

**ARTICLE VI
COVENANT FOR ASSESSMENTS**

NEW language

Section 5. Uniform Rate of Assessment. All Assessments must be fixed at a uniform rate for each Lot depending on the Class of membership. The Community Facilities assessments and any general Association assessments shall be collected on an annual basis as set forth each year by the Board of Directors. Special assessments shall be paid when assessed.

OLD language (page 9)

Section 5. Uniform Rate of Assessment. All assessments must be fixed at a uniform rate for each Lot depending on the Class of membership. The Community Facilities assessments and any general Association assessments shall be collected on a monthly basis; one-twelfth (1/12) of said assessment to be collected on the first day of each month, special assessments shall be paid when assessed.

NEW language

Section 7. Date of Commencement of Annual Assessments; Due Date; Certificate of Payment. The annual assessments (general operations and Community Facilities) provided herein shall commence to each Lot owner on the first day of the month following the conveyance of such property as recorded by the Registrar of Deeds. Any adjustments will be reconciled through the proper Real Estate closing and settlement documents. At least thirty (30) days prior to the annual Homeowners Association meeting each year, the Board of Directors shall fix the amount of the annual assessment against each Lot and thirty (30) days before the annual meeting of each year shall send written notice of each assessment of every Owner subject thereto. The due dates for the payment of annual and special assessments shall be established by the Board of Directors.

OLD language (page 9)

Section 7. Date of Commencement of Annual Assessments; Due Date; Certificate of Payment. The annual assessments (general operations and Community Facilities) provided for herein shall commence as to each Lot on the first day of the month following the conveyance of such Lot from the Developer to an Owner and shall be due and payable thereafter on the first day of each calendar month thereafter. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot and at least fifteen (15) days before January 1 of each year, shall send written notice of each assessment to every Owner subject thereto. The due dates for the payment of annual and special assessments 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 whether the assessments on a specified Lot have been paid.

NEW language

Rename Section 7 to : Section 7. Enforcement. Add:

Section 7.1. (The existing language in Section 7 becomes 7.1)

Section 7.2 In addition to all other remedies of the Association, the Association shall have the right to assess a maximum fine of \$100.00 per day (or the maximum amount as may be allowed by law at the time of assessment) per violation against any Owner who violates any provision of this Declaration or the Articles, Bylaws or Rules and Regulations of the Association after such Owner has been given notice of the violation and an opportunity to be heard with respect to the violation in accordance with such policies and procedures as may be adopted from time to time by the Board of Directors or as may be set forth in the Bylaws.

OLD language

Not applicable. 7.2 is a new section that is legally required for inclusion.

NEW LANGUAGE

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association; Late Charge.

Any assessment, if not paid within thirty (30) days after the date such assessment is due, together with interest at the rate of eighteen percent (18%) per annum, cost of collection, court costs, and reasonable attorney fees, shall constitute a lien against the Lot upon which assessment is levied. The Association may record notice of the same in the office of the Clerk of Superior Court of Nash County under the provisions of Article 8 of Chapter 44 of the North Carolina General Statutes. The lien created herein shall be prior to all other liens except (a) liens for real estate taxes due and unpaid, and (b) all sums unpaid on deeds of trust and other encumbrances recorded against the Lot prior to the docketing of the lien, and (c) materialman's and mechanics liens.

The lien for assessments may be foreclosed by suit by the Board of Directors of the Association in like manner as a foreclosure of a deed of trust or mortgage and real estate. The Board of Directors is hereby granted a power of sale for such purpose. The Board of Directors of the Association shall have power to bid in the Lot at the foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same. In the alternative, the Board of Directors of the Association may maintain a suit against the delinquent owner of the Lot to recover a money judgment for unpaid assessments without foreclosing or waiving the lien securing said unpaid assessments. The personal obligation for a delinquent assessment shall not pass to a successor in title to a Lot unless expressly assumed by said successor. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Community Facilities or abandonment of his Lot.

The Association may impose a charge against any Lot Owner who fails to pay any amount assessed by the Association against his Lot within thirty (30) days after such Assessments are due and payable and who fails to exercise his rights under this Declaration or under the laws of the State of North Carolina to successfully contest such Assessment. The amount of the late charge shall be the greater of (a) twenty and 00/100 Dollars (\$20.00), or (b) twenty percent (20%) of the delinquent amount, or such other amount as may be determined by the Association from time to time.

OLD language (page 10)

section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment, if not paid within thirty (30) days after the date such assessment is due, together with interest at the rate of twelve percent (12%) per annum, cost of collection, court costs, and reasonable attorney fees, shall

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constitute a lien against the Lot upon which assessment is levied. The Association may record notice of the same in the office of the Clerk of Superior Court of Nash County under the provisions of Article 8 of Chapter 44 of the North Carolina General Statutes. The lien created herein shall be prior to all other liens except (a) liens for real estate taxes due and unpaid, and (b) all sums unpaid on deeds of trust and other encumbrances recorded against the Lot prior to the docketing of the lien, and (c) materialman's and mechanics liens. The lien for assessments may be foreclosed by suit by the Board of Directors of the Association in like manner as a foreclosure of a deed of trust or mortgage and real estate. The Board of Directors is hereby granted a power of sale for such purpose. The Board of Directors of the Association shall have power to bid in the Lot at the foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same. In the alternative, the Board of Directors of the Association may maintain a suit against the delinquent owner of the Lot to recover a money judgment for unpaid assessments without foreclosing or waiving the lien securing said unpaid assessments. The personal obligation for a delinquent assessment shall not pass to a successor in title to a Lot unless expressly assumed by said successor. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Community Facilities or abandonment of his Lot.

NEW LANGUAGE

Section 12. Fines Each Owner shall abide by the terms and provisions of these covenants and any subsequent rules that may hereafter be adopted by the Association. Failure by the Owner, its family, guests, or invitees to abide by these covenants or subsequent rules may result in a fine not to exceed \$100 per day or \$2,500 total per violation. These fines are in addition to any costs or expenses incurred by the Association to correct or remedy any such violation, all of which shall be due within 5 days to the Association. Any such fine or costs not paid within thirty (30) days are considered delinquent and handled in the same manner provided for the nonpayment of assessments, including Lien filing against the property.

OLD language

Not applicable. This is a new section that is legally required for inclusion.

ARTICLE X RESTRICTIONS ON USE AND OCCUPANCY

NEW language

Section 1. Residential Purposes and Owner Occupancy

Section 1.1. Residential Use. No Lot shall be used except for residential purposes. No building shall be erected, altered, placed, or permitted to remain on any Lot other than one single-family dwelling, together with customary accessory structures permitted by applicable law and these Covenants. Dwellings are intended for occupancy by the Owner of record and the Owner's immediate family as a single housekeeping unit.

Section 1.2. Owner-Occupancy Requirement. Except as expressly permitted below, no Dwelling may be leased, rented, or occupied by a non-Owner, in whole or in part. For purposes of this Section:

"Owner-Occupied" means that at least one Owner of record physically resides in the Dwelling as the Owner's primary residence for not less than twelve (12) consecutive months following acquisition of title, and thereafter for no less than six (6) months in any calendar year.

The following are expressly prohibited:

1. Leasing of a Dwelling prior to satisfying the initial twelve (12) month Owner-occupancy requirement;
2. Leasing where the Dwelling is not occupied by an Owner as the Owner's primary residence;
3. Lease-purchase, option-to-purchase, rent-to-own, or similar arrangements;
4. Short-term or transient occupancies, including but not limited to rentals of less than thirty (30) consecutive days;
5. Acquisition or holding of a Dwelling primarily for rental or investment purposes.

Section 1.3. **Hardship and Temporary Leasing Exceptions.** The Association may, upon written application and prior written approval, grant a temporary waiver of the Owner-occupancy requirement due to verified hardship. Hardship waivers may be granted only for the following reasons:

1. Death of an Owner;
2. Involuntary job relocation of an Owner more than fifty (50) miles from the Subdivision;
3. Active marketing of the Dwelling for sale, where the Owner must vacate due to employment, health, or financial necessity;
4. Extended medical incapacity of an Owner.

All hardship waivers shall:

- Be limited to a defined term, not exceeding twelve (12) months;
- Be personal to the Owner and non-transferable;
- Automatically terminate upon sale or transfer of the Dwelling;
- Require submission of the proposed lease for confirmation of compliance.

No waiver creates a precedent or vested right to future rental approval.

Section 1.4. **Accessory Dwelling Units and Guest Quarters.** Accessory dwelling units, guest houses, efficiency apartments, or separate living quarters are not permitted, whether for residential occupancy or rental.

Section 1.5. **Business Use.** No business or business activity shall be conducted on any Lot or within any Dwelling, except customary work-from-home activities that do not: (a) Involve on-site employees or clients; (b) Create increased traffic or parking demand; or (c) Generate noise, signage, or nuisance conditions.

OLD language (page 19)

Section 1. Residential Purposes. No Lot shall be used except for residential purposes. No building shall be erected, altered, placed, or permitted to remain on any Lot other than one single-family residence. Only one family shall occupy the same main dwelling and its accessory buildings; provided, however, that a guest dwelling may be erected, provided that approval of the applicable health department is granted for such guest quarters or dwelling and said dwelling is approved for construction under the applicable zoning or subdivision ordinances in effect at the time of the request. However, such guest quarters or dwelling may not be rented, leased, or sold separately from the main premises. It is expressly provided, however, that an

efficiency apartment of not more than three rooms may also be constructed on any building site provided it is accompanied by the main dwelling referred to in the proceeding sentence, which apartment may be occupied by domestic employees employed at said main dwelling on the same building site or may be used as a guest house. Such apartment shall not be used otherwise, and in no event shall such apartment be rented. Such efficiency apartment may not be constructed unless said main dwelling has first been constructed or unless they are constructed at the same time. No business or business activity may be carried on upon the property at any time; provided, however, that nothing herein shall preclude the Developer, its agents, affiliates, and employees from using all or part of the land or buildings owned by them for the purpose of carrying on business directly related to the development, sales, and/or management of the Subdivision by the Developer.

NEW language**Section 4. Prohibitions**

(a) No above ground swimming pool, log home, mobile home, trailer, camper, tent, or temporary house, temporary garage, or other temporary outbuilding or structure shall be placed or erected on any lot, provided, however, that the Committee may grant permission for temporary structures for storage of materials during construction. No such temporary structure, as may be approved, shall be used at any time as a residence.

OLD language (page 21)

(a) No log home, mobile home, trailer, camper, tent, or temporary house, temporary garage, or other temporary outbuilding or structure shall be placed or erected on any Lot; provided, however, that the committee may grant permission for temporary structures for storage of materials during construction. No such temporary structure, as may be approved, shall be used at any time as a residence.

NEW language**Section 4. Prohibitions**

(h) Each Owner shall provide for adequate parking of automobiles off the streets and roads within the Subdivision prior to occupancy of any Dwelling owned by such Owner. Parking must be in designated areas (paved or gravel). Parking on grass, lawns, or natural areas within the property will not be permitted. All watercraft, watercraft trailers, and small utility trailers shall be stored to the rear of any dwelling and screened from street view and adjoining neighbors. Adequate screening may include approved fencing or landscape plantings. There shall be no outside storage or parked upon any lot, or within any portion of the common areas of any: trailer (other than described above), mobile home, motor home, camper, tractor, truck (other than pickup trucks of one ton or smaller), commercial vehicles of any type, motorcycle, motorized bicycle, motorized go-cart, golf cart, or any other forms of transportation services. No Owners or other occupants of any portion of the Subdivision shall repair or restore any vehicle of any kind upon or within any Lot, dwelling, or with any portion of the Common Areas, except within enclosed garages or for emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility.

OLD language (page 23)

(h) Each Owner shall provide for parking of automobiles off the streets and roads within the Subdivision prior to occupancy of any Dwelling owned by such Owner. There shall be no

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outside storage or parking upon any Lot, or within any portion of the Common Areas of any: mobile home, trailer, motor home, tractor, truck (other than pickup trucks), commercial vehicles of any type, camper, motorized camper or trailer, boat or other watercraft, boat trailer, motorcycle, motorized bicycle, motorized go-cart, or any other related forms of transportation devices. No Owners or other occupants of any portion of the Subdivision shall repair or restore any vehicle of any kind upon or within any Lot, dwelling, or within any portion of the Common Areas, except (i) within enclosed garages or (ii) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility.

NEW language

Section 4. Prohibitions

(k) No trade materials or inventory shall be stored on any Lot and no trucks (other than pickup trucks) in excess of one ton may be regularly parked upon a Lot.

OLD language (page 23)

(k) No trade materials or inventory shall be stored on any Lot and no trucks in excess of 3/4 ton may be regularly parked upon a Lot.

NEW language

Section 4. Prohibitions

(m) All fences placed or constructed within the subdivision shall be well maintained. Fence materials and styles (wood, stone, brick, wrought iron, anodized aluminum or re-enforced high quality vinyl) may be permitted depending on style and layout. All fencing constructed must be approved in writing by the Architectural committee prior to installation. No chain link, hog wire, or chicken wire fencing will be allowed.

OLD language (page 24)

(m) All fences placed or constructed within the subdivision shall be the same color and style as the wood rail fence located at the entrance of the subdivision, unless otherwise approved in writing by the Architectural Committee.

NEW language

Section 4. Prohibitions

(n) There shall be no signs, billboards, or advertising structures of any nature whatsoever placed on any Lots, except one professional sign of not more than four square feet advertising the property for sale, or signs used by a builder to advertise the property during the construction and sales period. Business-related signage on personal vehicles, including pickup trucks, shall be limited to discreet, non-obtrusive identification of business name and contact information only. Such vehicles must be garaged or parked so as to not be visible from the street or adjacent properties.

OLD language (page 24)

(n) There shall be no signs, billboards, or advertising structures of any nature whatsoever placed on any Lots, except one professional sign of not more than one square foot, one sign of not more than four square feet advertising the property for sale or rent, or signs used by a builder to advertise the property during the construction and sales period.

NEW language

Section 4. Prohibitions

(s) Each owner shall keep his Lot free of tall grass or weeds, undergrowth, fallen dead trees, limbs or branches, trash and rubbish. Natural areas and foundation plantings shall be properly maintained to present a pleasing appearance. In the event an owner does not properly maintain his lot as above provided, then it shall be considered a violation subject to Section 12. Fines.

OLD language (page 25)

(s) Each owner shall keep his Lot free of tall grass, undergrowth, dead trees, trash and rubbish and properly maintained so as to present a pleasing appearance. In the event an owner does not properly maintain his building site as above provided, in the opinion of the Committee or Association, then the Committee or Association may have the required work done and the costs thus incurred by the Committee or Association shall be paid by the owner, and shall constitute a lien upon owner's Lot and improvements thereon, enforceable in the manner as a delinquent assessment.

NEW language

Section 4. Prohibitions

(t) No noxious, offensive, or illegal trade or activity shall be carried on upon any Lot, nor shall anything be done on any Lot that shall become an unreasonable annoyance or nuisance to other Lot Owners of the Subdivision. This includes loud music, other loud disturbances, excessive holiday decorations and/or lights. Additionally, no hunting of any type shall be allowed within the Subdivision.

OLD language (page 25)

(t) No noxious, offensive, or illegal trade or activity shall be carried on upon any Lot, nor shall anything be done on any Lot that shall be or become an unreasonable annoyance or nuisance to other Lot Owners or the Subdivision. Additionally, no hunting of any type shall be allowed within the subdivision.

NOTE: The complete Windchase Covenants, Conditions, and Restrictions document is available for review at www.windchasehomeowners.com.