

STATE OF NORTH CAROLINA  
COUNTY OF MECKLENBURG

Drawn by and mail to:  
Perry, Patrick, Farmer & Michaux, P.A.  
227 West Trade Street, Suite 2200  
Charlotte, North Carolina 28202

**DECLARATION OF PROTECTIVE COVENANTS  
FOR MALLARD OAKS**

THIS DECLARATION OF PROTECTIVE COVENANTS ("Declaration") made this 23<sup>rd</sup> day of March, 1999, by **MALLARD OAKS, LLC**, a company organized and existing under the laws of the State of North Carolina, hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of fee simple title to certain real property situated in Mecklenburg County, North Carolina lying in the northeast quadrant of Exit 45 of U. S. Interstate 85 at Mallard Creek Church Road and bounded on the east by John Adams Road, which real property consists of approximately 11 acres as more particularly described on Exhibit A attached hereto and incorporated herein by reference and on which real property Declarant desires to create, as permitted under local zoning ordinances, a business park development to be known as Mallard Oaks; and

WHEREAS, Declarant desires to insure the attractiveness of the development and to preserve, protect and enhance the values, appearance and amenities thereof; to provide for a method for the maintenance, repair, replacement and operation of certain landscaping, lighting, entrances and other common areas, facilities and improvements located within or adjacent to the rights-of-way of the public streets within Mallard Oaks or appurtenant to the Properties (as such term is hereinafter defined and used herein); and, to this end desires to subject Properties to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said Properties and each owner thereof; and

WHEREAS, Declarant, in order to further the objectives set forth herein, has deemed it desirable to create an organization to which will be delegated and assigned the power of maintaining, repairing, replacing, operating and administering certain landscaping, lighting, entrances and other common areas, facilities and improvements located within or adjacent to the public street rights-of-way and entrances into the development, and administering and enforcing the covenants and restrictions and collecting and disbursing the Assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated or will incorporate under North Carolina law, Mallard Oaks Property Owners Association, Inc., as a non-profit membership corporation for the purpose of exercising and performing the aforesaid functions;

NOW THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does hereby declare that all of the real property described on Exhibit A and such additions thereto as may be hereinafter made pursuant to Article II hereof are and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

## ARTICLE I

### DEFINITIONS

Section 1. "Association" shall mean and refer to Mallard Oaks Property Owners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Owner" shall mean any record owner (including the Declarant), whether one or more persons or entities, of fee simple title to any of the tracts more particularly described in Exhibit A attached hereto (said tracts being hereinafter referred to individually as a "Tract" or collectively as the "Tracts") or to a Lot derived from a subdivision of one or more of such tracts which is part of the Properties, including contract sellers, but excluding those having such interests merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to the "Existing Property" described in Article II, Section 1 hereof and any additions thereto as are or shall become subject to this Declaration and brought within the jurisdiction of the Association under the provisions of Article II hereof.

Section 4. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, other than property located within public streets which are reserved or established for the use of all owners (a) appearing on any recorded subdivision map of the Properties, (b) subdivided out of the Properties by Declarant and conveyed to another person or entity by deed recorded in the Mecklenburg County Public Registry, (c) conveyed as a Tract by Declarant to another person or entity by deed recorded in the Mecklenburg County Public Registry and any subsequent subdivisions thereof, or (d) all portions of the Properties owned by Declarant. In the event of a subdivision of any Lot, each such parcel shall also be considered a "Lot", and further provided that parcels may be subdivided into additional parcels for the purpose of granting different lending institutions deeds of trust on portions of such areas to secure loans and upon foreclosure, diverse ownership shall not constitute a violation hereof and each such parcel shall after such foreclosure be deemed a "Lot".

Section 5. "Association Landscape and Easement Areas" shall be (a) areas within twenty-five feet (25') of the margin of public streets or rights-of-way within and/or abutting the Properties; (b) within private streets within the Properties; (c) within fifteen (15) feet of the margin of private streets within the Properties; (d) those areas designated Association Landscape and Easement Areas on maps of portions of the Properties, presently or hereinafter recorded; (e) medians located within the rights-of-way of any public street within the Properties; (f) areas lying within the margins of the rights-of-way of U. S. Interstate 85, Mallard Creek Church Road and John Adams Road and (g) storm water structures including detention ponds.

Section 6. "Utility Easements" shall be utility easements in areas within twenty feet (20') from the front, side and rear boundary lines of each Lot or as designated "Utility Easement" on maps of portions of the Properties, now or hereafter recorded; provided, if the nature of development on a Lot is such that the Zoning Ordinance of Mecklenburg County does not impose a side yard requirement between buildings or other improvements constructed on said Lot and any adjacent Lot, then with respect to such Lot, utility easements shall be in areas within twenty feet (20') from the front and rear boundary lines of such Lot.

Section 7. "Sidewalk Easements" shall be sidewalks constructed along or adjacent to the street front boundary lines of each Lot or as designated "Sidewalk Easement" on maps of portions of the Properties, now or hereafter recorded.

Section 8. "Declarant" shall mean and refer to Mallard Oaks, LLC and those of its successors and assigns, if any, to whom the rights of Declarant hereunder are specifically transferred by written instrument, subject to such terms and conditions as the Declarant may impose. Upon any transfer by Declarant of any or all of its Declarant rights and obligations hereunder, Declarant shall be relieved of any and all obligations and liabilities with respect to the rights and obligations so transferred.

Section 9. "Member" shall mean and refer to the Declarant and to any owner of any Tract or Lot, which person or entity shall automatically be deemed a member of the Association.

Section 10. "Designated Maintenance Items" shall mean those items located within the rights-of-way of public streets within Mallard Oaks (including property in medians and entrances) and within Association Landscape and Easement Areas, Utility Easements and Sidewalk Easements which are specifically designated in a written notice delivered to any Owner by the Association, which written notice shall set forth the extent of the maintenance obligations of the Association and the specific locations to which such obligations apply.

This Declaration imposes no obligation on Declarant to construct, install or maintain any of the Designated Maintenance Items, except as expressly set forth in Article VIII hereof.

Section 11. "Institutional Lender" shall mean any life insurance company, bank, savings and loan association, trust, real estate investment trust, pension fund or other organization or entity which regularly makes loans secured by real estate.

## ARTICLE II

### PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF MALLARD OAKS PROPERTY OWNERS ASSOCIATION, INC. AND ADDITIONS THERETO

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Association is the property described in Exhibit A attached hereto and incorporated herein by reference.

Section 2. Additions to Existing Property. Additional land may be brought within the scheme of this Declaration and the jurisdiction of the Association in the following manner:

a. Additional land which is (a) within the margins of public streets or rights-of-way or (b) contiguous to the Existing Property and within one-half mile of the boundary of the Existing Property may be annexed to the Existing Property by Declarant with the consent of a majority of the Total Votes (as hereinafter defined).

b. The additions authorized under subsection a., above, shall be made by filing of record Supplementary Declarations of Covenants, Conditions and Restrictions with respect to the additional properties which specifically extend the scheme of this Declaration and the jurisdiction of the Association to such properties and the properties shall thereby be subject to the benefits, agreements, restrictions and obligations set forth herein, including, but not limited to, assessments as herein determined, to pay for the Association's expenses. The Supplementary Declaration of Covenants, Conditions and Restrictions may also contain such complementary additions and modifications of this Declaration pertaining to such additional properties as may be necessary or convenient, in the reasonable judgment of Declarant, to reflect the different character of the annexed property.

## ARTICLE III

### MEMBERSHIP AND VOTING RIGHTS

Section 1. Members. Every Owner of a Lot which is subject to Assessment (as such term is defined in Article V, Section 1 hereof) 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. Notwithstanding the foregoing provisions, Declarant shall be deemed a Member, regardless of whether it is obligated to pay Assessments as set forth in Article V, Section 1 hereof.

Section 2. Voting. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect to voting rights:

a. Class A Lots. Class A Lots shall be all Lots except Class B Lots as the same are hereinafter defined. Each Class A Lot shall entitle the owner(s) of said Lot to one (1) vote for each acre owned in the Properties, plus a fractional (hundredths) vote for each fractional (hundredths) acre owned. When more than one person owns an interest (other than a leasehold or a security interest) in any Lot all such persons shall be Members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine by majority vote based on ownership interest, but in no event shall the vote or votes be cast separately with respect to any jointly owned Lot.

b. Class B Lots. Class B Lots shall be all Lots owned by Declarant (as "Declarant" is defined in Article I, above) which have not been converted to Class A Lots as provided in (I) or (ii), below. The Declarant shall be entitled to five (5) votes for each acre of the Properties owned by it, plus fractional (hundredths) votes for each fractional (hundredths) acre owned. The Class B Lots shall cease to exist and shall be converted to Class A Lots upon the latter of the following:

(I) When the total number of votes appurtenant to the Class A Lots equal the total number of votes appurtenant to the Class B Lots, provided that all Lots owned by Declarant shall revert to Class B Lots and thereby shall be reinstated with all rights, privileges and responsibilities of such class, if, after the above provided conversion of Class B Lots to Class A Lots, additional lands are annexed to the Properties (with or without the assent of Class A Members), thus making the Declarant the owner, by virtue of newly created Lots and of other Lots owned by Declarant, of a sufficient number of acres within Class B Lots to cast a majority of votes (it being hereby stipulated that the conversion or reconversion shall occur automatically as often as the foregoing facts shall be occur); or

(ii) On January 1, 2013.

Section 3. Majority. Notwithstanding the above provisions, the Declarant shall be entitled to fifty-one percent (51%) of the total votes (the "Total Votes") of the Association Members until December 31, 2008.

Section 4. Amendment. Notwithstanding any provisions to the contrary contained herein, so long as Declarant owns any portion of the Properties, this Declaration and the Bylaws of the Association may not be amended without its written consent.

Section 5. Board of Directors. The Association shall be governed by a Board of Directors (the "Board of Directors") in accordance with the Bylaws. Notwithstanding any provisions to the contrary contained in this Declaration or in the Bylaws, the Declarant shall have the right to appoint or remove by written notice to the Board of Directors any member or members of the

Board of Directors or any officer or officers of the Association until such time as the first of the following events occurs:

- a. Declarant no longer owns any portion of the Properties;
- b. Declarant surrenders the authority to appoint and remove members of the Board of Directors and officers of the Association by an express amendment to this Declaration executed and recorded by the Declarant; or
- c. December 31, 2008.

Section 6. Default by Member. During any period in which a Member shall be in default in the payment of an Annual, Special or other Assessment levied by the Association, such Member's rights to vote and all other rights and incidents of membership in the Association may be suspended by the Board of Directors until such Assessment is paid.

#### ARTICLE IV

#### EASEMENT RIGHTS AND ASSOCIATION LANDSCAPE AND EASEMENT AREA EASEMENTS

Section 1. Owner's Easements of Enjoyment. Every Owner, through ownership of a Lot, shall have, subject to rules and regulations established by the Board of Directors of the Association, a non-exclusive right and easement of use and enjoyment in and to the Association Landscape and Easement Areas, Utility Easements and Sidewalk Easements which shall be appurtenant to and pass with the title to every portion of the Properties.

Section 2. Association Easements. The Association, its successors and assigns, shall have and hereby reserves a non-exclusive right and easement over those portions of the Properties defined as Association Landscape and Easement Areas in Article I, Section 5 hereof. This easement shall be for the purpose of installing, maintaining, inspecting, repairing, replacing, operating and administering Designated Maintenance Items located within Association Landscape and Easement Areas, including but not limited to landscaping (including, but not limited to, trees, shrubbery, grass and flowers), lighting, sidewalks, utility lines, fences, signs, wetland ponds, storm drainage, fountains and entry monuments if so designated in the event the Association expressly undertakes an obligation to do so. The Association shall at all times have and reserve the right of ingress and egress for those authorized by it, including its employees, agents and subcontractors, over any Lot for all purposes permitted by this Declaration, including accessing the Association Landscape and Easement Areas for the further purpose of performing such maintenance as it expressly undertakes within the Association Landscape and Easement Area easements. The Association shall also have the right but not the obligation to maintain the Designated Maintenance Items in the medians, islands and entrance ways located within the rights-of-way of public streets within Mallard Oaks.

Section 3 Utility and Sidewalk Easements. Declarant reserves for itself and the Association, and their respective successors and assigns, an easement over those portions of the Properties defined as Utility Easements in Article I, Section 6 hereof and Sidewalk Easements in Article I, Section 7 hereof for the purpose of installing, constructing, inspecting, maintaining, repairing, replacing and use of public sidewalks and utility lines in the event the Association expressly undertakes an obligation to do so. Any sidewalk located within Sidewalk Easements on the Properties shall be for the general public's use.

Section 4. Use by Tenants or Contract Purchasers. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the owner to his tenants or contract purchasers and their agents, tenants, contractors and invitees.

Section 5. Maintenance During Period Association is Controlled by Declarant. During the period of time that Declarant controls the Association (as referred to in Article III above), Declarant shall have the right but not the obligation to cause the Association to maintain the Association Landscape and Easement Areas in good repair and condition.

## ARTICLE V

### COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation to Pay Assessments. The Declarant, for each Lot owned within the Properties, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, are deemed to covenant and agree to pay to the Association: (1) Annual Assessments or charges for the creation and continuation of a maintenance fund in the amount hereinafter set forth; and (2) Special Assessments, each such Assessment to be established and collected as hereinafter provided (Annual Assessments and Special Assessments are hereinafter separately and collectively referred to as "Assessment" or "Assessments"). Any such Assessment or charge, 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. In the case of co-ownership of a Lot, all of the co-owners shall be jointly and severally liable for the entire amount of the Assessment.

Notwithstanding any provision contained herein or in any document or instrument to the contrary, Declarant shall not be obligated to pay Assessments described in this Article on any portion of the Properties owned by Declarant until the following occurs with respect to such portion of the Properties (the "Affected Portion") and then Declarant shall only be obligated to pay Assessments on the Affected Portion: Declarant causes the Affected Portion to be subdivided and a subdivision plat for the Affected Portion is recorded in the Mecklenburg County Public Registry.

Section 2. Purposes of Assessments. Except as hereinafter provided, the Assessments levied by the Association shall be used to pay the ongoing cost of and shall be used exclusively

for obligations expressly undertaken by the Association to provide for the maintenance, repair, replacement, reconstruction, replenishment, restoration, cleaning and operation of the Designated Maintenance Items, the Association Landscape and Easement Areas, Utility Easements and Sidewalk Easements, the provision of other services intended to promote the health, safety and welfare of the Members, and the cost of labor, equipment, materials, management and supervision for and security services in protection of the same. These costs will include, but will not be limited to, legal expenses, administrative costs, accounting costs, insurance premiums, the payment of utility bills relating thereto (including water and electric power for the irrigation and lighting systems), and management fees.

**Section 3. Annual Assessment.** The Annual Assessment for each Member for each calendar year shall be the product of (a) the actual acreage of land contained within said Member's Lot (excluding public and private road rights-of-way) times (b) the Annual Assessment per acre as established by the Association based on projected expenditures for the calendar year for which such computation is made, with fractions of acres and fractions of calendar years to be computed and prorated equitably, at the same uniform rate for each calendar year. The Annual Assessment shall not commence until the calendar year 1999.

Beginning in 1999 and each year thereafter, the Association, acting through its Board of Directors, shall estimate the costs of performing its responsibilities hereunder, or so many of such responsibilities as it shall have expressly undertaken, for the next succeeding year and advise each Member by notice in writing of the amount of its Assessment determined as above provided for such next succeeding calendar year. These Annual Assessments may include a contingency reserve for replacement and repair. If, for any given calendar year, excess funds remain after payment of all expenditures for such calendar year, then such excess funds may be applied in payment of expenditures in succeeding calendar years or to the contingency reserve in the discretion of the Association.

**Section 4. Special Assessments.** In addition to the Annual Assessments hereinabove authorized, the Association may levy Special Assessments only for the purpose of defraying, in whole or in part, or for the purpose of setting aside for future expenditure, the cost of any unexpected items, capital items, or the cost of any reserves required in excess of the amounts that may be included in the Annual Assessment; provided, however, that any such Special Assessment shall have the approval of seventy-five percent (75%) of the owners of each class of Lots present and voting in person or by proxy at an annual or special meeting of the membership at which a quorum is present with such seventy-five percent (75%) being measured by the number of votes eligible to be cast by the aforesaid Members of each class. Special Assessments shall be due and payable on the date(s) which are fixed by the resolution authorizing such Assessment.

**Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4.** Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 hereof shall be sent to all members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence in



person or of proxies of Members entitled to cast fifty percent (50%) of the Total Votes 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 (½) 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 6. Due Date. Unless otherwise provided herein, Annual Assessments shall be due and payable in advance, quarterly, semi-annually or yearly as determined by the Board of Directors, thirty (30) days after being billed to any Member by the Association based on the Association's estimate as set forth above; provided, however, the Board of Directors may require the payment of the same at different intervals. Late billing of any Assessment shall not affect a Member's obligation to pay the same.

Section 7. Records of Assessments. The Association shall cause to be maintained in the office of the Association a record of all designated portions of the Properties subject to Assessment and Assessments applicable thereto which shall be open to inspection by any Member upon reasonable notice.

The Association shall upon request and prior payment of a reasonable charge therefor furnish to any Owner a certificate in writing signed by an officer of the Association setting forth whether the Assessments have been paid, and if not, the amount due and owing. Such certificates shall be conclusive as evidence for third parties as to the status of Assessments against such Lot.

Section 8. 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 eighteen percent (18%) per annum or the maximum interest rate permitted to be legally charged under the laws of the State of North Carolina at the time of such delinquency, whichever is less. In addition to such interest charge, any delinquent Member shall also pay a late charge of the greater of (1) 5% of the delinquent amount; or (2) Two Hundred Fifty and No/100 Dollars (\$250.00) or such other amount as may have been theretofore established by the Board of Directors of the Association to defray the costs of late payment. The Association, its agent or representative, may bring an action at law against any Member personally obligated to pay the same or foreclose the lien against the Lot, and interest, late payment fees, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such Assessment. No Member may waive or otherwise escape liability for the Assessments provided for herein by abandonment or non-use of his or its portion of the Properties.

Section 9. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot or any portion of the Properties and to other mortgages or deeds of trust if the mortgagee or beneficiary in such deed of trust is an Institutional Lender. Sale or transfer of a Lot or any portion of the Properties shall not affect any Assessment lien, but the sale or transfer of a Lot or any portion of the Properties which is subject to a mortgage or deed of trust to which the lien of the Assessment is

subordinate, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such Assessments as to any installment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot or portion of the Properties from liability for any Assessment thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of those mortgages and deeds of trust identified in the first sentence of this Section 9.

Section 10. Exempt Property. All property dedicated to, and accepted by, a local public authority for operation and maintenance shall be exempt from any provision of this Declaration.

Section 11. Annual Accounting. The Association shall keep books and accounting records in accordance with generally accepted accounting principles and shall furnish each Member with an annual report each year prepared by and certified to be true and correct by an officer of the Association or, at the election of the Association, an independent Certified Public Accountant selected by the Association's Board of Directors.

Section 12. Dealings Between Association and Any Member. In the event that services, materials or work are provided to the Association by any Member, including the Declarant, then all such services, materials or work shall be furnished at a price which is not more than would be charged by non-members for performing such work or services or providing such materials.

## ARTICLE VI

### MAINTENANCE BY OWNER AND EXTERIOR APPEARANCE

Section 1. Maintenance and Repair. Each Owner shall maintain, repair and, when necessary, renew or rebuild at its expense all improvements (both interior and exterior) and landscaping on its Lot which shall reasonably be deemed necessary by the Association in order to keep the same in good condition, repair and appearance and in a condition substantially similar to that existing upon the initial completion of the improvements in accordance with the Plans (as hereinafter defined). Upon an Owner's failure to do so, the Association shall have all rights and remedies as by law provided to enforce this covenant and, in addition, with respect to an Owner's failure to keep the exterior of a Lot in good condition, repair and appearance, the Association may, at its option, after approval by a majority vote of the Board of Directors and after giving the owner not less than ten (10) days' written notice sent to its last known address, or to the address of the Lot, have the grass, weeds, shrubs and vegetation cut when and as often as the same is necessary in the judgment of the Board of Directors, and have dead trees, shrubs and plants removed from such Lot, and replaced, and may have any portion of the Lot resodded or landscaped, and all expenses of the Association incurred as a result of action taken by the Association pursuant to this Section shall be immediately due and owing from the Owner of the Lot and shall be a lien and charge against the Lot on which the work was done and shall be the obligation of the then Owner of such Lot and subject to collection pursuant to the same methods available hereunder for Assessments.

Upon an owner's failure to maintain and renew or rebuild the exterior of any structure, including, without limitation, the roof, in good condition repair and appearance, the Association, in addition to all other rights and remedies it might have at law to enforce this covenant, may, at its option, after approval by a majority vote of the Board of Directors and after giving the Owner not less than thirty (30) days' written notice sent to its last known address, or to the address of the Lot, make repairs or renew or rebuild and improve the appearance in a reasonable and workmanlike manner. The cost of any of the work performed by the Association upon the Owner's failure to do so shall be immediately due and owing from the Owner of the Lot and shall constitute an Assessment against the Lot on which the work was performed, collectible in a lump sum and secured by the lien against the Lot as herein provided.

The liens provided for in the immediately preceding paragraphs of this Section shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot and to other mortgages or deeds of trust if the mortgagee or beneficiary in such deed of trust is an Institutional Lender. Sale or transfer of any Lot shall not affect any Assessment lien, but the sale or transfer of any Lot which is subject to a mortgage or deed of trust to which the lien of the Assessment is subordinate, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such Assessments as to any installment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any Assessment thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of those mortgages and deeds of trust identified in the first sentence of this paragraph.

Section 2. Awnings, Antenna and Exterior Projections. No Owner shall install any awning, satellite dish, antenna or other attachment to the roof or the outside wall of any building or other improvement constructed upon any Lot in such a way that the same can be seen from the centerline of any public street right-of-way, except when the Architectural Design Committee (as hereinafter described) approves the same as not being aesthetically detrimental to the Properties. Approval shall be deemed given if, within thirty (30) days after receipt of full and complete details, the Architectural Design Committee has not acted to approve or disapprove such request.

Section 3. Utilities. All on-site utility services on any Lot or within Utility Easement areas shall be located underground, except for transformers, vaults, meters, control boxes or other items not generally designed to be placed underground, unless otherwise approved by the Architectural Design Committee; provided, however, this provision shall not be construed to prohibit the installation of temporary overhead power lines for the period during which improvements are constructed on any Lot and provided, further, that such temporary overhead power lines shall forthwith be dismantled upon completion of construction of such improvements.

Section 4. Owner's Insurance. Each Owner covenants and agrees that it shall insure all improvements owned by it on any Lot in an amount equal to the full replacement cost thereof and if any such improvements are destroyed or damaged by fire or other casualty, the Owner whose property is damaged or destroyed by fire or other casualty shall proceed with due diligence to

repair and restore the same to as good a condition as existed before such damage or destruction; provided that the holder of the first mortgage loan on the property damaged or destroyed permits the application of such proceeds to repair or replacement. In the event of a taking by condemnation or otherwise by governmental authority which damages any part of said improvements, the Owner of such portion of the improvements shall immediately repair and restore the same to an integrated and architecturally complete building or structure, if the remaining portion of the improvements is capable of being so repaired and restored. In the event insurance proceeds are not made available for application to the repair or replacement of the improvements, or in the event of a condemnation such that the remaining portion of the improvements is not capable of being repaired and restored, then in either event the Owner of such improvements shall thereafter remove all damaged improvements, rubble and debris from the Lot, shall evenly grade and reseed the Lot and thereafter shall maintain the Lot in accordance with the provisions of Section 1 of this Article. Each Owner at all times shall maintain comprehensive public liability insurance with a combined single limit of at least \$1,000,000.00 with respect to bodily injury or death to any one person, at least \$2,000,000.00 with respect to bodily injury or death arising out of any one accident and at least \$1,000,000.00 with respect to property damage arising out of one occurrence, covering its Lot, which minimum may be increased by the Board of Directors in its discretion from time to time. During the period of construction of improvements on any Lot, the Owner of said Lot shall maintain Builder's Risk, Workers' Compensation and such other insurance policies as are required by sound construction practices.

## ARTICLE VII

### USES AND CONSTRUCTION OF IMPROVEMENTS

Section 1. Permitted Uses. A Lot may be used only for the uses described in Exhibit B, attached hereto and incorporated herein by reference, as such uses are defined, and to the extent such uses are permitted, by the zoning classification for such Lot pursuant to the zoning ordinances of the City of Charlotte, Mecklenburg County, North Carolina in effect as of the date that improvements are initially constructed on a Lot.

Any Lot may also include within its boundaries Association Landscape and Easement Areas and Utility and Side Walk Easements and its use may be further restricted by the Declarant upon its sale to an Owner. The Declarant and the Association shall have the full right and authority to enforce restrictions applicable to the Lots. No Lot or any portion of the Properties may be occupied or used, directly or indirectly, for the following uses: mini-warehouses, massage parlor, sexual apparatus sales, adult book store, adult only, "X" rated or unrated, films (if the rating system for films is changed or eliminated, films which would be considered "X" rated or not rated by the rating system in effect on the date hereof), topless entertainment or so-called "gentlemen's club", bingo parlors, flea markets, uses which cause or permit noxious, disturbing or offensive odors, fumes or gases, or any smoke, dust, lint, steam, heat, vapors or glare, or any loud or disturbing noise or vibrations, uses which create or may create a danger to human health,

safety or welfare; and uses not in compliance with all requirements of the terms of any state or federal statute or local ordinance or regulation applicable to the Properties or which, in the opinion of the Association, constitute or may constitute a nuisance or detriment to the Properties or any part thereof.

**Section 2. Approval of Development.** Before commencing the construction, redecorating, painting, reconstruction, relocation or alteration of any exterior portions of buildings, additions, enclosures, fences, loading docks, entranceways, exitways, curb cuts, parking facilities, landscaping, planting, storage yards or any other structures or permanent or temporary improvements on any Lot, the Owner of such Lot shall first submit to the Architectural Design Committee in duplicate, the preliminary plans showing the following set forth items and such other items as the Architectural Design Committee may reasonably request, which other items may be in addition to or deleted from the following, as appropriate, taking into account the scope of the project or construction to be reviewed by the Architectural Design Committee (all of the following and such additions to or deletions therefrom being herein called the "Plans"): site plan showing the location of all improvements, including but not limited to, proposed driveways providing access to public streets and the parking layout; demolition and storm drainage plan; storm water retention plan; utility plan; erosion control plan; landscape plan; irrigation plan; floor plan; building elevations; structured parking facilities plan and elevations; schedule of colors, finishes, and materials for exterior surfaces of all structures; perspective drawing or rendering showing at least the side of the structure containing the primary entrance; exterior signage program; and site lighting program.

The Architectural Design Committee may establish and amend, from time to time for any construction to be undertaken on Lots, uniform and standard requirements (the "Design Guidelines") with respect to such construction including, without limitation, building exterior surface materials; landscape plans, including types of plants, shrubbery and street trees and the required spacing thereof; decorative fencing; and street and parking area lighting. The Design Guidelines as established by the Architectural Design Committee shall be available upon the request of an Owner for its use in preparing Plans for submission to the Architectural Design Committee. The Architectural Design Committee may require as a condition for approval of an Owner's Plans the integration of the Design Guidelines within the improvements to be constructed on any Lot.

All Plans submitted to the Architectural Design Committee shall be accompanied by a plan review fee in the amount of One Thousand and No/100 Dollars (\$1,000.00) or such other amount as shall be established by the Board of Directors of the Association.

Approval shall not be required of plans for interior construction or for mechanical, plumbing or electrical systems located completely inside any improvements. In the event the Architectural Design Committee shall fail to approve or disapprove in writing the Plans within sixty (60) days after they have been received by the Architectural Design Committee, such approval will not be required and this covenant shall be deemed to have been complied with. The Architectural Design Committee may disapprove the Plans in the event a submission is

incomplete. The Plans shall be delivered to the Architectural Design Committee in person or by certified mail at the address to be designated from time to time by Declarant or the Association. The Architectural Design Committee is authorized to request the submission of samples of proposed construction materials.

Approval shall be based, among other things, on adequacy of site dimensions; conformity and harmony of external design with neighboring structures; effect of location and use of improvements on neighboring sites, operations, improvements and uses; relation to topography, grade and finished ground elevation of the site being improved to that of neighboring sites; proper orientation of main elevations with respect to nearby streets; and conformity of the plans and specifications to the purpose and general plan and intent of the Design Guidelines and this Declaration. The Architectural Design Committee shall not arbitrarily or unreasonably withhold or delay its approval of the Plans; provided, however, the Architectural Design Committee shall be entitled to base its approval, with respect to the nature of the different uses to be operated in Mallard Oaks, on a proposed Plan's conformity to the Design Guidelines and conformity and harmony of external design with neighboring structures.

Once the Architectural Design Committee has approved the Plans, the construction of improvements must be promptly commenced and diligently pursued to completion. If such construction is not commenced within twenty-four (24) months following the date of approval of the Plans by the Architectural Design Committee, such approval shall be deemed rescinded and before construction of improvements may thereafter be commenced on the Lot, the Plans therefor must again be approved by the Architectural Design Committee pursuant to this Article VII and an additional plan review fee paid.

If the Architectural Design Committee approves an Owner's Plans, the actual construction in accordance with the Plans shall be the responsibility of the Owner. Prior to the commencement of such construction the Owner shall deposit with the Association the sum of Two Thousand and no/100 Dollars (\$2,000.00) per acre of land within the Lot on which improvements are to be constructed by the Owner, but in no event less than Two Thousand and no/100 Dollars (\$2,000.00) to be held by the Association in an escrow account (the "Compliance Funds") to insure the completion of the Owner's improvements in accordance with the approved Plans. In the event an Owner shall desire to change the Plans, such change shall likewise be subject to approval by the Architectural Design Committee in accordance with the procedure hereinabove set forth and it shall be Owner's responsibility to request inspection and approval by the Architectural Design Committee of said change in Plans within a time frame adequate for and consistent with the nature and impact of said change. Upon the substantial completion of new improvements, and prior to occupancy thereof or upon completion of work involving previously approved and completed improvements, the Owner shall notify the Architectural Design Committee in writing, which shall have thirty (30) days from receipt of such written notice in which to have the improvements inspected to insure that the improvements or changes and alterations thereto were completed in accordance with the Plans approved by the Architectural Design Committee prior to construction. In the event that the Architectural Design Committee shall fail to approve or disapprove in writing the completed improvements within thirty (30) days

after receipt of notice from the Owner that the improvements are completed, such approval shall not be required and the Owner will be deemed to have complied with these covenants. In the event an Owner has made changes from the Plans approved by the Architectural Design Committee and such changes were not previously approved by the Architectural Design Committee, Owner shall within thirty (30) days from receipt of written notice from the Architectural Design Committee commence and thereafter diligently proceed with all works necessary to insure that the improvements comply fully with the approved plans and shall not use or occupy the improvements until such works are completed to the reasonable satisfaction of the Architectural Design Committee.

If an Owner's improvements have been completed in accordance with the Plans and the Architectural Design Committee shall have so certified, or shall have failed within thirty (30) days after written notice from such Owner to approve or disapprove the completed improvements the Compliance funds shall be refunded to Owner. If, however, upon prior written notice from the Architectural Design Committee, such Owner shall fail to complete the improvements in accordance with the Plans and shall thereafter fail to make the necessary correction thereto or shall fail to repair damage caused by its construction activities to Association Landscape and Easement Areas or Utility and Sidewalk Easements or adjoining Lots, then in any of such events the Association shall have the right to utilize all or any portion of the Compliance Funds to correct such deficiencies or repair such damage.

Notwithstanding any provisions contained herein or in any other document or instrument to the contrary, if an Owner fails to obtain the approvals required herein, to proceed diligently to complete the improvements in accordance with the approved Plans or otherwise fails to comply with the provisions of this Article VII, then and in that event, if such Owner fails to commence and thereafter diligently pursue compliance with the provisions set forth herein within thirty (30) days after receipt of notification of non-compliance by Declarant or the Association, the obligations set forth herein may be enforced by the Declarant or the Association by pursuit of all available remedies at law and in equity, including injunctive relief. Further, Declarant or the Association shall have the right to enter upon the Lot or Lots on which the improvements are located and conform the improvements to the requirements set forth herein. The cost of such correction, together with all interest and reasonable attorney fees incurred in connection therewith, shall be due and owing the Declarant or the Association, as the case may be, enforceable at law and in equity and shall also be a charge on the land of such Owner within the Properties and a continuing lien thereon until paid.

All buildings and improvements constructed or erected upon the Properties shall conform to the minimum standards specified by the applicable governmental building codes in effect at the time of such construction as well as to all other rules, regulations, requirements, ordinances and laws of any local, state or federal governmental unit(s) or authority(ies) having jurisdiction. No permission or approval granted by the Architectural Design Committee pursuant to this Declaration shall constitute or be construed as an approval by it of the fitness for its purpose, engineering or structural stability, quality of materials, or design of any building, structure or other improvement and no liability shall accrue to the Architectural Design Committee in the

event that any such construction shall subsequently prove to be defective or in any way inadequate, nor shall any approval be considered evidence that the same comply with other restrictions applicable to the Lot. No structure of a temporary nature shall be allowed on any Lot at any time except that of an Owner's contractors and subcontractors during the period of construction of improvements, except with the approval of the Architectural Design Committee.

In addition to the approval of Plans and other matters herein set forth, the Architectural Design Committee shall have the right, in its absolute discretion, to waive minor violations and allow minor variances where the same resulted unintentionally or without gross carelessness on the part of any owner and are not materially harmful to the Properties.

If requested by an Owner, upon approval of its Plans as set forth above, the Architectural Design Committee shall issue a letter stating that the Plans have been approved, and if the improvements are constructed in accordance with such Plans, a final letter of compliance will be issued as set forth in the next sentence. Upon final approval of any construction by the Architectural Design Committee, it shall, upon written request of the Owner completing such construction, issue a letter of compliance signed by the Association stating that the construction was completed in accordance with requirements of this Declaration.

**Section 3. Special Provisions.** The Architectural Design Committee shall consist of not less than three (3) persons appointed by Declarant. The Declarant shall be empowered to appoint their successors should a vacancy occur, and their names shall be maintained at Declarant's offices. At its option by written notice, the Declarant may delegate to the Association the authority and duty to appoint the Architectural Design Committee, and upon termination of the Class B Lots in accordance with the provisions of Article III, Section 2(b) hereof, the authority to appoint the Architectural Design Committee shall automatically be vested in the Association. Upon Declarant's delegation of the duty and authority to appoint the members of the Architectural Design Committee, or upon the expiration of Declarant's right to perform the functions of such Committee, the Association's Board of Directors shall appoint not less than three (3) nor more than five (5) individuals to such Committee. One of the individuals so appointed shall be the Chairman of the Architectural Design Committee, and he/she or a majority of the members may call a meeting of the Committee by giving two days prior written notice to each member. A quorum shall be a majority of the members of the Committee and all decisions shall be made by majority vote. A member of the Architectural Design Committee need not be a Member and can also be a member of the Board of Directors of the Association. In no event shall any member of the Architectural Design Committee be liable for damages or in any other respect to any Owner for wrongfully refusing to approve any submission by such owner as hereinabove required. Such Owner's sole remedy shall be a suit to compel approval by the Architectural Design Committee.

Notwithstanding any other provision of this Declaration of Covenants, Conditions and Restrictions to the contrary, Declarant shall not be required to comply with or be subject to the requirements, restrictions or procedures set forth in this Article VII with respect to all or any portion of the Existing Property owned by Declarant until December 31, 2008.



Section 4. Outside Storage and Appurtenances. No articles, goods, materials, incinerators, storage tanks, refuse containers or equipment shall be kept in the open or exposed to public view or view from any neighboring properties. Water towers, storage tanks, transformers, pump houses, processing equipment, stand fans, cooling towers, communication towers, vents, stacks, skylights, mechanical rooms and any other structures or equipment (whether freestanding or roofmounted) shall be architecturally compatible or effectively shielded from public view by an architecturally approved method organized in an aesthetically pleasing and architectural manner to provide a "roofscape" which shall be approved in writing by the Architectural Design Committee before construction or erection of said structures or equipment. Outside storage which is not a use ancillary to the improvements constructed on any Lot is not permitted.

Section 5. Preservation of Landscaping Within Setback Areas. No building or other structure above ground shall be constructed or erected in the building setback areas on any Lot established in maps of the Properties, presently existing or hereinafter recorded in the Mecklenburg County Public Registry. Association Landscape and Easement Areas shall be used solely for landscaping purposes and it shall be the responsibility of each Owner at its sole expense to install landscaping within this area and plant and maintain the same with lawn, trees, flowers and shrubbery according to the Plans approved in writing by the Architectural Design Committee. Upon approval of the Architectural Design Committee, driveways, signs and other similar improvements may be located within said landscaped areas. Each Owner shall install and maintain an underground sprinkler or underground watering system within the Association Landscape and Easement Areas on its Lot; provided, however, the Owner shall not be required to plant or maintain the said landscaping or construct or maintain the underground watering system prior to the time the improvements are constructed on its Lot.

Section 6. Signage. The size, shape, design, color, location and material of all signs shall be shown on the Plans submitted to the Architectural Design Committee for approval.

Section 7 Governmental Laws, Regulations, Permits and Approvals. Each Owner, their successors and assigns, shall fully comply with (i) all federal, state and local environmental, health and safety laws, codes and ordinances, and all rules and regulations promulgated thereunder; (ii) the terms and conditions of all federal, state and local permits, licenses, certifications and approvals now or hereafter granted or obtained, with respect to all property owned by such Owner within the Properties; and (iii) all applicable state, federal and local environmental laws, rules and regulations, with respect to all property owned by such Owner within the Properties and all actions of Owner, its agents, representatives, contractors and employees within the Properties. Each Owner shall defend, indemnify and hold Declarant and the Association harmless from and against all claims, demands, liabilities, causes of action and damages arising out of or occurring as a result of such Owner's violation of the provisions of this Section 7.

Section 8. Diligent Construction. All construction, landscaping or other work which has been commenced on any Lot located within the Properties must be continued with reasonable diligence to completion and no partially completed buildings or other improvements shall be

permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. The Owner of each Lot shall at all times keep all adjacent public and private areas free from dirt, mud, garbage, trash or other debris which is occasioned by construction of improvements.

## ARTICLE VIII

### MAINTENANCE AND REPLACEMENT OF ASSOCIATION LANDSCAPE AND EASEMENT AREAS

Until such time as the owner of a Lot receives written notice that the Association will undertake its obligation to maintain the Designated Maintenance Items, if any, located on such Owner's Lot, the maintenance, reconstruction, replacement, repair, replenishment and operation of all landscaping, vegetation, materials, improvements and other items and structures within the Association Landscape and Easement Areas and Utility and Sidewalk Easements shall be at the Owner's cost and expense. The Association shall have the right but not the obligation to maintain, reconstruct, replace, repair, replenish and operate Designated Maintenance Items as designated by the Association located within all Association Landscape and Easements Areas and pay the cost thereof and it and its agents and contractors shall have the full right and authority to go upon such property at any time and from time to time for the purpose of performing the Association's obligations hereunder in such manner as the Association reasonably deems in the best interest of the Properties, should it elect in a written notice delivered to any owner to undertake any or all of said obligations. Any new installation in the Utility and Sidewalk Easements and Association Landscape and Easement Areas installed by the Declarant or the Association (as the case may be), in the event either elects by written notice to do so, shall be installed with the minimum practicable interference to the Lot where the installation is performed. The Association shall be permitted from time to time and at any time to relinquish any maintenance obligations it has expressly undertaken by delivering written notice thereof to an Owner and Owner from and after its receipt of said written notice shall again be responsible for such maintenance. All maintenance, reconstruction, replacement, repair, replenishment and operation of Designated Maintenance Items located within all Utility and Sidewalk Easements and Association Landscape and Easement Areas, if performed by Declarant or the Association, shall be performed with the minimum practicable interference to the Lot where the work is being conducted and, except in the cases of such Owner's negligence, recklessness or willful misconduct, in which case the Owner shall be responsible for the cost of maintenance and repairs necessitated by Owner's conduct, the Declarant or the Association, as the case may be, shall fully repair all damage to such Owner's Lot following any installation, maintenance or repair.

## ARTICLE IX

### GENERAL PROVISIONS

**Section 1. Enforcement.** The Association, or any Owner, shall have the right (but not the obligation) 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, whether in whole or in part, 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 manner 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 thirty-five (35) years from the date this Declaration is recorded after which time they shall be automatically extended for successive periods of ten (10) years each for a total including the initial term of sixty-five (65) years, unless owners with at least seventy-five (75%) percent of the Total Votes elect not to continue the same in existence. This Declaration may be amended by an instrument signed by the owners with at least fifty-one percent (51%) of the Total Votes and the prior written approval of the Declarant, so long as it owns any portion of the Properties. Any Amendment must be properly recorded. For purposes of this Section 3, changes in the Annual Assessment or the imposition of a Special Assessment shall not be deemed an "Amendment."

**Section 4. Rezoning.** A rezoning from the zoning classification in effect on the date this Declaration is recorded in the Mecklenburg County Public Registry of all or any portion of the Properties not then owned by Declarant undertaken by any owner prior to December 31, 2008 shall be subject to the prior written consent of Declarant.

**Section 5. Fines.** In addition to any other rights and remedies available for the enforcement of the provisions of this Declaration (including, without limitation, the powers of the Architectural Design Committee), the Declarant or the Association may, after delivery of notice meeting the requirements set out herein to the Owner of the Lot on which the violation is occurring, impose a fine against such Owner for each day the violation continues. The fine shall not exceed Two Hundred and No/100 Dollars (\$200.00) per day. Such fine shall constitute a lien against such Lot in the same manner as an Assessment under Article V. The notice to the Lot Owner shall state the Owner's name, the Lot number or address of the property subject to the violation, the specific violation which is occurring, a reasonable time period for correction of such violation before the imposition of a fine (which shall be determined based upon the nature of the violation, but shall be no less than three (3) days), the amount of the fine and the fact that it will be imposed daily until the violation is cured. Delivery of notice shall be sufficient if either

mailed by registered or certified mail, return receipt requested or posted in a prominent location on the Lot.

IN WITNESS WHEREOF, the undersigned has caused these presents to be duly executed under seal by authority duly given, the day and year first above written.

MALLARD OAKS, LLC

By: The Crosland Group, Inc., its Manager

By: [Signature]  
Name: JAMES E. MERRIFIELD  
Title: J.P.



STATE OF NORTH CAROLINA

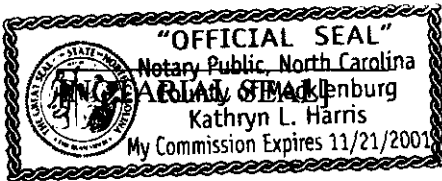
COUNTY OF MECKLENBURG

I, Kathryn L. Harris, a Notary Public of the County and State aforesaid, certify that ~~MEANIE MISTINSKI~~ personally came before me this day and acknowledged that she is Asst. Secretary of The Crosland Group, Inc., a North Carolina corporation, manager of Mallard Oaks, LLC and that by authority duly given and as the act of the corporation, as manager of Mallard Oaks, LLC the foregoing instrument was signed in its name by its VICE President and sealed with its corporate seal and attested by HER as its Asst. Secretary.

Witness my hand and official stamp or seal, this 3<sup>rd</sup> day of March, 1999.

[Signature]  
NOTARY PUBLIC

My Commission Expires: 11-21-2001



LIST OF EXHIBITS

EXHIBIT A - Description of the Subject Property

EXHIBIT B - Permitted Uses

