a vote of membership by up to five percent (5%) of the previous year's assessment.
(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the increase permitted in Section 3(a) above by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.
(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Permanent Common Open Space, and in connection with exterior maintenance, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 4 and 5. Written Notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments shall, except as herein otherwise specifically provided, be fixed at a uniform rate for all Lots and shall be collected on a monthly basis, provided, however, that Declarant shall not be required to pay any annual and/or special assessments.

Section 8. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Permanent Common Open Space. Such annual assessments shall be paid ratably on a monthly basis. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth the assessments on a specified Lot have been paid. Any certificate so given shall be conclusive evidence of payment of the assessments stated therein.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in the same manner in which Deeds of Trust may be foreclosed under Power of Sale pursuant to Chapter 45 of the N.C. General Statutes, or its successors, and in either event interest, costs and reasonable attorney's fees of any such action shall be added to the assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Permanent Common Open Space or abandonment of his Lot. Should any deficiency remain after the foreclosure, the Association may also bring an action against the owner for said deficiency.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage and ad valorem taxes. Sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. All Properties dedicated to, and accepted by, a local public authority and all Properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 12. Initial Homeowners Association Fee. At the time of closing of the sale of each "improved" Lot the sum of $200.00 for each Lot shall be collected and transferred to the Association to be held and used as necessary in the general fund.

ARTICLE VI
INSURANCE

Section 1. Insurance coverage on the Property shall be governed by the following provisions:

(a) Ownership of Policies. All insurance policies upon the common area shall be purchased by the Association for the benefit of all the Association and the Owners.
(b) Coverage. All buildings and improvements and all personal property included in the Permanent Common Open Space and facilities shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:
(i) Loss or damage by fire and other hazards covered by the standard coverage endorsement, and
(ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the land, if any.
(iii) Such policies shall contain clauses providing for waiver of subrogation.

(c) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million and No/100 Dollars ($1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary.
(d) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged to the Owners as an assessment according to the provisions of Article V above.
(e) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustees under this Declaration. The sole duty of the Association as insurance trustees shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein or stated in the By-Laws and for the benefit of the Owners and their mortgagees in the following shares:
(i) Proceeds on account of damage to Permanent Common Open Space and facilities held for the Association.
(ii) In the event a mortgagee endorsement has been issued for any Lot, the share of the Owner shall be held in trust for the mortgagee and the Owner as their interests may appear.

Section 2. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:
(a) Expense of the Trust. All expenses of the insurance trustees shall be first paid or provisions made therefor.
(b) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners as above provided.

ARTICLE VII
RESTRICTIONS

A. GENERAL USE RESTRICTIONS.

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each Lot and the Permanent Common Open Space. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section 2. Use of Properties. No portion of the Properties (except for temporary offices of the Declarant and/or any model used by Declarant) shall be used except for residential purposes and for purposes incidental or accessory thereto. In this respect, a resident may have a business in his or her home, provided that it does not impose traffic problems for other residents and does not otherwise disturb other resident's quiet enjoyment of their properties. Provided further, the retail sale of merchandise and nursery and/or daycare businesses are specifically prohibited.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Properties, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood.

Section 4. General Prohibition Against Unlawful Activity. No owner shall do or keep anything, or cause or allow anything to be done or kept, in his residence which will be in violation of any law, ordinance or regulation. No waste shall be committed on any portion of the Permanent Common Open Space or facilities situate thereon. No immoral, improper, offensive or unlawful use shall be made of the Properties, or any part thereof, and all valid laws, ordinances and regulations of all governmental agencies having jurisdiction shall be observed.

Section 5. Consent of Association. No person shall undertake, cause or allow any alteration or construction in or upon any portion of the Permanent Common Open Space or facilities except under the direction of and with the express consent of the Association.

Section 6. Use of Permanent Common Open Space. The Permanent Common Open Space and facilities shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the residences, subject to any rules and regulations that may be adopted by the Association pursuant to its Bylaws.

Section 7. Subdivision of Lots. No Lot shall be subdivided or reduced in size without the written consent of the board of directors.

B. ARCHITECTURAL RESTRICTIONS.

Section 1. Maximum Height. The maximum height for any residential improvement is two (2) stories above ground.

Section 2. Minimum Size. The minimum, square footage requirement is 1600 square feet, and is calculated using only the enclosed heated area, and do not include porches, attached or detached garages, carports, and unheated storage areas, decks or patios, and any living space below the primary grade of the Lot.

Section 3. Building Setbacks and Location. The buildable area of each Lot is determined by easements and setbacks shown on the subdivision plats as recorded in the Union County Registry. All buildings and permanent structures on the Lot, and any recreational improvements shall be located within the area enclosed by the said setbacks. Any infringement upon the setback lines not in excess of ten percent (10%) thereof shall not be construed as a violation of these requirements. For the purpose of determining compliance with the setback requirements, open porches, eaves, and steps extending beyond the outside wall of the structure shall not be considered part of the structure; provided, however, that nothing set forth herein shall be construed to authorize or permit any encroachment upon another Lot or any easements or rights-of-way affecting any Lot.

Section 4. Construction. The construction, modification or alteration of any dwelling or other structure shall be completed within twelve (12) months from the earlier of either the issuance of a building permit by the proper governmental authority, or the commencement of construction. No building materials, scaffolding, mechanical devices, or any other thing used for building purposes shall be stored on any Lot except for the purposes of completing the approved project, and for a period no longer then is reasonably necessary to complete said project.

Section 5. Foundations. Permitted foundations shall include raised concrete block or slab-on-grade. Concrete block foundation cannot be exposed, and must be parged or finished with a brick veneer or similar covering. Any crawl space must have a minimum of a two foot (2') height.

Section 6. Exterior Materials. Permitted exterior materials include brick, stone, stucco, cedar shake, wood, or vinyl. Siding materials not permitted include metal, asbestos or exposed decorative plywood. No siding may be run vertically or at a diagonal.

Section 7. Doors and Windows. Window and door frames may have anodized aluminum, vinyl, or painted or stained wood finishes. Natural color aluminum or other metal finishes are not allowed. Windows should generally be the same type and style around the house. Exterior storm windows are not permitted.

Section 8. Roofs. Permitted roofing materials include wood shingles, wood shakes, natural or man-made slate, tile, or twenty-year fiber glass shingles in variegated (not solid) colors.

Section 9. Chimneys. Chimneys should be made of brick, stone, stucco, or the same material as covering the home. Exposed metal flues are not permitted.

Section 10. Antennae. No television antenna, satellite dish, radio receiver, or other similar device shall be attached to, or installed adjoining the exterior portion of any home, or any other structure located on any Lot within the community. There is specific, limited exception for satellite receivers not exceeding eighteen inches (18") in diameter which are not visible from the street.

Section 11. Utility Service. All utilities serving the Lot, including, without limitation, water, sewer, gas, electricity, phone and cable, shall be provided by underground service lines; provided, however, this restriction shall not be construed to prohibit the installation of one or more central utility service relay towers in the event such is deemed necessary.

Section 12. Drilling or mining. Except for water wells, no drilling or mining operations of any type whatsoever shall be permitted upon or in any of the Lots.

Section 13. Basketball Goals and Mailboxes. Basketball goals shall be permitted so long as they are within the setback lines of the Lot. All mailboxes and newspaper boxes (including supporting posts) shall be of standard color, size and design as initially approved by the Declarant.

Section 14. Accessory Buildings. No trailer, shed, tent, garage, carport or similar structure shall be used as a residence. No structures of metal construction shall be allowed. Each Lot is entitled to have no more than two (2) accessory buildings. All structures must be located in the rear of the residence and shall be architecturally compatible with the primary residence and built of the same material. Accessory buildings shall not exceed the primary residence in height and shall not exceed a 300 square feet foot print.

Section 15. Pools. Below-ground swimming pools and jacuzzi's are permitted so long as they are built in the rear of the residence and are located within the setback lines. No exposed above-ground swimming pools are allowed.

Section 16. Decks and Porches. Decks and porches must meet building code requirements. The space below deck should be screened with lattice, shrubbery or other means.

Section 17. Parking and Driveways. A minimum of two off-street parking spaces must be provided for each residence. Driveways must be paved and shall be constructed of brick, concrete, or asphalt. Parking on the street, in yards, or on unpaved areas is strictly prohibited and must otherwise meet City of Monroe's ordinances.

Section 18. Service Areas. All service areas containing HVAC units, propane tanks, garbage containers, wood piles, or any equipment stored outside the home may not be located within any front yard or side yard facing a street, and must be appropriately screened by landscaping or approved fencing. Incinerators for garbage, trash or other refuse shall not be used, erected, or placed in any Lot.

Section 19. Exterior Lighting. Exterior lighting must not result in excessive glare, and must no interfere with the privacy of nearby homes. Directional lights (such as flood or spot lights) shall be aimed in such a way that no light from them shines on adjacent homes. Non-directional lights shall have enclosures.

Section 20. Fences and Walls. No fence or wall shall be erected, placed or maintained on any Lot nearer to any street fronting such Lot than the rear building corner of the residence constructed on such Lot, extended out therefrom perpendicular to the side of the house to the property lines, or in the case of a corner lot, to the right of way of the side of the house facing the side street. Fences and walls shall not exceed six feet (6') in height. Chain link, height tension and post and wire fences are strictly prohibited, except that a two-inch by four-inch (2" X 4") wire mesh may be used with approved fencing.

Section 21. Signs. No signs, billboard or placard of any kind, or for any purpose shall be placed, erected, maintained or permitted to remain on any residence or Lot. An exception to this prohibition is for a single "For Sale" sign which shall not be larger than three feet by two feet (3' X 2') which shall refer only to the Lot on which it is displayed.

Section 22. Grading, Erosion and Sedimentation Control. During any clearing , grading, and construction activities on a Lot, all run-off, erosion, and sediment beyond that which occurs in the natural, undisturbed condition of the Lot must be contained.

C. ADDITIONAL USE RESTRICTIONS.

Section 1. Vehicles. No house trailer, camper, boat, boat trailer, or any other such vehicle, trailer or vessel shall be permitted to be stored on any Lot, unless it is concealed from the view of adjoining Lots and from the street. Commercial vehicles of Lot owner shall not be parked at the Lot unless they are in the garage. The foregoing will not be interpreted, construed or applied to prevent the temporary, non-recurring parking of any vehicle (except commercial vehicles of Lot owner), boat or trailer for a period not to exceed 48 hours upon any Lot. See definitions section above for definition of commercial vehicle for these purposes. Inoperable automobiles and trucks and/or those without current license tag and registration shall be concealed from view of the adjoining Lots and from the street.

Section 2. Residence in Other Than Main Structure Prohibited. No structure of a temporary nature (unless approved in writing by Executive Board) shall be erected or allowed to remain on any Lot, and no trailer, camper, shack, tent, garage, barn or other structure of a similar nature shall be used as a residence, either temporarily or permanently; provided, this section shall not be construed to prevent Declarant, and those engaged in construction, from using sheds or other temporary structures during construction.

Section 3. Refuge. All rubbish, garage and trash shall be kept in closed cans, or other suitable containers, which shall be kept and placed in such manner as to be out of sight from the street and adjoining homes. The Lots shall be kept free from accumulations of rubbish, garbage and trash, or any of them, at all times.

Section 4. Landscaping and Maintenance. Owners shall maintain their home, structures, yards, trees shrubs, and other plants in an orderly condition. Any damage or casualty shall be promptly repaired. No Lot shall be used in whole or in part for storage of rubbish of any character whatsoever no for the storage of property or things that will cause the Lot to appear in an unclean or untidy condition or will cause any noise that will or might disturb the peace and quiet enjoyment of the other Lots. No trash, rubbish, stored materials, wrecked or inoperable vehicles or similar unsightly items shall be allowed to remain on any Lot outside an enclosed structure; provided, however, that the foregoing shall not be construed to prohibit temporary deposits of these materials for pick-up by governmental or similar garbage and trash removal services.

Section 5. Pets. Household pets may be kept in reasonable numbers (not to exceed three (3) dogs, nor more than five (5) total household pets) for the sole pleasure and use of the Owner. Any confinement system including, but not limited to, dog pens and dog houses shall be in built in compliance with these requirements, insofar as design, materials of construction and location of improvements are concerned; except that household pets shall not be kept, bred or maintained for commercial purposes. No dog kennels of any type shall be kept or maintained for commercial purposes. No dog kennels of any type shall be kept or maintained on a Lot.

Section 6. Livestock. With the exception of common household pets, no other animals, livestock or poultry of any kind shall be raised, bred, pastured, or contained on any Lot. By way of illustration and not limitation, no owner shall raise, breed, pasture, or keep any goats, cattle, horses, or poultry.

Section 7. No clotheslines. No drying or airing of any clothing or bedding shall be permitted outdoors upon any Lot.

Section 8. Playground Equipment. No gym sets, sandboxes, or other outdoor recreational equipment shall be installed or used upon the property except in the back yard area.

ARTICLE VIII
ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and compliance with this Article will be deemed to have been fully made.

ARTICLE IX
EASEMENTS

Section 1. All of the Properties, including Lots and Permanent Common Open Space, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines and other public utilities as shall be established by the Declarant or by its predecessors in title, prior to the subjecting of the Properties to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under, and across the Permanent Common Open Space conveyed to it, such further easements as are requisite for the convenience, use and enjoyment of the Properties. In addition, there is hereby reserved in the Declarant and its agents and employees an easement and right of ingress, egress and regress across all Permanent Common Open Space, now or hereafter owned by the Association, for the purpose of construction of improvements within the Properties.

Section 2. An easement is hereby established over the Permanent Common Open Space and facilities for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

ARTICLE X
GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce,by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot owners.

Section 4. Certification of Amendment by Board. If any amendment to these covenants, conditions, and restrictions is executed, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors shall, within thirty (30) days, do the following:
(a) Reasonably assure itself that the amendment has been executed by the Owners of the required number of Lots. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any Lot to be examined.)

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed.

Section 5. Management and Contract Rights of Association. Declarant may enter into a contract with a Management company manager for the purposes of providing all elements of the operation, care, supervision, maintenance, and management of the property. However, no such contract shall be binding upon the Association except through express adoption, or ratification of the terms and conditions of such contract. Any contract or lease entered into by Declarant or by the Association while Declarant is in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer or management by Declarant to the Association.

Section 6. Non-Waiver. The failure by the Board, or any other person or entity, to enforce any provision hereof at any time shall not be deemed a waiver of the right to enforce said provision at any other time.

Section 7. Subject to North Carolina Planned Community Act. The Properties, the Lots, Owners, Association, and this declaration are subject to the North Carolina Planned Community Act, N.C. Gen. Stat. 47-1-102, and the provisions thereof. If there exists any conflict or inconsistency between this declaration and the provisions hereof and the Act, the Act shall control.

ARTICLE XI
ELECTRICAL SERVICE

Declarants reserve the right to subject the above-described Property to a contract with the City of Monroe Utility Department for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to the City of Monroe Utility Department by the Association.

ARTICLE XII
ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. **Annexation of additional property shall require approval from the Monroe City Council**, and shall be required to occur within ten (10) years from the date of this instrument, provided, however, that all annexations of additional properties to the original development described in Article I hereof must contain a minimum of five (5) acres, be contiguous to the property described in Article I hereof or property previously annexed. Provided further, that no annexation of additional property shall have the effect of placing the original development in violation of the City of Monroe Zoning Ordinances.

Section 2. **Annexation of additional Properties shall be accomplished by recording in the County Registry a Declaration of Annexation**, duly executed, describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation, except approval by the Monroe City Council.

Section 3. **Prior to the conveyance of the first lot in any newly annexed area, the Declarant shall deliver to the Association one or more deeds conveying fee simple title to any Permanent Common Open Space within the lands annexed** free and clear of all encumbrances and liens except utility, storm drainage and greenway easements.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed, by authority of its Board of Directors, and McClam Builders by its duly authorized President, this __ day of August, 2004.

DECLARANT:
H&E LAND DEVELOPMENT, LLC

By: Dan A. Edwards
Member/Manager

HILTON MEADOW HOMEOWNERS ASSOCIATION, INC.

By: Ann A. Edwards
President

MCCLAM BUILDERS, INC.

By: , PRES
Mike McClam, President

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF NORTH CAROLINA,)
) SS
COUNTY OF UNION.)

I, Susan M. Nance, a Notary Public for said County and State, certify that Ann A. Edwards, Member/Manager of H&E Land Development, LLC, a limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the company.

Witness my hand and Notarial Seal this the 25th day of August, 2004.

SUSAN M. NANCE NOTARY PUBLIC UNION COUNTY NC

Susan M. Nance
Notary Public

My Commission Expires: 06-24-2009

CORPORATE ACKNOWLEDGMENT

STATE OF NORTH CAROLINA,)
) SS
COUNTY OF UNION.)

I, Susan M. Nance, a Notary Public for said County and State, certify that Ann A. Edwards, personally came before me this day and acknowledged that she is President of Hilton Meadow Homeowners Association, Inc., a corporation and that she, as President of Hilton Meadow Homeowners Association, Inc., being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and Notarial Seal this the 25th day of August, 2004.

SUSAN M. NANCE NOTARY PUBLIC UNION COUNTY NC

Susan M. Nance
Notary Public

My Commission Expires: 06-24-2009

BK 3553 PG 054

CORPORATE ACKNOWLEDGMENT

STATE OF NORTH CAROLINA,)
) SS
COUNTY OF UNION.)

I, Susan M. Nance, a Notary Public for said County and State, certify that Mike McClam personally came before me this day and acknowledged that he is President of McClam Builders, Inc., a corporation and that he, as President of McClam Builders, Inc., being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and Notarial Seal this the 25th day of August, 2004.

SUSAN M. NANCE NOTARY PUBLIC UNION COUNTY

Susan M. Nance
Notary Public

My Commission Expires 06-24-2009

NORTH CAROLINA-UNION COUNTY
The foregoing certificate(s) of
Susan M. Nance
Notary(ies) Public
is/are certified to be correct.

JUDY G. PRICE, REGISTER OF DEEDS
BY [signature] ASST./DEPT