

**COMPILATION
OF
AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND
REGULATIONS THERETO**

Updated July 2016

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>SECTION</u>	<u>Page</u>
I.	DEFINITIONS.....	1
	1. Amended and Restated Covenants.....	1
	2. Amended and Restated Declaration.....	1
	3. Architectural Review Committee.....	1
	4. Area of Common Responsibility	1-2
	5. Articles of Incorporation or Articles	2
	6. Association	2
	7. Base Assessment.....	2
	8. Board of Directors or Board	2
	9. Branigar.....	2
	10. By-Laws	2
	11. Champion Hills.....	2
	12. Club	2
	13. Common Area	2
	14. Common Expenses.....	2
	15. Community-Wide Standard	3
	16. Design Guidelines	3
	17. Dwelling Unit.....	3
	18. Exclusive Common Area	3
	19. Lot	3
	20. Member of the Association or Member	3
	21. Neighborhood	3
	22. Neighborhood Assessments	3
	23. Neighborhoods Committee.....	3
	24. Neighborhood Expenses	4
	25. Original Declaration	4
	26. Owner	4
	27. Person	4
	28. Rules and Regulations.....	4
	29. Special Assessment.....	4
	30. Specific Assessment	4
	31. Vote of the Members.....	4
	32. Willow Creek.....	4
II.	USE OF PROPERTY AND NEIGHBORHOODS	4
	1. Common Area	4-5
	2. Neighborhoods.....	5-6
	3. Exclusive Common Area	6
III.	MEMBERSHIP AND VOTING RIGHTS	6
	1. Membership	6

<u>ARTICLE</u>	<u>SECTION</u>	<u>Page</u>
	2. Voting	6
IV.	ASSOCIATION FUNCTIONS	7
	1. Common Area	6
	2. Personal Property and Real Property for Common Use.....	6-7
	3. Rules and Regulations.....	7
	4. Enforcement	7
	5. Implied Rights.....	7
	6. Governmental Interests.....	7
	7. Indemnification	8
	8. Security.....	8-9
	9. Utility Lines.....	9
V.	MAINTENANCE.....	10
	1. Responsibility of the Association.....	10
	2. Responsibility of the Owners	10
	3. Responsibility of a Neighborhood.....	11
	4. Standard of Performance	11
	5. Party Walls, Fences and Driveways	11-12
VI.	INSURANCE AND CASUALTY LOSSES	12
	1. Association Insurance.....	12-14
	2. Owners' Insurance	14-15
	3. Damage and Destruction	15
	4. Disbursement of Proceeds.....	15
	5. Repair and Reconstruction	15
VII.	PARTITION	16
VIII.	CONDEMNATION.....	16
IX.	ANNEXATION OF ADDITIONAL PROPERTY	16-17
X.	ASSESSMENTS AND TRANSFER FEE.....	17
	1. Creation of Assessments	17-18
	2. Computation of Base Assessment	18
	3. Computation of Neighborhood Assessments.....	19
	4. Reserve Budget and Capital Contribution.....	19
	5. Special Assessments	20
	6. Specific Assessments	20
	7. Lien for Assessments.....	20-21
	8. Date of Commencement of Assessments	21

<u>ARTICLE</u>	<u>SECTION</u>	<u>Page</u>
	9. Failure to Assess	21-22
	10. Capitalization of Association	21
	11. Exempt Property	22
	12. Real Estate Transfer Fee	22-23
XI.	ARCHITECTURAL STANDARDS	23
	1. General	23
	2. Architectural Review	23
	3. Guidelines and Procedures	23-24
	4. No Waiver of Future Approvals	24
	5. Variance	25
	6. Construction Commencement and Time of Completion	25
	7. Limitation of Liability	25
	8. Enforcement	25-26
XII.	USE RESTRICTIONS	26
	1. General	26
	2. Signs	26
	3. Parking; Prohibited Vehicles	27
	4. Persons Bound	27
	5. Animals and Pets	27
	6. Quiet Enjoyment	28
	7. Unsightly or Unkempt Conditions	28
	8. Subdivision of Unit and Time Sharing	28-29
	9. Hunting and Firearms	29
	10. Irrigation	29
	11. Tents, Mobile Homes, and Temporary Structures	29
	12. Grading, Drainage and Sewer Systems	29
	13. Removal of Trees, Bushes or Shrubs	29
	14. Utility Lines	29
	15. Lighting and Displays	29
	16. Mailboxes	29
	17. Wetlands, Lakes, and Other Water Bodies	29
	18. Business Use	29-30
	19. On-Site Fuel Storage	31
	20. Leasing and Renting of Dwelling Units	31-32
	21. Laws and Ordinances	32
	22. Yard Art	32
XIII.	EASEMENTS	33
	1. Easements of Encroachment	33-34
	2. Easements for Utilities	34

<u>ARTICLE</u>	<u>SECTION</u>	<u>Page</u>
	3. Easements for Golf Balls	34
	4. Easement for Emergency.....	34-35
	5. Easements for Maintenance and Enforcement	35
	6. Easements for Use, Access and Parking.....	35
XIV.	THE CLUB	36
	1. General.....	36
	2. Rights of Access and Parking	36
	3. Assessments	36
	4. Limitations on Amendments.....	36
	5. Jurisdiction and Cooperation.....	36-37
XV.	AMENDMENT.....	37
	1. Required Action.....	37
	2. Approval by Members.....	37
XVI.	GENERAL PROVISIONS	37
	1. Applicability	37
	2. Additional Covenants and Easements	37
	3. Term	37-38
	4. Severability	38
	5. Gender and Number.....	38
	6. Captions	38
	7. Waiver	38
	8. Conflict.....	38
	9. Perpetuities	38
	10. Use of the Words "Champion Hills" or Logo	38
	11. Compliance	38-39
	12. Notice of Sale or Transfer of Title	39
	13. Notices	39
	14. Liability for Attorney Fees	39

**AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CHAMPION HILLS
(Updated January 2015)**

Effective January 1, 2001, all remaining essential properties having been theretofore transferred to the Champion Hills Property Owners Association, Inc. by The Branigar Organization, Inc., final control of the management and operation of the Champion Hills Property Owners Association, Inc. passed from The Branigar Organization, Inc. to the Members of the Champion Hills Property Owners Association, Inc. pursuant to the terms and conditions of the Transition Agreement, made and entered into as of the 10th day of March 2000, by and among Champion Hills Club, Inc., Champion Hills Property Owners Association, Inc. and The Branigar Organization, Inc. Such operation and management shall, from and after such date, be governed by the Amended and Restated By-Laws of Champion Hills Property Owners Association, Inc. (January 1, 2001), and as thereafter amended, and the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Champion Hills (November 1, 2002).

These Amended and Restated Covenants do not and are not intended to create a condominium within the meaning of the North Carolina Condominium Act, (Chapter 47C, Sections 47C-1, et. seq., of the North Carolina General Statutes).

**Article I
DEFINITIONS**

The following words and terms, when used in these Amended and Restated Covenants and in the Exhibits thereto, shall have the common and generally accepted meanings, unless where and as used or the pertinent provisions of the North Carolina Nonprofit Corporation Act (Chapter 55A, Section 55A-1, et seq. of the North Carolina General Statutes) shall prohibit such meaning.

Section 1. "Amended and Restated Covenants" shall refer to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Champion Hills (November 1, 2002) adopted and approved by the Members of the Association on December 10, 2002 and as may be amended or supplemented from time to time.

Section 2. "Amended and Restated Declaration" shall refer to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Champion Hills, made as of March 23, 1992 and duly filed and recorded, on April 10, 1992, in the Office of the Register of Deeds for Henderson County, North Carolina, in Deed Book 796 at Page 65, et seq. and as was amended and supplemented from time to time thereafter.

Section 3. "Architectural Review Committee" shall be the committee of the Board of Directors appointed pursuant to Section 2 of Article XI and Section 7.2.3 of the By-Laws responsible for the administration of the Design Guidelines.

Section 4. "Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any, which by the terms of these Amended and Restated

Covenants or other applicable covenants, contract, or agreement with any Neighborhood, become the responsibility of the Association.

Section 5. "Articles of Incorporation" or "Articles" shall refer to the Articles of Incorporation of Champion Hills Property Owners Association, Inc., as filed with the Secretary of State of the State of North Carolina and as amended from time to time.

Section 6. "Association" shall refer to the Champion Hills Property Owners Association, Inc., a corporation organized and existing under, and pursuant to, the provisions of the North Carolina Nonprofit Corporation Act, and its successors or assigns.

Section 7. "Base Assessment" shall refer to assessments levied by the Board of Directors on all Lots and Dwelling Units subject to assessment under Article X to fund Common Expenses for the general benefit of all such Lots and Dwelling Units, as more particularly described in Sections 1 and 2 of Article X.

Section 8. "Board of Directors" or "Board" shall be the body responsible for administration of the Association under the applicable provisions of the Articles, the By-Laws, these Amended and Restated Covenants and the North Carolina Nonprofit Corporation Act.

Section 9. "Branigar" shall refer to The Branigar Organization, Inc., formerly a division of Union Camp Paper Company and now a subsidiary of International Paper Company, and the developer of Champion Hills.

Section 10. "By-Laws" shall refer to the By-Laws of Champion Hills Property Owners Association, Inc. (January 1, 2001), attached hereto as Exhibit A, and as amended from time to time.

Section 11. "Champion Hills" shall refer to the residential development located near Hendersonville, North Carolina and developed by Branigar.

Section 12. "Club" shall mean the Champion Hills Club, Inc., a privately owned nonprofit corporation organized and existing under and pursuant to the provisions of the North Carolina Nonprofit Corporation Act and located in Champion Hills.

Section 13. "Common Area" shall mean all real and personal property that the Association now or hereafter owns, leases or otherwise holds possessory or use rights in for the use and enjoyment of the Members of the Association, including, but not limited to, the wastewater collection, treatment, and spray irrigation system serving Champion Hills, and easements held by the Association for such purpose. The term shall also include the Exclusive Common Area, as defined below.

Section 14. "Common Expenses" shall mean the actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Members of the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to the Articles, these Amended and Restated Covenants and the By-Laws.

Section 15. "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout Champion Hills. Such standard shall be as specifically determined by the Board of Directors and the Architectural Review Committee.

Section 16. "Design Guidelines" shall mean the design and general development guidelines and the application and review procedures for construction activities in Champion Hills, as administered by the Architectural Review Committee pursuant to the provisions of Article XI hereof.

Section 17. "Dwelling Unit" shall mean a single family residence or townhouse, attached or detached, and any accessory building located on a Lot in Champion Hills, the use of which is incident to the Dwelling Unit and customary with that use, subject to the provisions of these Amended and Restated Covenants.

Section 18. "Exclusive Common Area" shall refer to a portion of the Common Area designated by the Association for the exclusive use or primary benefit of one (1) or more, but less than all, Neighborhoods, as more particularly described in Article II hereof.

Section 19. "Lot" shall mean a plot of land shown upon any recorded subdivision map of Champion Hills intended for improvement with a Dwelling Unit, subject to the provisions of these Amended and Restated Covenants.

Section 20. "Member of the Association" or "Member" shall refer to the Owner of a Lot or Dwelling Unit, who (i) is in good standing as to the payment of fees, charges and assessments established and levied pursuant to Article X of these Amended and Restated Covenants and Section 11 of the By-Laws, (ii) is not subject to disciplinary action pursuant to said Article X and Section 12 of the By-Laws and (iii) is otherwise entitled to vote on matters properly brought before any meeting of the Association, including the election of members of the Board of Directors. The term shall also include Branigar, for so long as it shall own fee simple title to any Lot or Dwelling Unit.

Section 21. "Neighborhood" shall refer to each separately designated residential area within Champion Hills, in which the Owners of Lots or Dwelling Units therein have common interests other than those common to all Members of the Association. For example, and by way of illustration and not limitation, each townhome development and single-family detached housing development may constitute a separate Neighborhood, or a Neighborhood may be comprised of more than one (1) housing type with other features in common. In addition, each parcel of land intended for development as any of the above may constitute a Neighborhood, subject to division into more than one (1) Neighborhood upon development. Neighborhood boundaries as initially established may be modified as provided in Section 2(b) of Article II.

Section 22. "Neighborhood Assessments" shall mean assessments levied against the Lots and Dwelling Units in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as more particularly described in Sections 1 and 3 of Article X of these Amended and Restated Covenants.

Section 23. "Neighborhoods Committee" shall refer to the committee established by the Board of Directors pursuant to Section 7.2.3 of the By-Laws.

Section 24. "Neighborhood Expenses" shall mean and include the actual and estimated expenses incurred or anticipated to be incurred by the Association for the benefit of Owners of Lots or Dwelling Units within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements thereto, all as may be specifically authorized, from time to time, by the Board of Directors.

Section 25. "Original Declaration" shall refer to the Declaration of Covenants, Conditions and Restrictions Applicable to Champion Hills Associates Limited Partnership, recorded on April 4, 1990, in the Office of the Register of Deeds of Henderson County, North Carolina, in Deed Book 754, Page 697, et seq., as amended.

Section 26. "Owner" shall refer to one (1) or more Persons who hold the record title to any Lot or Dwelling Unit, but excluding in all cases any Person holding an interest thereon merely as security for the performance of an obligation. If a Lot or Dwelling Unit is under a recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

Section 27. "Person" shall mean a natural person, a corporation, a partnership, a trust, or any other legal entity entitled to be a Member of the Association pursuant to the pertinent provisions of the By-Laws, but shall not include any Person that shall own only a security interest in a Lot or Dwelling Unit.

Section 28. "Rules and Regulations" shall mean the rules, regulations, restrictions and guidelines governing the use of the Common Area by, and the conduct of, Members, their families, their guests and other invitees and any occupant or lessee of any Lot or Dwelling Unit, as shall have been adopted, and as may be amended from time to time, by the Board of Directors.

Section 29. "Special Assessment" shall mean and refer to assessments levied in accordance with Section 5 of Article X of these Amended and Restated Covenants.

Section 30. "Specific Assessment" shall mean and refer to assessments levied in accordance with Section 6 of Article X of these Amended and Restated Covenants.

Section 31. "Vote of the Members" shall mean a vote of a majority of all votes cast by Members of the Association entitled to vote.

Section 32. "Willow Creek" shall refer to that area of Champion Hills comprised of Lots 344 through 355, except Lot 350.

Article II

USE OF PROPERTY AND NEIGHBORHOODS

Section 1. Common Area. Every Owner, as a Member of the Association, shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, subject to:

(a) The terms and conditions of these Amended and Restated Covenants and any other applicable covenants, as they may be amended from time to time, and subject to any restrictions or limitations contained in any deed conveying such property to the Association;

(b) The right of the Board of Directors to adopt Rules and Regulations relating to the use and enjoyment of the Common Area, including those that limit the number of guests of an Owner, who may use the Common Area;

(c) The right of the Board to suspend the right of an Owner of a Lot or Dwelling Unit to use recreational facilities within the Common Area (i) for any period during which any charge against the Lot or Dwelling Unit of such Owner remains delinquent and (ii) for a period not to exceed thirty (30) days for a single violation, or for a longer period in the case of any continuing violation, of these Amended and Restated Covenants, any amendment or supplement thereto, the By-Laws, or the Rules and Regulations, after notice and a hearing of the nature set forth in Section 12.2.2 of the By-Laws;

(d) The right of the Board to dedicate or transfer all or any part of the Common Area pursuant to Section 8 of Article IV hereof;

(e) The right of the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, pursuant to Section 8.2.5 of the By-Laws, including the pertinent approval requirements thereof; and

(f) The rights of certain Owners to the exclusive use of those portions of the Common Area designated "Exclusive Common Areas," as more particularly described in Section 3 below.

Any Owner may extend his right of use and enjoyment to the members of his family, to his guests and other invitees and to any occupant of his Dwelling Unit, as applicable, subject to reasonable regulation by the Board and in accordance with procedures it may adopt. An Owner, who shall lease his Dwelling Unit, shall be deemed to have assigned all such rights to the lessee of such Dwelling Unit.

Section 2. Neighborhoods.

(a) Creation. Under the provisions of the Original Declaration and the Amended and Restated Declaration, a total of five (5) Neighborhoods were created in which a total of eighty-one (81) Dwelling Units are located, to wit: (i) the Club Cottages with sixteen (16) Dwelling Units, (ii) the Laurel Run Cottages and the Overlook Cottages at Laurel Run with twenty-one (21) Dwelling Units, (iii) the Meadow Ridge Cottages and the Meadow Ridge Villas with thirty-three (33) Dwelling Units, (iv) the Poplar Ridge Cottages with three (3) Dwelling Units and (v) the Spring Creek Villas with eight (8) Dwelling Units. All Owners of Dwelling Units, in these Neighborhoods are subject to the provisions of these Amended and Restated Covenants. None of the Dwelling Units in these Neighborhoods have been subjected to covenants, conditions and restrictions additional to those in these Amended and Restated Covenants.

(b) Neighborhoods Committee. Each Neighborhood is entitled to one representative on the Neighborhoods Committee established by the Board of Directors pursuant to Section 7.2.3 of the By-Laws unless two or more Neighborhoods shall agree, upon the unanimous consent of all

Owners of Dwelling Units in such Neighborhoods, to representation by a single representative. The time and manner of appointment of the representative(s) of each Neighborhood for membership on the Neighborhoods Committee and their terms of service shall be in accordance with the provisions of Section 7.2 of the By-Laws.

Section 3. Exclusive Common Area. Pursuant to the Amended and Restated Declaration certain portions of the Common Area within the Neighborhoods were, in the deeds under which the Common Area was conveyed to the Association, designated as Exclusive Common Area and reserved for the exclusive use or primary benefit of the Owners of Lots and Dwelling Units within a particular Neighborhood or Neighborhoods. By way of illustration and not limitation, Exclusive Common Area may include entry features, landscaped medians and cul-de-sacs, ponds and other portions of the Common Area within a particular Neighborhood or Neighborhoods. All costs associated with maintenance, repair, replacement and insurance of an Exclusive Common Area shall be assessed as a Neighborhood Assessment against the Owners of Lots or Dwelling Units in those Neighborhoods in which the Exclusive Common Area is so designated.

Article III **MEMBERSHIP AND VOTING RIGHTS**

Section 1. Membership. Provisions with respect to (i) the qualifications for membership in the Association, (ii) the rights, privileges, duties and obligations of such membership and (iii) the types of membership, including joint ownership of a Lot or Dwelling Unit, ownership by legal entity of a Lot or Dwelling Unit and multiple Lot or Dwelling Unit ownership are set forth in Sections 3.1, 3.2 and 3.3 of the By-Laws. Provisions with respect to the transfer of membership in the Association are set forth in Section 3.4 of the By-Laws. The foregoing enumerated Sections of the By-Laws are specifically incorporated herein by reference as if set forth in this Section 1 in their entirety, to the extent not inconsistent with other provisions of these Amended and Restated Covenants.

Section 2. Voting. The rights of a Member of the Association to vote on matters properly before any meeting of Members or otherwise are set forth in Sections 4.9 and 5.4 of the By-Laws. Said Sections of the By-Laws are hereby specifically incorporated herein by reference as if set forth in this Section 2 in their entirety, to the extent not inconsistent with other provisions of these Amended and Restated Covenants.

Article IV **ASSOCIATION FUNCTIONS**

Section 1. Common Area. The Association, subject to the rights of the Owners set forth in these Amended and Restated Covenants, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including, without limitation, furnishings, equipment, and common landscaped areas) and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard.

Section 2. Personal Property and Real Property for Common Use. Under the terms and conditions of the Original Declaration and the Amended and Restated Declaration, the

Associations now holds certain tangible and intangible personal and real property, including, but not limited to, the wastewater collection, treatment and spray irrigation system serving Champion Hills. Such property shall be maintained by the Association at its expense for the benefit of the Members of the Association, subject to any restrictions or limitations set forth in the respective deeds of conveyance.

Section 3. Rules and Regulations. The Board of Directors, may make, modify and enforce such Rules and Regulations, as in its opinion, are reasonable and necessary for governing the use of the Common Area. These Rules and Regulations shall at all times be consistent with the rights, privileges duties and obligations of the Owners of Lots and Dwelling Units in Champion Hills, as Members of the Association, established by these Amended and Restated Covenants. Such Rules and Regulations shall be binding upon each Owner and on the members of his family, his guests and other invitees and on any occupant and lessee(s) of his Dwelling Unit, if any, until and unless overruled, cancelled, or modified in a regular or special meeting of the Association by a majority of the votes cast by Members of the Association entitled to vote.

Section 4. Enforcement. The Association shall be authorized, by action of the Board of Directors, to impose sanctions for violations of these Amended and Restated Covenants, the By-Laws, or the Rules and Regulations. Sanctions may include reasonable monetary fines, suspension of the right to vote and to use any recreational facilities within the Common Area, and posting the name of a member whose account is delinquent, along with the amount due the POA in the Business Office and/or in the POA/Club newsletter. In addition, the Association, by action of the Board taken in accordance with Section 12.2 or 12.5 of the By-Laws, shall have the right to exercise self-help to cure violations and shall be entitled to suspend any services provided by the Association to any Owner or to the Lot or Dwelling Unit of such Owner in the event that such Owner is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association. The Board shall have the power to seek relief in any court for violations or to abate nuisances. Sanctions shall be imposed as provided in the By-Laws.

Section 5. Implied Rights. The Association may exercise, by action of the Board of Directors, any other right or privilege given to it expressly by these Amended and Restated Covenants or the By-Laws. The Association may also exercise every other right or privilege reasonably implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 6. Governmental Interests.

(a) Except as provided in Section 6(b) below, the Association shall have the right to designate, by action of the Board of Directors, sites within Champion Hills for fire, police, water and sewer facilities, parks, and other public facilities. The sites may include portions of the Common Areas. In no event shall such a designated site be property owned by Branigar (or any of its subsidiaries or affiliates).

(b) As long as Branigar (or any subsidiary or affiliate) owns any property within Champion Hills, Branigar (or such subsidiary or affiliate) shall be permitted to designate sites on its property, for fire, water and sewer facilities, parks and other public facilities.

Section 7. Indemnification.

(a) The provisions of Section 13 of the By-Laws shall govern the obligations of the Association to indemnify its officers and the members of the Board of Directors and of any committee thereof. Such provisions are hereby specifically incorporated herein by reference as if set forth in this paragraph (a) of Section 7 in their entirety, to the extent not inconsistent with other provisions of these Amended and Restated Covenants.

(b) The officers, directors, and the members of any committee of the Association established hereunder or under the pertinent provisions of the By-Laws shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. Such, officers and directors and committee members shall have no personal liability with respect to any contract or other commitment made by them in good faith on behalf of the Association (except to the extent that such officers or directors and committee members may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director and committee member free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers and directors liability insurance to fund this obligation, if such insurance is reasonably available.

Section 8. Security.

(a) The Association may, but shall not be obligated to, maintain or support certain activities designed to enhance the safety of Lots and Dwelling Units in Champion Hills.

(i) THE ASSOCIATION SHALL IN NO WAY BE CONSIDERED AN INSURER OR A GUARANTOR OF SECURITY WITHIN CHAMPION HILLS NOR SHALL THE ASSOCIATION BE HELD LIABLE FOR ANY LOSS OR DAMAGE FOR FAILURE TO PROVIDE ADEQUATE SECURITY OR FOR THE INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN.

(ii) EACH OWNER, THE MEMBERS OF HIS FAMILY, HIS GUESTS AND OTHER INVITEES AND ANY OCCUPANT OR LESSEE(S) OF HIS DWELLING UNIT ACKNOWLEDGE THAT THE ASSOCIATION, ITS OFFICERS AND THE MEMBERS OF THE BOARD OF DIRECTORS AND ANY COMMITTEE THEREOF, INCLUDING THE ARCHITECTURAL REVIEW COMMITTEE, DO NOT REPRESENT OR WARRANT (A) THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM, OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO PROCEDURES ESTABLISHED BY THE ASSOCIATION OR THE ARCHITECTURAL REVIEW COMMITTEE MAY NOT BE COMPROMISED OR CIRCUMVENTED, (B) THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE OR (C) THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL, IN ALL CASES, PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED.

(iii) EACH OWNER, THE MEMBERS OF HIS FAMILY, HIS GUESTS AND OTHER INVITEES AND ANY OCCUPANT OR LESSEE(S) OF HIS DWELLING UNIT ACKNOWLEDGE AND UNDERSTAND THAT THE ASSOCIATION, ITS OFFICERS AND THE MEMBERS OF THE BOARD OF DIRECTORS AND ANY OF THE COMMITTEES THEREOF, INCLUDING THE ARCHITECTURAL REVIEW COMMITTEE, ARE NOT INSURERS.

(iv) EACH OWNER, THE MEMBERS OF HIS FAMILY, HIS GUESTS AND OTHER INVITEES AND ANY OCCUPANT OR LESSEE(S) OF HIS DWELLING UNIT ASSUME ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS OR DWELLING UNITS, AND TO THE CONTENTS OF DWELLING UNITS AND FURTHER ACKNOWLEDGE THAT THE ASSOCIATION, ITS OFFICER AND THE MEMBERS OF THE BOARD OF DIRECTORS AND ANY COMMITTEES THEREOF, INCLUDING THE ARCHITECTURAL REVIEW COMMITTEE, HAVE MADE NO REPRESENTATIONS OR WARRANTIES, NOR HAS SUCH OWNER, THE MEMBERS OF HIS FAMILY, HIS GUESTS AND OTHER INVITEES AND ANY OCCUPANT OR LESSEE(S) OF HIS DWELLING UNIT RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN CHAMPION HILLS.

Section 9. Utility Lines.

(a) EACH OWNER, THE MEMBERS OF HIS FAMILY, HIS GUESTS AND OTHER INVITEES AND ANY OCCUPANT OR LESSEE(S) OF HIS DWELLING UNIT ACKNOWLEDGE THAT NEITHER THE ASSOCIATION, ITS OFFICERS AND THE MEMBERS OF THE BOARD OF DIRECTORS NOR ANY COMMITTEE THEREOF, INCLUDING THE ARCHITECTURAL REVIEW COMMITTEE, SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF HEALTH WITHIN CHAMPION HILLS AND NEITHER THE ASSOCIATION, ITS OFFICERS NOR THE MEMBERS OF THE BOARD OF DIRECTORS OR ANY COMMITTEE THEREOF, INCLUDING THE ARCHITECTURAL REVIEW COMMITTEE, SHALL BE HELD LIABLE FOR ANY PERSONAL INJURY, ILLNESS OR ANY OTHER LOSS OR DAMAGE CAUSED BY THE PRESENCE OF UTILITY LINES OR UTILITY SUB-STATIONS ADJACENT TO, NEAR, OVER, OR ON THE PROPERTIES.

(b) EACH OWNER, THE MEMBERS OF HIS FAMILY, HIS GUESTS AND OTHER INVITEES AND ANY OCCUPANT OR LESSEE(S) OF HIS DWELLING UNIT ASSUME ALL RISK OF PERSONAL INJURY, ILLNESS, OR OTHER LOSS OR DAMAGE ARISING FROM THE PRESENCE OF UTILITY LINES OR UTILITY SUB-STATIONS AND FURTHER ACKNOWLEDGE THAT (i) THE ASSOCIATION HAS NOT MADE ANY REPRESENTATIONS OR WARRANTIES AND (ii) NO OWNER, THE MEMBERS OF HIS FAMILY, HIS GUESTS AND OTHER INVITEES AND ANY OCCUPANT OR LESSEE(S) OF HIS DWELLING UNIT RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, RELATIVE TO THE IMPACT OF UTILITY LINES OR UTILITY SUB-STATIONS.

Article V
MAINTENANCE

Section 1. Responsibility of the Association.

(a) The Association shall maintain and keep in good repair the Area of Common Responsibility, such maintenance to be funded as hereinafter provided. The Area of Common Responsibility shall include, but need not be limited to, all landscaping and other flora, parks, ponds, structures, improvements, including any private streets and bike and pedestrian pathways/trails, and the wastewater collection, treatment, and spray irrigation system serving Champion Hills and such portions of any additional property included within the Area of Common Responsibility as may be dictated by these Amended and Restated Covenants or by the terms of any covenant, contract, or agreement for maintenance thereof entered into by the Association. The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

(b) Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense to be allocated among all Lots and Dwelling Units as part of the Base Assessment; provided, however, all costs associated with maintenance, repair and replacement of Exclusive Common Area shall be a Neighborhood Expense assessed as a Neighborhood Assessment solely against the Units within the Neighborhood(s) to which the Exclusive Common Area is assigned.

(c) The Association has a right of way on all roads in Champion Hills. The right of way is twenty-five (25) feet from the centerline on Hagen Drive, Indian Cave Road, Chattooga Run, and Old Hickory Trail. On all other roads, the right of way is twenty (20) feet from the centerline. A property owner who constructs any permanent or temporary facility or structure inside the specified right of way, even if granted a variance, assumes full responsibility for repair of any damage to such facility or structure. This shall include, but not be limited to, irrigation systems, fencing or other decorative architecture.

Section 2. Responsibility of the Owners. Each Owner shall maintain his Lot or Dwelling Unit and all structures, parking areas, and other improvements on his property in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a Neighborhood pursuant to any supplement to these Amended and Restated Covenants or other declaration of covenants applicable to such Lot or Dwelling Unit. In addition to any other enforcement rights available to the Association, if any Owner fails properly to perform his or her maintenance responsibility, the Association may perform such maintenance responsibilities and assess all costs incurred by the Association in such performance against the Lot or Dwelling Unit and the Owner thereof as a Specific Assessment in accordance with the provisions of paragraph (a) of Section 6 of Article X hereof. However, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

Section 3. Responsibility of a Neighborhood.

(a) Upon resolution of the Board or pursuant to additional covenants, if any, applicable to the Neighborhood, a Neighborhood may be delegated responsibility for operating, maintaining and insuring certain portions of the Area of Common Responsibility which are the responsibility of the Association within or adjacent to such Neighborhood. This may include, without limitation, maintaining any signage, entry features, right-of-way and greenspace between the Neighborhood and adjacent public roads, private streets within the Neighborhood, and ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association; provided, however, all Neighborhoods which are similarly situated shall be treated the same. The costs of such operation, maintenance, and insurance shall be paid by the Owners of Lots and Dwelling Units within such Neighborhood through Neighborhood Assessments as established by the Board in accordance with the provisions of paragraph (a) Section 3 of Article X.

(b) Any Neighborhood having responsibility for maintenance of all or a portion of the Common Area within such Neighborhood shall perform such maintenance responsibility in a manner consistent with the Community-Wide Standard. If any Neighborhood fails, in the opinion of the Board of Directors, to perform the maintenance responsibility as required herein and in any additional covenants applicable to such Neighborhood, the Association may perform it and assess the costs against all Lots and Dwelling Units within such Neighborhood as provided in paragraph (a) of Section 6 of Article X hereof. In addition, the Association may assume such maintenance responsibility by agreement with the Neighborhood and assess the costs thereof as a Neighborhood Assessment against those Lots and Dwelling Units within the Neighborhood to which the services are provided. The provision of services in accordance with this paragraph shall not constitute discrimination within a class.

Section 4. Standard of Performance. Unless otherwise specifically provided herein or in other instruments creating and assigning such maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants. Neither the Association, any Owner of a Lot or Dwelling Unit in a Neighborhood nor the Neighborhood itself shall be liable for any damage or injury occurring on, or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities hereunder.

Section 5. Party Walls, Fences and Driveways.

(a) General Rules of Law to Apply. Each wall, fence or driveway built as a part of the original construction on the Dwelling Units which shall serve and/or separate any two (2) adjoining Dwelling Units and is not common property of any Neighborhood shall constitute a party wall, party fence, or party driveway, as applicable. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall, fence or driveway shall be shared equally by the Owners who make use of the party wall, fence or driveway.

(c) Damage and Destruction. If a party wall, fence or driveway is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the party wall, fence or driveway may restore it. The reasonable cost of such restoration shall be shared equally by the Owners who make use of the party wall, fence or driveway. However, such sharing of costs will not prejudice the right of any Owner to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Right to Contribution Runs With Land. The right of any Owner to seek contribution from any other Owner under this Section 5 shall be appurtenant to the land and shall pass to the successors-in-title and assigns of such Owner.

(e) Arbitration. In the event of any dispute arising concerning a party wall, fence, or driveway each party shall appoint one (1) arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request by the Board of Directors, the Board shall appoint an arbitrator for the refusing party. The arbitrators appointed shall appoint one (1) additional arbitrator. The decision by a majority of all three (3) arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other.

Article VI

INSURANCE AND CASUALTY LOSSES

Section 1. Association Insurance.

(a) The provisions of Section 8.2.6 of the By-Laws shall govern the obligation of the Association with respect to insurance coverage required to be secured and maintained by the Association. Such provisions are specifically incorporated herein by reference as if set forth in this Article VI in their entirety to the extent not inconsistent with other provisions of this Article and the Amended and Restated Covenants. The Association shall have no insurance responsibility for the Club.

(b) In addition, the Association may, upon request of a Neighborhood, secure and maintain in effect adequate blanket "all-risk" property insurance on properties within such Neighborhood, if reasonably available on the same terms and conditions. If "all-risk" property insurance is not generally available at reasonable cost, then fire and extended coverage may be substituted. Such coverage may be in such form as the Board of Directors deems appropriate. The face amount of the policy shall be sufficient to cover the full replacement cost of all structures to be insured. The costs thereof shall be charged to the Owners of the Lots and Dwelling Units within the benefited Neighborhood as a Neighborhood Assessment. All policies shall provide for a certificate of insurance to be furnished to each Member insured, to the Association, and to the Neighborhood, if any. Except as provided herein with respect to property within a Neighborhood, premiums for all insurance covering Common Area shall be a Common Expense and shall be included in the Base Assessment. However, premiums for insurance on Exclusive Common Area may be included in the Neighborhood Assessment of the Neighborhood(s) benefited, unless the Board of Directors reasonably determines that other treatment of the premiums is more appropriate.

(c) The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the coverage required hereunder. In the event of an insured loss, the deductible shall be treated as a Common Expense or a Neighborhood Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity for a hearing of the nature provided in Section 12.2.2 of the By-Laws, that the loss is the result of the negligence or willful conduct of one (1) or more Owners of Lots or Dwelling Units in such Neighborhood, then the Board may assess the full amount of such deductible against such Owner(s) and their Lots and Dwelling Units as a Specific Assessment pursuant to Section 6 of Article X hereof.

(d) All insurance coverage obtained by the Board of Directors, whether obtained on behalf of the Association or a Neighborhood, shall be governed by the following provisions:

(i) All policies shall be written with a company authorized to do business in North Carolina.

(ii) All insurance shall be written in the name of the Association, as trustee for the benefited parties. Policies on the Common Area shall be for the benefit of the Association and its Members. Policies secured on behalf of a Neighborhood shall be for the benefit of the Owners of Lots and Dwelling Units within the Neighborhood, and their Mortgagees, as their interests may appear.

(iii) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(iv) In no event shall the insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by individual Owners of Lots or Dwelling Units or their Mortgagees.

(v) All property insurance policies shall have an inflation guard endorsement, if reasonably available. If the policy contains a co-insurance clause, it shall also have an agreed amount endorsement. The Association shall arrange for an annual review of the sufficiency of insurance coverage by one (1) or more qualified persons.

(vi) The Board of Directors shall be required to use reasonable efforts to secure insurance policies that will provide the following:

(A) A waiver of subrogation by the insurer as to any claims against the Board of Directors, officers, employees, and its manager, an Owner, the members of his family, his guests and other invitees, and any occupant or lessee of his dwelling Unit;

(B) A waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(C) A statement that no policy may be cancelled, invalidated, suspended, or subjected to non-renewal on account of any one (1) or more individual Owners;

(D) A statement that no policy may be cancelled, invalidated, suspended, or subjected to non-renewal on account of any curable defect or violation without prior demand in writing delivered to the Association to cure the defect or violation and the allowance of a reasonable time thereafter within which it may be cured by the Association, its manager, any Owner or his Mortgagee;

(E) A statement that any "other insurance" clause in any policy excludes individual Owners' policies from consideration; and

(F) A statement that the Association will be given at least thirty (30) days prior written notice of any cancellation, substantial modification, or non-renewal.

(e) In addition to other insurance required by this Section 1 of Article VI, the Association shall obtain, as a Common Expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, if reasonably available, and flood insurance, if advisable. The Association also shall obtain, as a Common Expense, a fidelity bond or bonds, if generally available at reasonable cost, covering all persons responsible for handling Association funds. The amount of fidelity coverage shall be determined in the sole discretion of the Board of Director but, if reasonably available, may not be less than one-sixth (1/6) of the annual Base Assessments on all Lots and Dwelling Units in Champion Hills, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days prior written notice to the Association of any cancellation, substantial modification or non-renewal.

Section 2. Owners' Insurance.

(a) By virtue of taking title to a Lot or Dwelling Unit in Champion Hills subject to the terms of the Original Declaration, the Amended and restated Declaration or these Amended and Restated Covenants, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket "all-risk" property insurance on his Lot or Dwelling Unit(s) providing full replacement cost coverage (less a reasonable deductible), unless either the Neighborhood in which the Lot or Dwelling Unit is located or the Association carries such insurance. Neither the Association nor the subject Neighborhood is obligated to carry such insurance.

(b) Each Owner further covenants and agrees that, in the event of damage to or destruction of structures comprising his Dwelling Unit, such Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article XI of these Amended and restated Covenants. Alternatively, the Owner shall clear the Lot or Dwelling Unit of all debris and ruins, and thereafter, shall maintain such Lot or Dwelling Unit in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs of repair or reconstruction that are not covered by insurance proceeds.

(c) Additional recorded covenants applicable to any Neighborhood may establish more stringent requirements regarding the standards for rebuilding or reconstructing structures on the

Lots and Dwelling Units within such Neighborhood and the standards for clearing and maintaining such Lots and Dwelling Units in the event the structures are not rebuilt or reconstructed.

Section 3. Damage and Destruction.

(a) Immediately after damage or destruction by fire or other peril to all or any part of property covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph (a), means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other peril, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) Any damage to or destruction of the Common Area shall be repaired or reconstructed unless the Members holding a majority of the votes cast of the Association entitled to vote decide within sixty (60) days after the loss not to repair or reconstruct. If, for any reason, either the amount of the insurance proceeds to be paid as a result of such damage or destruction or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said sixty (60) day period, then the period shall be extended until such funds or information shall be made available. However, such extension shall not exceed sixty (60) additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

(c) If it is determined in the manner described above that the damage or destruction to the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, the affected portion of the Common Area and any adjacent Lot or Dwelling Unit shall be cleared of all debris and ruins. Thereafter, the said affected portion shall be maintained by the Association or the Neighborhood, as applicable, in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Section 4. Disbursement of Proceeds. Any insurance proceeds remaining after defraying such costs of repair or reconstruction or, if no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with any affected Owner or Owners and their Mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Lot or Dwelling Unit and may be enforced by such Mortgagee.

Section 5. Repair and Reconstruction. If the insurance proceeds are insufficient to defray the costs of repairing or reconstructing the damage to the Common Area, the Board of Directors shall, without the necessity of a vote of the Members, levy a Special Assessment against the Owners of the Lots or Dwelling Units responsible for the premiums for the applicable insurance coverage under Section 1 of this Article. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

Article VII
PARTITION

Except as is permitted in these Amended and Restated Covenants, there shall be no judicial partition of the Common Area or any part thereof. No Person acquiring any interest in a Lot or Dwelling Unit in Champion Hills or any part thereof shall seek any judicial partition unless such Lot or Dwelling Unit or such portion thereof have been removed from the provisions of these Amended and Restated Covenants. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property that may or may not be subject to these Amended and Restated Covenants and disposing of such real property.

Article VIII
CONDEMNATION

Notice shall be given to all Members of the Association whenever all or any part of the Common Area (a) has been taken by any authority having the power of condemnation or eminent domain, or (b) has been conveyed by the Board of Directors in lieu of and under threat of condemnation following the approval by a vote of at least sixty-seven percent (67%) of the total vote in the Association. The award for the property taken or conveyed shall be payable to the Association, as trustee for all Members, and shall be disbursed as follows:

(i) If any of the Common Area taken or conveyed had been improved, then the Association shall restore or replace the improvements on remaining available Common Area unless Members holding at least seventy-five percent (75%) of the total vote of the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board of Directors. If such improvements are to be replaced or restored, the provisions of Section 4 of Article VI regarding the disbursement of funds for the repair of casualty damage or destruction shall apply;

(ii) If the Common Area taken or conveyed had not been improved, or if there is a decision not to replace or restore, or if there are funds remaining after the replacement or restoration is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors shall determine.

Article IX
ANNEXATION OF ADDITIONAL PROPERTY

At the request of the Owner thereof and the majority of the votes cast by Members of the Association entitled to vote at a duly called meeting of the Association for such purpose, additional real property may be annexed and subject to the provisions of these Amended and Restated Covenants and to the jurisdiction of the Association; provided, however, that such real property shall be located contiguous to or reasonably near Champion Hills and otherwise be compatible therewith. Such annexation shall be accomplished by filing and recording an amendment or supplement to these Amended and Restated Covenants in the public records of and for Henderson County, North Carolina, describing the real property to be so annexed. Any such amendment or supplement shall be signed by the President and the Secretary of the Association,

and by the owner of the property being annexed. Any such annexation shall be effective upon filing unless otherwise provided therein.

Article X
ASSESSMENTS AND TRANSFER FEE

Section 1. Creation of Assessments.

(a) There are hereby created assessments for Association expenses as may from time to time specifically be authorized by the Board of Directors, to be commenced at the time and in the manner set forth in Section 8 of this Article. There shall be four (4) types of assessments: (a) Base Assessments to fund Common Expenses for the general benefit of all Lots and Dwelling Units; (b) Neighborhood Assessments for Neighborhood Expenses benefiting only Lots and Dwelling Units within a particular Neighborhood or Neighborhoods; (c) Special Assessments as described in Section 5 below; and (d) Specific Assessments as described in Section 6 below. Each Owner, by acceptance of a deed or recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay these assessments.

(b) In addition to the assessments provided for above, there shall be a Real Estate Transfer Fee, the terms and conditions of which, including commencement date, amount, manner and time of payment and delinquency collection, are as set forth in Section 12 of this Article X. Each present or future Owner of any Lot or Dwelling Unit, by acceptance of the deed therefor (whether or not it shall be so expressed in any such deed), shall be deemed to covenant and agree for himself, his heirs, representatives, successors and assigns to pay such Real Estate Transfer Fee upon the sale of such Lot or Dwelling Unit.

(c) All assessments, together with interest at a rate to be set by the Board (not to exceed the highest rate allowed by North Carolina law) as computed from the date the delinquency first occurs, late charges, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon each Lot or Dwelling Unit against which the assessment is made until paid, as more particularly provided in Section 7 of this Article. Each such assessment, together with interest, late charges, costs, and reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of such Lot or Dwelling Unit at the time the assessment arose. In the event of a transfer of title to a Lot or Dwelling Unit, the transferee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance. However, no first Mortgagee who obtains title to a Lot or Dwelling Unit pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments that accrued prior to such acquisition of title; such unpaid assessments shall remain the obligation of the Mortgagor, as Owner of such Lot or Dwelling Unit.

(d) The Association shall, upon written request, furnish to any Owner, liable for any type of assessment, a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid as to any Lot or Dwelling Unit. Such certificate shall be conclusive evidence of payment to the Association of such assessment therein stated to have been paid. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

(e) Assessments shall be paid in accordance with the provisions of Section 11.2 of the By-Laws; such provisions are specifically incorporated herein by reference as if set forth in this paragraph (e) of Section 1 of this Article X in their entirety. If an Owner is delinquent in paying any assessments or other charges levied on his Lot or Dwelling Unit, the Board of Directors may require any unpaid installments of all outstanding assessments to be paid in full immediately.

(f) No Owner may waive or otherwise exempt himself from liability for the assessments, including, by way of illustration and not limitation, by non-use of Common Area or abandonment of his Lot or Dwelling Unit. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board of Directors to take some action or perform some function required to be taken or performed by the Association or the Board under these Amended and restated Covenants or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements that are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

(g) As long as Branigar or any of its successors or assigns shall own a Lot or Dwelling Unit in Champion Hills subject to these Amended and Restated Covenants, it shall pay, in cash when due, all assessments as levied pursuant to the provisions of this Article X on such Lots or Dwelling Units.

Section 2. Computation of Base Assessment.

(a) It shall be the duty of the Board of Directors, at least sixty (60) days before the beginning of each fiscal year of the Association, to approve a budget covering the estimated Common Expenses of the Association during the coming year. The budget shall include a capital contribution establishing a reserve fund in accordance with a budget separately prepared as provided in Section 4 of this Article. The budget shall also include a separate line item for the maintenance and operation of the wastewater collection, treatment, and spray irrigation system serving Champion Hills, and the funds allocated for this line item shall be accounted for separate from other funds collected by the Association to defray Common Expenses.

(b) The Base Assessment shall be levied equally against all Lots and Dwelling Units and shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses, including reserves; provided, however, that unimproved Lots will not be assessed for the operational expenses of the wastewater collection, treatment, and spray irrigation system serving Champion Hills, but will be assessed for capital contributions to the reserve fund relating to said wastewater system. In determining the level of assessments, the Board, in its discretion, may consider other sources of funds available to the Association.

(c) The Board of Directors shall cause a copy of the budget and notice of the amount of the Base Assessment to be levied against each Lot or Dwelling Unit for the following year to be mailed to each Owner at his address shown on the Membership Register of the Association maintained at its principal office, at least thirty (30) days prior to the beginning of the fiscal year for which it is to be effective. Such budget and assessment shall become effective unless disapproved at a meeting by Members holding at least seventy-five percent (75%) of the total votes in the

Association. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings in Section 4.3 of the By-Laws; such petition must be presented to the Board within ten (10) days after mailing of the notice of assessments.

(d) Notwithstanding the foregoing, however, in the event the proposed budget is disapproved or the Board of Directors shall fail, for any reason, to establish a budget for any year, then and until such time as a budget shall have been established, the budget in effect for the immediately preceding year shall continue for the current year.

Section 3. Computation of Neighborhood Assessments.

(a) It shall be the duty of the Board of Directors, at least sixty (60) days before the beginning of each fiscal year, to approve a separate budget covering the estimated Neighborhood Expenses to be incurred by the Association for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year. Such budget shall include a capital contribution establishing a reserve fund for repair and replacement of capital items maintained as a Neighborhood Expense, if any, within the Neighborhood. Neighborhood Expenses shall be allocated equally among all Lot and Dwelling Units within any Neighborhood benefited thereby and levied as a Neighborhood Assessment.

(b) The Board shall cause a copy of such budget and notice of the amount of the Neighborhood Assessment to be levied on each Lot and Dwelling Unit in the Neighborhood for the coming year to be mailed to each Owner thereof to his address shown on the Membership Register of the Association maintained at its principal office, at least thirty (30) days prior to the beginning of the fiscal year. Such budget and assessment shall become effective unless disapproved by a majority of the votes cast by the Owners of Lots and Dwelling Units in the Neighborhood to which the Neighborhood Assessment applies. However, there shall be no obligation to call a meeting for the purpose of considering the budget, except on petition of Owners of at least ten percent (10%) of the Lots and Dwelling Units in such Neighborhood.

(c) In the event the proposed budget for any Neighborhood is disapproved or the Board of Directors shall fail, for any reason, to establish a budget for any year, then and until such time as a budget shall have been established, the budget in effect for the immediately preceding year shall continue for the current year.

Section 4. Reserve Budget and Capital Contribution. The Board of Directors shall annually prepare reserve budgets for both general and Neighborhood purposes that take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget for the Association, with respect both to amount and timing by annual Base Assessments or Neighborhood Assessments, as appropriate, over the period of the budget. The capital contribution required, if any, shall be fixed by the Board and included within and distributed with the applicable budget and notice of assessments, as provided in Sections 2 and 3 of this Article X.

Section 5. Special Assessments.

(a) In addition to other assessments authorized hereunder, the Board of Directors may levy Special Assessments, from time to time, to cover unbudgeted expenses or expenses in excess of those budgeted. Such Special Assessment may be levied on all Lots and Dwelling Units in Champion Hills, if such Special Assessment is for Common Expenses, or on the Lots and Dwelling Units within any Neighborhood if such Special Assessment is for Neighborhood Expenses. Except as otherwise specifically provided in these Amended and Restated Covenants, any Special Assessment to become effective shall have the affirmative vote of the majority of the votes cast by Members of the Association who own Lots and Dwelling Units that will be subject to such Special Assessment.

(b) In addition, if the funds collected through assessments are insufficient to defray the cost of maintaining and operating the wastewater collection, treatment, and spray irrigation system serving Champion Hills or if extraordinary or unbudgeted funds are necessary or desirable for such maintenance and operation, the Board of Directors may, without the necessity of a vote of the Members, levy Special Assessments on all Lots and Dwelling Units in Champion Hills or against Lots and Dwelling Units within any Neighborhood or Neighborhoods, in the sole discretion of the Board, to defray such costs.

(c) Special Assessments shall be payable, in such manner and at such times, as shall be established by the Board of Directors, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Board so determines.

Section 6. Specific Assessments. The Board of Directors shall have the power to specifically assess expenses of the Association on Lots and Dwelling Units receiving benefits, items, or services not provided to all Lots and Dwelling Units within a Neighborhood or within Champion Hills (i) that are incurred upon request of the Owner of a Lot or Dwelling Unit for specific items or services relating to the Lot or Dwelling Unit (ii) that are determined by the Board to be necessary for the maintenance of the health, safety or overall well-being of Champion Hills, or (iii) that are incurred as a consequence of the conduct of less than all Owners, the members of their families, their guests or other invitees or an occupant or lessee(s) of their Dwelling Units. The Association may also levy a Specific Assessment against any Lot or Dwelling Unit or Neighborhood to reimburse the Association for costs incurred in bringing the Lot or Dwelling Unit or Neighborhood into compliance with the provisions of these Amended and Restated Covenants, the Articles, the By-Laws, and the Rules and Regulations. Such Specific Assessments may be levied after notice to the Owner or Neighborhood, as applicable, and an opportunity for a hearing. Any Specific Assessment shall be payable in the same manner as Special Assessments levied under Section 5(a) of this Article X.

Section 7. Lien for Assessments.

(a) The Association shall have a lien against each Lot or Dwelling Unit to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of North Carolina law), and costs of collection (including reasonable attorneys' fees). Such lien shall be prior and superior to all other liens, except (i) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the Lot or Dwelling Unit) recorded before the docketing of the claim of the lien in the Office of the Clerk of the Superior Court, and (ii) liens for

real estate taxes and other governmental assessments and charges against the Lot or Dwelling Unit. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or nonjudicial foreclosure in accordance with North Carolina law.

(b) The Association, acting on behalf of the Members, shall have the power to bid for the Lot or Dwelling Unit at the foreclosure sale and to acquire, hold, lease, mortgage, and convey the said Lot or Dwelling Unit. During the period in which a Lot or Dwelling Unit is owned by the Association following foreclosure: (i) no right to vote shall be exercised on its behalf; (ii) no assessment shall be levied on it; and (iii) each other Lot and Dwelling Unit in Champion Hills shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Lot or Dwelling Unit had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Common Expenses and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same.

(c) The sale or transfer of any Lot or Dwelling Unit shall not affect the assessment lien or relieve such Lot or Dwelling Unit from the lien for any assessments theretofore due or thereafter becoming due. However, the sale or transfer of any Lot or Dwelling Unit pursuant to judicial or non-judicial foreclosure of a first Mortgage shall extinguish the lien as to any installments of such assessments which became due prior to such sale or transfer. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Lot or Dwelling Unit obtains title pursuant to judicial or non-judicial foreclosure of the Mortgage, such Mortgagee shall not be personally liable for the share of the Common Expenses or assessments by the Association chargeable to such Lot or Dwelling Unit that became due prior to such acquisition of title. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from Owners of all Lots and Dwelling Units subject to assessment under this Article X, including such acquirer, its successors and assigns, subject to the right of the Board of Directors to pursue remedies for such failure under this Section 7.

Section 8. Date of Commencement of Assessments. Notwithstanding the provisions of Section 1(g) of this Article X as to the obligation of Branigar to pay assessments, the obligation to pay the assessments provided for herein shall commence as to a Lot or Dwelling Unit on the first day of the month following initial conveyance of the Lot or Dwelling Unit by Branigar and upon subsequent sale or transfer thereof following such initial conveyance. The first annual Base Assessment and Neighborhood Assessment, if any, levied on each Lot or Dwelling Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on such Lot or Dwelling Unit.

Section 9. Failure to Assess. The omission or failure of the Board of Directors to fix the assessment amounts or rates or to deliver or mail to each Owner of a Lot or Dwelling Unit an assessment notice pursuant to Section 2(c) of this Article X shall not be deemed a waiver, modification, or a release of any such Owner from the obligation to pay assessments. In such event, each such Owner shall continue to pay Base Assessments and Neighborhood Assessments, if applicable, on the same basis as for the last year for which an assessment was made, if any, until a new assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

Section 10. Capitalization of Association. Upon acquisition of record title to a Lot or Dwelling Unit by the first Owner thereof, a contribution shall be made by or on behalf of the

purchaser to the working capital of the Association in an amount equal to one-sixth (1/6) of the annual Base Assessment per Lot or Dwelling Unit for that year as determined by the Board of Directors. This amount shall be in addition to, not in lieu of, the annual Base Assessment levied on the Lot or Dwelling Unit and shall not be considered an advance payment of any portion thereof. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association.

Section 11. Exempt Property. Notwithstanding anything to the contrary herein, the Common Area and all property dedicated and accepted by any governmental authority or public utility, including, but not limited to, public schools, public streets and public parks, if any, shall be exempt from payment of Base Assessments, Neighborhood Assessments, Special Assessments, and Specific Assessments under this Article X.

Section 12. Real Estate Transfer Fee.

(a) The Board of Directors shall have the authority to establish, from time to time, a Real Estate Transfer Fee in an amount not to exceed one and one-half percent (1 ½%) of the gross sales price of any Lot or Dwelling Unit or of any additional property that may in the future be added to Champion Hills, as reflected in a written real estate sales contract thereon. No Real Estate Transfer Fee shall be payable on any transfer of a Lot or Dwelling Unit between spouses or to relatives of an Owner by gift deed, or any court ordered transfer, assents to devisees and/or executors or administrators deeds pursuant to probate or the administration of estates, or on transfers to trusts or other legal entities pursuant to estate planning. The Real Estate Transfer Fee shall be paid on all other sales, transfers or other dispositions of a Lot or Dwelling Unit, including those by Branigar, its successors and assigns, that shall occur on binding contracts entered into on or after April 3, 2000. The Board caused written notice of this date to be furnished to all Owners of a Lot or Dwelling Unit, as Members of the Association, as soon as practicable thereafter, and took all such other action it deemed necessary and appropriate to assure that the provisions of this Section 12 were promptly communicated to those who may have had an interest therein.

(b) Transfer Fees on Swap Sales: If Owners of Lot(s) or Dwelling Unit(s) sell or transfer their Lot(s) or Dwelling Unit(s) to each other, the transaction shall be considered a “Swap Sale.” In the event of a Swap Sale, a Real Estate Transfer Fee shall be payable on each of the sales or transfers in an amount equal to the greater of: (i) the amount established by the Board of Directors as provided in paragraph (a) of this Section 12 or (ii) one hundred twenty five percent (125%) of the then current Henderson County, NC Real Property Assessed Value of the respective properties.

(c) The full amount of the Real Estate Transfer Fee shall be collected by the closing attorney or settlement agent at the time of the closing on the sale of a Lot or Dwelling Unit on all contracts that are entered into on or after September 15, 2005 and shall be paid to Champion Hills Property Owners Association, Inc., or to any successors or assigns thereof, within fifteen (15) days after the date of such closing. The proceeds of Real Estate Transfer Fees collected hereunder shall be used to fund Common Expenses for the general benefit of all Lots and Dwelling Units. Upon the recording of pertinent sale or closing related documents in the Land Records of Henderson County, North Carolina, any unpaid Real Estate Transfer Fee shall be a charge upon such Lot or Dwelling Unit and, together with all related interest, late charge (if any) and costs of collection,

shall be a lien against such Lot or Dwelling Unit. Any such unpaid Real Estate Transfer Fee, together with all related interest, late charges (if any) and costs of collection, shall also be the personal obligation, jointly and severally, of the selling Owner(s) and the purchaser(s) of the Lot or Dwelling Unit as those names are reflected on the recorded sales or closing documents related to such sale and shall be subject to collection by the said Champion Hills Property Owners Association, Inc. from any party whose name(s) shall appear on such documents. In addition, insofar as the provisions of Sections 1 and 7 of this Article X shall impose additional conditions or obligations on an Owner of a Lot or Dwelling Unit and/or provide additional remedies in the event of any nonpayment of any assessment, such conditions, obligations or remedies shall also apply to any Real Estate Transfer Fee.

Article XI **ARCHITECTURAL STANDARDS**

Section 1. General.

(a) No structure shall be placed, erected, or installed upon any Lot, and no construction or modification, including, but not limited to, staking, clearing, excavation, grading and other site work, exterior alteration or modification of existing improvements, and planting or removal of trees, bushes or shrubs other than as may be permitted in Section 13 of Article XII, shall take place except in strict compliance with the provisions of this Article XI, until the requirements set forth herein have been fully met, and any required approval of the Architectural Review Committee has been obtained pursuant to Section 2 of this Article XI.

(b) All Dwelling Units constructed in Champion Hills shall be designed and built in accordance with plans and specifications prepared by a licensed architect or other qualified building designer.

(c) Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his Dwelling Unit or to paint the interior of his Dwelling Unit any color desired. However, modifications or alterations to the interior of screened porches, patios, and similar portions of a Dwelling Unit visible from outside such Dwelling Unit shall be subject to approval.

Section 2. Architectural Review. Responsibility for administration of the Design Guidelines and the review of all applications for original construction of, and additions, alterations and modifications to, existing Lots or Dwelling Units and to any open space appurtenant thereto under this Article shall be vested in the Architectural Review Committee appointed by the Board of Directors pursuant to Section 7.2.1 of the By-Laws. The Architectural Review Committee shall consist of not less than five (5) persons, who shall serve and may be removed at the sole discretion of the Board. Such members do not need to be Members of the Association and may, but need not, include one or more non-Member independent architects, engineers or similar professionals, whose compensation, if any, shall be established, from time to time, by the Board. The Board may establish reasonable fees to be charged by the Architectural Review Committee on behalf of the Association for review of applications hereunder and may require such fees to be paid in full prior to review of any application.

Section 3. Guidelines and Procedures.

(a) Under the provisions of the Original Declaration and the Amended and Restated Declaration, Design Guidelines were established for the initial design and development and for the application and review procedures applicable to all construction activities in Champion Hills including additions, alterations and modifications to Dwelling Units. The Design Guidelines contained general provisions applicable to all Lots and Dwelling Units in Champion Hills, as well as specific provisions that are different from the provisions applicable to all Lots and Dwelling Units depending upon the location, unique characteristics, and intended use thereof.

(b) The Design Guidelines and any amendments, revisions or supplements thereto that are made from time to time shall be made available to Owners and their architects and builders who seek to engage in the development of any Lot or the construction of, or any addition, alteration or modification of or to any Dwelling Unit, and all such persons shall conduct their activities in strict accordance with such Design Guidelines. Any amendments, revisions and supplements to the Design Guidelines, adopted from time to time by the Board of Directors, shall apply to initial construction and to any additions, alteration and modifications commenced after the date of such amendment, revision or supplement. Such amendments, revisions or supplements shall not require additions, alterations or modifications to, or removal of, construction previously approved by the Architectural Review Committee once the approved initial construction or addition, alteration or modification thereto has commenced.

(c) Plans and specifications showing the nature, kind, shape, color, size, materials, and location of all proposed initial construction and all additions, alteration or modifications shall be submitted to the Architectural Review Committee for review and approval. In addition, information concerning, without limitation, landscaping plans, irrigation systems, drainage, all lighting (including nocturnal lighting), satellite dishes, energy conservation equipment, fences, outdoor pools and associated structures, detached garages, recreational equipment, greenhouses and any other special features of such proposed construction or addition, alteration or modification, as applicable, shall be submitted.

(d) In the event that the Architectural Review Committee shall fail to approve or to disapprove any application within forty-five (45) days after submission of all information and materials reasonably requested, the application shall be deemed approved. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Design Guidelines unless a variance has been granted in writing by the Architectural Review Committee pursuant to Section 5 of this Article XI.

(e) All houses built in the Willow Creek area shall have special restrictions on their design, exterior materials and exterior colors, as specified in the Design Guidelines.

Section 4. No Waiver of Future Approvals. The approval pursuant to Section 3 of this Article XI by the Architectural Review Committee of any proposals or plans and specifications or drawings for any work done or proposed to be done on any Lot or Dwelling Unit, or in connection with any other matter requiring the approval and consent of such Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters subsequently or additionally submitted with respect to any such Lot or Dwelling Unit or to any other Lot or Dwelling Unit.

Section 5. Variance. The Architectural Review Committee may authorize variances from compliance with the Design Guidelines when circumstances, such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with rules and regulations of the Architectural Review Committee duly adopted and made publicly available. Such a variance may be granted, however, only when unique circumstances dictate, and no variance shall (i) be effective unless in writing, (ii) be contrary to any restrictions set forth in these Amended and Restated Covenants, or (iii) stop the Architectural Review Committee from denying a variance in other circumstances. For purposes of this Section 5, the inability to obtain approval of any governmental agency, the issuance of any permit or the terms of any financing shall not be considered a hardship warranting a variance.

Section 6. Construction Commencement and Time of Completion. Construction shall commence within twelve (12) months after approval of the application for such Dwelling Unit by the Architectural Review Committee, and shall be completed within eighteen (18) months after actual commencement of such construction, subject, in each instance, to the applicable provisions of the Design Guidelines. Landscaping shall, in accordance with the approved plan therefor, be completed within sixty (60) days after completion of construction of the Dwelling Unit. The Board of Directors may impose sanctions, including monetary fines in such amount as it shall deem appropriate, for failure to complete construction and landscaping within the prescribed periods. Before any sanctions are imposed, the Owner shall be given notice of the charge, an opportunity to be heard and to present evidence, and notice of the decision of the Board. The deadlines set forth in this Section 6 may be waived or extended where appropriate in the discretion of the Board of Directors.

Section 7. Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the Architectural Review Committee shall bear no responsibility for ensuring the structural integrity or soundness of approved construction or any addition, alteration or modifications or for ensuring compliance with building codes and other governmental requirements. Neither the Association, its officers or the members of the Board of Directors and any committee thereof, including the Architectural Review Committee shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction or modifications to any Lot or Dwelling Unit. In addition, no such liability shall inure to Branigar or any member of a predecessor committee to the Architectural Review Committee.

Section 8. Enforcement.

(a) Any construction, addition, alteration, modification or other work done in violation of this Article XI shall be deemed to be nonconforming. Upon written demand from the Board of Directors mailed to the address of the Owner, shown on the membership Register of the Association maintained at its principal office, each such Owner shall, at his own cost and expense, bring such construction, addition, alteration, modification or other work into conformity with this Article XI and the applicable provisions of the Design Guidelines to the satisfaction of the Board or remove such construction, addition, alteration, modification or other work and shall restore the Lot or Dwelling Unit to substantially the same condition as existed prior to the construction, addition, alteration, modification or other work. Should an Owner fail to remove and restore as required hereunder, the Association shall have the right to enter the property, remove the violation, and restore the Lot or Dwelling Unit to substantially the same condition as existed prior to such

construction, addition, alteration, modification or other work. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the subject Lot or Dwelling Unit and collected as a Specific Assessment pursuant to Section 6 of Article X.

(b) Any contractor, subcontractor, agent, employee, or other business invitee of an Owner who fails to comply with the terms and provisions of this Article and the applicable provisions of the Design Guidelines and such rules and regulations as may be adopted by the Board of Directors with respect to contractors and service personnel, may be excluded by the Board from Champion Hills, subject to the notice and hearing procedures of the nature set forth in Section 12.2.2 of the By-Laws. In such event, neither the Association, its officers, nor the members of the Board and any committee thereof, including the Architectural Review Committee shall be held liable to any Person for exercising the rights granted by this paragraph (b) of Section 8.

(c) In addition to the foregoing, the Board of Directors shall have the authority and standing, on behalf of the Association, to pursue all legal and equitable remedies available to enforce the provisions of this Article XI and the decisions of the Architectural Review Committee.

Article XII **USE RESTRICTIONS**

Section 1. General.

(a) The Lots, Dwelling Units and the Common Area in Champion Hills shall be used only for residential, recreational and related purposes, including, but not limited to, offices for the General Manager retained by the Association pursuant to Section 8.2.2 of the By-Laws, or business offices for the Association and for the conduct of the activities of Champion Hills Realty Co., Inc. and its successors and assigns, consistent with these Amended and Restated Covenants.

Section 2. Signs.

(a) No sign of any kind, including, but not limited to, "for sale" and "for rent" signs, shall be erected within Champion Hills without the written consent of the Board of Directors, except entry and directional signs installed by, or on behalf of, the Club or the Champion Hills Realty Co., Inc. Notwithstanding the foregoing, a sign, in a form approved by the Architectural Review Committee, may be erected during the construction of a Dwelling Unit to display the name of the contractor and/or the architect/designer; such sign must be removed one day after occupancy of the Dwelling Unit or closing of the sale. If permission is granted to any Person to erect a sign on any Lot, Dwelling Unit or Common Area within Champion Hills, the Board reserves the right to restrict the size, color, lettering, and placement of such sign. The Board of Directors shall have the right to erect signs as it, in its discretion, deems appropriate. Except as provided above, no signs, flags, banners, or similar items advertising or providing directional information with respect to activities being conducted within or outside Champion Hills shall be displayed or posted on the Common Area or on any Lot or Dwelling Unit.

Section 3. Parking; Prohibited Vehicles.

(a) Parking. Vehicles shall be parked only in the garages or in the driveways, if any, serving the Dwelling Unit or in appropriate spaces or designated areas in which parking may or may not be assigned. The Board of Directors may adopt specific rules and regulations for the parking of vehicles, including the designation of certain on-street parking areas for visitors or guests.

(b) Prohibited Vehicles. Commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and boat trailers shall be parked only in enclosed garages or areas, if any, designated by the Board of Directors. Disabled vehicles, stored vehicles, and vehicles which are either obviously inoperable or do not have current operating license plates or a valid registration shall not be permitted on any Lot or Dwelling Unit in Champion Hills, except within enclosed garages. For purposes of this paragraph (b), a vehicle shall be considered "disabled", if it is put up on blocks or covered and remains on blocks or so covered for seven (7) consecutive days without the prior written approval of the Board and shall be considered "stored", if it remains in the same place on a Lot or Dwelling Unit in Champion Hills for fourteen (14) consecutive days or longer without the prior written approval of the Board. Service and delivery vehicles may be parked in Champion Hills during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Lot or Dwelling Unit or to the Common Area. Any vehicle parked in violation of this paragraph (b) or parking rules and regulations promulgated by the Board may be towed in accordance with the provisions of Section 12.5 of the By-Laws.

Section 4. Persons Bound. All provisions of these Amended and Restated Covenants, the By-Laws, and the Rules and Regulations that govern the conduct of each Owner and that provide for sanctions against such Owner shall also apply to the members of his family, his guests and other invitees and any occupant or lessee(s) of his Dwelling Unit. Every Owner shall cause all members of his family, his guests and other invitees and any occupant or lessee of his Dwelling Unit to comply with these Amended and Restated Covenants, the By-Laws, and the Rules and Regulations. Every Owner shall be responsible for all violations and losses to the Common Area caused by such persons, notwithstanding the fact that such persons are fully liable individually and may be sanctioned for any such violation or loss.

Section 5. Animals and Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot or Dwelling Unit in Champion Hills. However, dogs, cats, and other usual and common household pets may be permitted in a Dwelling Unit. Those pets that are allowed by their owners to roam free or, in the opinion of the Board of Directors, that endanger health or safety, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of other Lots or Dwelling Units shall be removed upon request of the Board. If the owner thereof shall fail to honor such request, the pet may be removed at the direction of the Board. No pets shall be kept, bred, or maintained for any commercial purpose. All dogs shall, at all times whenever they are outside a Dwelling Unit, be confined on a leash held by a responsible person. The Board also shall have the authority to restrict or prohibit the keeping of breeds of dogs with a known history of dangerous or vicious behavior.

Section 6. Quiet Enjoyment.

(a) Nothing shall be done or maintained on any part of a Lot or in a Dwelling Unit that emits foul or obnoxious odors beyond the boundaries of the Lot or outside the Dwelling Unit or creates noise or other conditions which tend to disturb the peace, quiet, safety, comfort, or serenity of the Owners of other Lots and Dwelling Units. No plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of any Lot or Dwelling Unit or the Common Area by others shall be maintained on any Lot or Dwelling Unit.

(b) No noxious, illegal, or offensive activity shall be carried on upon any portion of any Lot or Dwelling Unit that, in the opinion of the Board of Directors, tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the Owner of another Lot or Dwelling Unit, to a member of his family, to his guests or other invitees or any occupant or lessee(s) of such Dwelling Unit. No outside burning shall be permitted within Champion Hills. No speaker, horn, whistle, bell, or other sound device, except alarm devices used exclusively for security purposes, shall be installed or operated on any Lot or Dwelling Unit. The use and discharge of firecrackers and other fireworks is prohibited within Champion Hills.

Section 7. Unsightly or Unkempt Conditions.

(a) All portions of a Lot or Dwelling Unit, outside of enclosed structures, shall be kept in a clean and tidy condition at all times. Nothing shall be done, maintained, stored, or kept outside of enclosed structures on a Lot or Dwelling Unit that, in the opinion of the Board of Directors, causes an unclean, unhealthy, or untidy condition to exist or is obnoxious to the senses. Any structures, equipment or other items that may be permitted to be erected or placed on the exterior portions of a Lot or Dwelling Unit shall be kept in a neat, clean and attractive condition and shall promptly be removed upon request of the Board if, in the opinion of the Board, such have become rusty, dilapidated or otherwise fallen into disrepair. The pursuit of hobbies or other activities, including, but not limited to, the assembly and disassembly of motor vehicles and other mechanical devices, that might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any Lot or Dwelling Unit. Notwithstanding the above, the disassembly and assembly of motor vehicles to perform repair work shall be permitted provided such activities are not conducted on a regular or frequent basis, and are either conducted entirely within an enclosed garage or, if conducted outside, are begun and completed within twelve (12) hours.

(b) Neither the Owner of a Lot or Dwelling Unit nor a member of his family, his guests or other invitees or any occupant or lessee(s) of his Dwelling Unit nor any contractor, subcontractor, supplier or service provider or employee thereof shall dump grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or on another Lot, Dwelling Unit or the Common Area, except that fertilizers may be applied to landscaping on a Lot or Dwelling Unit provided care is taken to minimize runoff.

Section 8. Subdivision of a Lot or Dwelling Unit; Timesharing. No Lot or Dwelling Unit shall be subdivided or its boundary lines changed except with the prior written approval of the Board of Directors; provided, however, that as long as Branigar (or any subsidiary or affiliate)

owns any property at Champion Hills, such property owner may subdivide such property or change the boundary lines thereof without the consent of the Board of Directors. In addition, no Dwelling Unit shall be made subject to any type of timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Dwelling Unit rotates among members of the program on a fixed or floating time schedule over a period of years.

Section 9. Hunting and Firearms. Hunting and the discharge of firearms within Champion Hills are prohibited. The term "firearms" includes "B-B" guns, pellet guns, bows and arrows, slingshots, and other firearms and weapons of all types, regardless of size. Notwithstanding anything to the contrary contained herein or in the By-Laws, the Association may, but shall not be obligated to, take action to enforce this Section 9 of Article XII.

Section 10. Irrigation. No sprinkler or irrigation systems of any type that draw water from creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within Champion Hills shall be installed, constructed, or operated within Champion Hills. However, the Association shall have the right to draw water from such sources for the purpose of irrigating the Common Area and the Club shall have the right to do so for the purpose of irrigating the facilities of the Club. Private irrigation wells are prohibited in Champion Hills.

Section 11. Tents, Mobile Homes, and Temporary Structures. Except as may be permitted by the Architectural Review Committee during initial construction on any Lot in Champion Hills, no tent, shack, mobile home, or other structure of a temporary nature shall be placed on any Lot or Dwelling Unit or on the Common Area. This prohibition shall not apply to restrict the construction or installation of a single utility or similar outbuilding to be permanently located on a Lot or adjacent to a Dwelling Unit, provided such construction or installation has received prior written authorization from the Architectural Review Committee, in accordance with the pertinent provisions of Article XI hereof. In addition, party tents or similar temporary structures may be erected for a limited period of time for special events with prior written approval of the General Manager.

Section 12. Grading, Drainage and Sewer Systems.

(a) Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Person may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. A perpetual easement is hereby reserved to the Association across each Lot and Dwelling Unit for the purpose of altering drainage and water flow. However, the exercise of such an easement shall not materially diminish the value of or unreasonably interfere with the use of any Lot or Dwelling Unit without the consent of the Owner thereof.

(b) If central sewer system service is available to a Dwelling Unit, such Dwelling Unit shall be required to tie into and use such central sewer system and the Owner of such Dwelling Unit shall be required to pay any access (hook-up) and start-up fees necessary in order to tie into such central sewer system. Septic tanks and drain fields, other than those installed by or with the consent of Branigar or as designated by a predecessor committee to the Architectural Review Committee, are prohibited in Champion Hills.

Section 13. Removal of Trees, Bushes or Shrubs. No trees, native bushes or shrubs, shall be removed without the prior written authorization of the Architectural Review Committee. In the event of an intentional or unintentional violation of this Section 13, the violator may be required by the Architectural Review Committee to replace the removed trees, bushes or shrubs with trees, bushes or shrubs of such size and number and in such locations as the Architectural Review Committee may, in its sole discretion, determine is necessary or appropriate to mitigate the damage.

Section 14. Utility Lines. No overhead or above-ground utility lines, including lines for cable television, shall be permitted in Champion Hills, except for temporary lines as required during construction and high voltage lines, if required by law or for safety purposes.

Section 15. Lighting and Displays. Except for traditional holiday decorative lights and displays, which may be set up for one (1) month prior to and two (2) weeks after any commonly recognized holiday for which such lights and displays are traditionally set up, all exterior lights and displays must be approved in accordance with the pertinent provisions of Article XI hereof.

Section 16. Mailboxes. All mailboxes, posts, house numbers and delivery tubes shall be obtained from and installed, and, when necessary, repaired or replaced, by the Association at the Owner's expense. No names shall appear on a mailbox and its initial design and color shall not be changed. There is no obligation to have a mailbox on vacant property.

Section 17. Wetlands, Lakes, and Other Water Bodies. All wetlands, ponds, and streams in Champion Hills, if any, shall be aesthetic amenities only, and no other use thereof, including, but not limited to, fishing, swimming, boating, playing, or use of personal flotation devices, shall be permitted without the prior approval of the General Manager. Neither the Association, its officers nor the members of the Board and any committee thereof, shall be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams in Champion Hills. No docks, piers, or other structures shall be constructed on or over any body of water in Champion Hills, except such as may be constructed by the Association and by the Club on Club facilities.

Section 18. Business Use.

(a) No business or trade, garage sale, moving sale, rummage sale, or similar activity may be conducted in or from any Lot or Dwelling Unit, except that an Owner thereof may conduct business activities in or from such Lot or Dwelling Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell beyond the boundaries of such Lot or outside the Dwelling Unit; (ii) the business activity conforms to all zoning requirements for Champion Hills; (iii) the business activity does not involve regular visitation of the Lot or Dwelling Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of Champion Hills; and (iv) the business activity is consistent with the residential character of Champion Hills and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of Champion Hills, all as may be determined in the sole discretion of the Board of Directors.

(b) The terms "business" and "trade", as used in this Section 18, shall be construed to have their ordinary, generally accepted meanings and shall include, but not limited to, any

occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required. Notwithstanding the above, the leasing of a Dwelling Unit shall not be considered a business or trade within the meaning of this Section 18.

(c) No garage sale, moving sale, rummage sale or similar activity may be conducted in or from any Lot or Dwelling Unit, or advertised to the general public, except that such sales and similar activities may be held if they are restricted to members of the Association.

Section 19. On-Site Fuel Storage. No on-site storage of gasoline, heating, or other fuels shall be permitted on any Lot or Dwelling Unit, except as may be permitted on a temporary basis by the Architectural Review Committee. However, up to five (5) gallons of fuel may be stored in suitable containers on each Lot or Dwelling Unit for emergency purposes and operation of lawn mowers and similar tools or equipment. The Association and the Club shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment.

Section 20. Leasing and Renting of Dwelling Units.

a) An owner of a Dwelling Unit ("Owner") may lease his Dwelling Unit to any Person, subject to the approval of the Board of Directors, and so long as the following requirements are met: Leases shall (i) be in writing, (ii) be for a minimum of thirty (30) days unless otherwise determined by the Board of Directors, (iii) be on such forms and include such terms and conditions as shall be required by the Board of Directors; and (iv) a background check shall be required of the lessee of the leased Dwelling Unit, and of other occupiers of the leased Dwelling Unit if required by the Board, for all leases with a term of thirty (30) days or more, with the Owner being responsible for obtaining and submitting the executed or completed consents or other forms needed to perform the background checks.

(b) Notwithstanding the thirty (30) day minimum lease term required in subsection (a), Short Term Rentals, which shall mean a lease for less than thirty (30) days ("Short Term Rentals"), are allowed subject to the following: (i) the lease is in writing; (ii) the lease is for a minimum of two (2) nights and a maximum of twenty-nine (29) days, unless otherwise determined by the Board; (iii) the lease is on such forms and includes such terms and conditions as the Board shall require; and (iv) the lease is to a Member of the Association, a member of the Club (equity or non-equity) the immediate family of an Association Member or a Club member (immediate family is defined as the member's spouse, their children, grandchildren, parents, grandparents, sons-in-law, daughters-in-law, mothers-in-law and fathers-in-law), or to Persons who are pre-approved by the Champion Hills resident realtor or by the Association's Board.

(c) Unless waived by the Board, written notice of any lease, accompanied by a copy thereof executed by the Owner and the lessee and all other required documents shall be furnished by the Owner to the Board not later than thirty (30) days before the commencement of the lease term for leases of thirty (30) days or more, or not less than fifteen (15) days before the commencement of the term for Short Term Rentals. Any lease for thirty (30) days or more that has been properly submitted to the Board for approval shall be deemed approved unless objected to by the Board within thirty (30) days after receipt thereof. Any Short Term Rental lease that has been properly

submitted to the Board for approval shall be deemed approved unless objected to by the Board within fifteen (15) days after receipt thereof. Failure to provide the Board written notice of any lease, accompanied by a fully executed copy of said lease and all other documents required by subsections (a) and (b) above, shall constitute a violation of this Section 20.

d) Prompt written notification of any amendments, changes, or modifications of, or to, the terms and conditions of any lease, including the identity of the lessee, shall be given by the Owner to the Board.

(e) A Dwelling Unit may be leased only in its entirety; no fraction or portion thereof may be leased.

(f) No subleasing or assignment of any lease may be made without the prior written approval from the Board of Directors.

(g) The Owner shall furnish to the lessee, at the time of execution of the lease, current copies of the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Champion Hills, the Association's By-Laws, the Association's Rules and Regulations and such other rules and regulations, if any, as shall have been adopted by the Board with respect to leasing of Dwelling Units. During the term of any lease, the lessee shall be entitled to all of the rights and privileges of the Owner of the leased Dwelling Unit in respect of the use of the Common Area and shall be subject to all other pertinent provisions of this Declaration, the By-Laws and the Rules and Regulations. The Owner shall, during the term of the lease, continue to be liable for the payment of all dues and assessments levied on the leased Dwelling Unit pursuant to Article X and for all damages to the Common Area caused by the lessee or other occupier of the leased Dwelling Unit.

(h) Notwithstanding anything to the contrary in this Section 20, upon an Owner's written request, the Board shall have the option in its sole discretion to allow leasing of a Dwelling Unit at any time to avoid undue hardship. The Board shall notify the Owner within ten (10) business days of receiving the request for a hardship exemption of its decision.

(i) The failure of any Owner to comply with the terms of this Section 20 shall be treated as a violation of this Declaration, and the Board may, upon providing the Owner with notice and an opportunity to be heard, impose fines up to the maximum permitted under North Carolina law for such a violation, suspend planned community privileges or services, or seek any other enforcement remedy permitted under North Carolina law.

(j) Nothing in this Section 20 shall be construed to limit friends, family, or guests of a Member of the Association from staying in that Member's Dwelling Unit so long as the occupancy is without payment of a fee, rental, or other consideration for the occupancy by the occupier.

Section 21. Laws and Ordinances. Each Owner of a Lot or Dwelling Unit, the members of his family, his guests and other invitees and any occupant or lessee(s) of his Dwelling Unit, shall comply with all laws, statutes, ordinances, and rules of federal, state, and municipal governments applicable to Champion Hills. Any violation may be considered a violation of these Amended and Restated Covenants. The Board of Directors may take action to enforce such laws, statutes, ordinances, and rules.

Section 22. Yard Art. Yard art is defined as displays, sculpture, bird feeders and baths, animal feeders, statues, decorative lights, artificial water features, and any other items or decorations that are not an attached part of the house or part of the natural vegetation or stone landscaping. Any yard art that can be seen from the road, golf course, or adjacent properties must first be approved by the Champion Hills Architectural Review Committee (CHARC), which reports to the Champion Hills Property Owners Association (POA). The Champion Hills POA reserves the right to require additional screening around any yard art or the removal of such yard art that, in the sole judgment of the POA, does not harmonize in design, color, texture and size with the natural surroundings and architecture. Yard art made of natural materials and in the colors of natural materials or the CHARC approved colors that are on the house are the most likely to be approved by the CHARC.

The following General Restrictions are placed on all yard art to be displayed in Champion Hills:

1. No yard art may be displayed within 25 feet of the edge of a frontage road, within 25 feet of the rear and side setbacks of the property line and within 50 feet of the setback property line with the golf course.
2. No yard art may be displayed on any Champion Hills POA property which includes all common areas and the land outside the roof drip lines in the Spring Creek Villas, the Meadow Ridge Villas and Cottages, Poplar Ridge Cottages, Laurel Run Cottages, and the Overlook Cottages without the express approval of the CHARC.
3. No yard art that can be seen from the road, golf course, or adjacent properties may be displayed without a formal application to and written preapproval from the CHARC.

Any yard art deemed inappropriate by a member of the CHARC, the Champion Hills POA Board, or the management staff will be reported to the POA Board and the homeowners will be informed by mail of violations and the needed actions to be taken. If corrective actions are not taken within 45 days of notification, the POA maintenance staff will remove the yard art or cause it to be removed at the homeowner's expense. Any violations are considered violations of the Covenants, Conditions, and Restrictions of Champion Hills and the home owner is subject to all sanctions, liabilities and conditions stated in the Champion Hills Covenants and By-laws.

Any current yard art including bird baths, houses or feeders that conform to the requirements under Article XII, Sec. 22, may remain without application to the CHARC. If items do not conform, they must be removed or formal application must be made to the CHARC for approval of such yard art within 30 days of publication of Article XII, Sec. 22 on yard art in the *Echoes* (July 1, 2004.) If, after written notification by the POA Board, they are not removed, the POA maintenance staff will remove them. Application forms related to Yard Art are available at the Club office.

Article XIII **EASEMENTS**

Section 1. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Lot and Dwelling Unit and any adjacent Common Area and between adjacent Lots and Dwelling Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions)

to a distance of not more than three (3) feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, an Owner of a Lot or Dwelling Unit or the Association.

Section 2. Easements for Utilities.

(a) There are hereby reserved unto the Association and any designees thereof, including but not limited to, Henderson County, North Carolina and any utility company, access and maintenance easements upon, across, over, and under all Lots, Dwelling Units and the Common Area in Champion Hills to the extent reasonably necessary for the purpose of replacing, repairing, and maintaining cable television systems, master television antenna systems, security and similar systems, roads, walkways, bicycle pathways, lakes, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, gas, and electricity, and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes on recorded plats of the Lots, Dwelling Units and the Common Area in Champion Hills. Notwithstanding anything to the contrary herein, these easements shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any existing Lot or existing Dwelling Unit, and any damage to a Lot or Dwelling Unit resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any lot or Dwelling Unit. Except in an emergency, entry onto any Lot or Dwelling Unit shall be made only after reasonable notice to the Owner or to any occupant or lessee(s) of such Dwelling Unit.

(b) Without limiting the generality of the foregoing, there are hereby reserved for the water supplier, electric company, and natural gas supplier easements across all the Common Area for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes. However, the exercise of this easement shall not extend to permitting entry into any Dwelling Unit. Notwithstanding anything to the contrary contained in this Section 2(b) of Article XIII, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on any Lot, Dwelling Unit or the Common Area in Champion Hills, except as may be approved by the Board of Directors or as may have been provided by Branigar.

Section 3. Easements for Golf Balls. Every Lot, Dwelling Unit and the Common Area are burdened with an easement permitting golf balls unintentionally to come upon such Lot, the exterior portions of a Dwelling Unit or the Common Area immediately adjacent to the golf course and for golfers at reasonable times and in a reasonable manner to come upon a Lot, the exterior portions of a Dwelling Unit or the Common Area to retrieve errant golf balls. However, if any Lot or Dwelling Unit is fenced or walled, the golfer will seek permission from the Owner before entry. The existence of this easement shall not relieve golfers of liability, if any, for damage caused by errant golf balls. Under no circumstances shall the Association, its officers or the members of the Board of Directors or any committee thereof be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement.

Section 4. Easement for Emergency. The Association shall have the right, but not the obligation, and a perpetual easement is hereby granted to the Association, to enter upon any Lot or Dwelling Unit for emergency, security, and safety reasons. The rights under this Section 4 of Article XIII may be exercised by a member of the Board of Directors or by officers, agents,

employees or the General Manager of the Association and all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right to enter onto any Lot or into any Dwelling Unit to cure any condition which may increase the possibility of a fire or other hazard in the event the Owner thereof shall fail or refuse to cure the condition within a reasonable time after requested by the Board, but shall not authorize entry onto any such Lot or into any such Dwelling Unit without permission of the Owner thereof, except by emergency personnel acting in their official capacities.

Section 5. Easements for Maintenance and Enforcement.

(a) The Association shall have the right, but not the obligation, and a perpetual easement is hereby granted to the Association, to enter upon any Lot, Dwelling Unit or the Common Area (i) to perform its maintenance responsibilities pursuant to Article V hereof and (ii) to inspect for the purpose of ensuring compliance with the pertinent provisions of the Amended and Restated Covenants, the By-Laws, and the Rules and Regulations. The rights under this Section 5 may be exercised by members of the Board of Directors or by officers, agents, employees, and the General Manager of the Association in the performance of their respective duties. Except in an emergency situation under Section 4 of this Article XIII, entry into a Dwelling Unit for the purposes of this Section 5 shall be only during reasonable hours and after notice to and permission from the Owner thereof. This easement shall be exercised with a minimum of interference to the quiet enjoyment of the subject Dwelling Unit and all reasonable steps shall be taken to protect such Dwelling Unit. Any damage to, or loss of use of, the Lot or Dwelling Unit resulting from excessive or intentionally wrongful actions in the exercise of this easement shall be the responsibility of the Person causing such damage or loss.

(b) The Association or its duly authorized agent shall also have the power to enter onto a Lot or into a Dwelling Unit to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition that violates the provisions of these Amended and Restated Covenants, the By-Laws, or the Rules and Regulations. All costs of self-help, including reasonable attorneys' fees, shall be assessed against the Owner of such Lot or Dwelling Unit and shall be collected as provided for herein as a Specific Assessment under Section 6 of Article X.

Section 6. Easements for Use, Access and Parking. The Club, its members (regardless of whether such members are Members of the Association) and their guests and invitees, and its employees, agents, contractors and other designees shall at all times have a right and non-exclusive easement of access and use over all roadways located in Champion Hills reasonably necessary to travel from the entrances to Champion Hills to the Club and return to such entrances and over those other portions of the Common Area or otherwise reasonably necessary to the operation, maintenance, repair and replacement of the facilities of the Club. Without limiting the generality of the foregoing, members of the Club, their guests and invitees and permitted members of the public shall have the right to park their vehicles on the roadways located in Champion Hills at reasonable times before, during and after golf tournaments, social events and other functions held by or at the Club.

Article XIV

THE CLUB

Section 1. General. Access to and use of the facilities of the Club is strictly subject to the rules and procedures of the Club and to any contracts entered into by the Club, and no Person gains any ownership interest in the Club or any right to enter or to use the Club by virtue of membership in the Association or ownership or occupancy of a Lot or Dwelling Unit. Rights to use the facilities of the Club will be granted only to members thereof, and on such terms and conditions, as determined by the Club. No representations or warranties, either written or oral, were made under the provisions of the Original Declaration or the Amended and Restated Declaration, or are made under the provisions of these Amended and Restated Covenants by the Association, its officers or any member of the Board of Directors or any committee thereof with regard to the nature or size of the improvements, or to the continuing ownership or operation, of the Club. No purported representation or warranty, written or oral, with regard to the Club shall ever be effective without an amendment or supplement to these Amended and Restated Covenants executed, or otherwise consented to, by the Club.

Section 2. Rights of Access and Parking. The provisions of Section 6 of Article XIII hereof with respect to the rights of the Club, its members (regardless of whether such members are Members of the Association) and their guests and invitees, and its employees, agents, contractors, and other designees to use the Common Area, including, but not limited to, roadways , for access to, and for the operation, maintenance, repair and replacement of, its facilities shall apply and are hereby specifically incorporated herein by reference as if set forth in this Section 2 of Article XIV in their entirety.

Section 3. Assessments. The Club shall not be liable to the Association for payment of any assessments levied pursuant to Article X hereof. However, the Club shall be obligated each year to contribute funds to the Association for the maintenance of the Common Area, including, but not limited to, the wastewater collection, treatment and spray irrigation system, all roads, all entrance, median and rights-of-way landscaping, any lakes, ponds, wetlands, preservation or conservation areas that serve as drainage basins, detention ponds or water sources for irrigation of Club facilities, and any other property, real or personal, used by or jointly benefiting, the Club and the Members of the Association. The amount of this annual contribution shall be determined jointly by the Board of Directors and the Board of Governors of the Club. The applicable provisions of Article X shall apply to time and manner of payment, including any delinquency in such payment and the remedies therefor.

Section 4. Limitations on Amendments. In recognition of the fact that the provisions of this Article XIV are for the benefit of the Club, no amendment or supplement thereto or otherwise in derogation of the provisions of said Article or of any other provisions of these Amended and Restated Covenants, may be made without the prior written approval of the Club.

Section 5. Jurisdiction and Cooperation. The Association and the Club shall cooperate to the maximum extent possible in the operation of the Common Area and the Club. Each shall reasonably assist the other in upholding the Community-Wide Standard as it pertains to maintenance of the Area of Common Responsibility. The Association shall have no power to promulgate rules and regulations affecting activities in or use of the facilities of the Club without prior written consent of the Club.

Article XV
AMENDMENT

Section 1. Required Action. Except as may be limited by Section 2 of Article XV, these Amended and Restated Covenants may be altered, amended, changed, modified, repealed or restated, in whole or in part at any time, (i) by the vote of not less than seventy-five percent (75%) of the entire Board of Directors at any duly noticed regular or special meeting held pursuant to Sections 6.2 or 6.3 of the By-Laws, respectively, as to which at least five (5) days prior written notice shall have been given, or (ii) by a majority of the votes cast by Members of the Association entitled to vote at any duly noticed Annual Business Meeting or Special Meeting held pursuant to Sections 4.1 or 4.3, respectively, of the By-Laws, provided that the form of such proposed alteration, amendment, change, modification or restatement shall be set forth in full in, or shall accompany, the notice of any such meetings.

Section 2. Approval by Members. Any alteration, amendment, change, modification, repeal or restatement, in whole or in part, of these Amended and Restated Covenants, that the Board of Directors shall deem, by the vote of not less than seventy-five percent (75%) of the entire Board, to materially adversely affect any rights possessed by the Members of the Association, set forth in the provisions of these Amended and Restated Covenants, shall be approved by the said Members pursuant to Section 1 of this Article XV, prior to the effective date of such alteration, amendment, change, modification, repeal or restatement.

Article XVI
GENERAL PROVISIONS

Section 1. Applicability. The applicable provisions of these Amended and Restated Covenants shall run with each Lot and Dwelling Unit and the Common Area in Champion Hills and shall bind each and every Owner of a Lot or Dwelling Unit as set forth in Exhibit B hereto and to any additional real property annexed hereto and made subject to jurisdiction of the Association pursuant to the provisions of Section 2 of Article IX hereof. These Amended and Restated Covenants shall inure to the benefit of, and shall be enforceable by, the Association or the Owner of any Lot or Dwelling Unit, their respective legal representatives, heirs, successors and assigns, as applicable.

Section 2. Additional Covenants and Easements. Subject to a majority of the votes cast by Members of the Association entitled to vote, any portion of the Lots, Dwelling Units and the Common Area, initially subjected to the provisions of the Original Declaration and the Amended and Restated Declaration and hereafter by amendment or supplement to these Amended and Restated Covenants, may be subjected to additional covenants and easements. Such additional covenants and easements shall be set forth in an amendment or supplement to these Amended and Restated Covenants filed and duly recorded in the Office of the Register of Deeds for Henderson County, North Carolina.

Section 3. Term. The term of these Amended and Restated Covenants shall commence on the date of the approval and adoption thereof by the Members of the Association and shall continue in full force and effect for a period of thirty (30) years, unless sooner repealed or terminated pursuant to the provisions of Article XV. Thereafter, the term of these Amended and

Restated Covenants shall be automatically extended for successive periods of ten (10) years, unless, within the year preceding the beginning of each successive period of ten (10) years, the same shall have been so repealed or terminated.

Section 4. Severability. Invalidation of any provision or portion of a provision of these Amended and Restated Covenants by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 5. Gender and Number. All pronouns used in these Amended and Restated Covenants shall be deemed to refer to the masculine, feminine, neuter, singular and plural as the identity of the person or persons referred to may require.

Section 6. Captions. Captions and headings contained in these Amended and Restated Covenants are as a matter of convenience only. In no way should they be construed to define, limit or extend the scope, intent or meaning of any provision hereof.

Section 7. Waiver. The failure of the Board of Directors to take any action hereunder or to enforce any of the provisions of these Amended and Restated Covenants, the Articles, the By-Laws or the Rules and Regulations shall not be deemed a waiver of the right of the Board to do so thereafter.

Section 8. Conflicts. Any conflict or inconsistency between the provisions of these Amended and Restated Covenants, any amendment or supplement thereto, the Articles, the By-Laws or the provisions of North Carolina law, shall be resolved first in favor of North Carolina law, then of the Articles, then of these Amended and Restated Covenants and any amendment or supplement thereto, and finally of the By-Laws, in that order.

Section 9. Perpetuities. If any of the provisions of these Amended and Restated Covenants shall be found to be unlawful, void or otherwise voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 10. Use of the Words "Champion Hills" or Logo. No Person shall use the words "Champion Hills" or any derivative thereof or the logo thereof or of the Club in any printed or promotional material without the prior written consent of the Association. However, Owners of Lots or Dwelling Units, as Members of the Association, may use the term "Champion Hills" in printed or promotional matter where such term is used solely to specify that particular property is located within Champion Hills, and the Association and the Club shall be entitled to use the words "Champion Hills" in their respective names.

Section 11. Compliance. Every Owner of a Lot or Dwelling Unit shall comply with all lawful provisions of these Amended and Restated Covenants, the By-Laws, and the Rules and Regulations. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association or, in a proper case, by any aggrieved Owner(s) of any Lot(s) or Dwelling Unit(s). In addition, the Association may avail itself of any and all of the remedies provided in these Amended and Restated Covenants or the By-Laws.

Section 12. Notice of Sale or Transfer of Title. In the event that any Owner desires to sell or otherwise transfer title to his Lot or Dwelling Unit, such Owner shall give the Board of Directors at least seven (7) days prior written notice as to the name and complete address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The Owner of such Lot or Dwelling Unit, as seller/transferor, and the purchaser/transferee shall continue to be jointly and severally responsible for all obligations hereunder as the Owner of the Lot or Dwelling Unit coming due prior to the date upon which such notice is received by the Board, including assessment obligations, and the real estate transfer fee payable pursuant to Section 12(b) of Article X, notwithstanding the transfer of title to the Lot or Dwelling Unit. Each transferee of title to a Lot or Dwelling Unit shall, within seven (7) days of taking title thereto, confirm that the information previously provided by the transferor under this Section 12 is complete and accurate.

Section 13. Notices. Except as shall be provided elsewhere in these Amended and Restated Covenants, all notices shall be provided in accordance with the provisions therefor set forth in Section 15.12 of the By-Laws; such provisions are hereby specifically incorporated herein by reference as if set forth in this Section 13 in their entirety, to the extent not inconsistent with other provisions of these Amended and Restated Covenants.

Section 14. Liability for Attorney's Fees. Except as otherwise provided herein, the Association shall have the right to enforce, by proceeding at law or in equity, the provisions set forth herein and shall be entitled to the award of attorney's fees in any enforcement action pursuant to the N.C. Gen. Stat. § 47F-3-120 or pursuant to any other applicable law.