

FILED Oct 15, 2003
AT 01:23:03 pm
BOOK 01062
START PAGE 0959
END PAGE 0982
INSTRUMENT # 16988

BOOK **1162** PAGE **959**

Prepared by and return to: Beemer, Savery, Hadler & Jones, P.A., P.O. Drawer 3150, Chapel Hill, N.C., 27515.

NORTH CAROLINA

CHATHAM COUNTY

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR THE STROWD MOUNTAIN SUBDIVISION

THIS DECLARATION, made and entered into this the ____ day of June, 2003, by TWM, LLC, a North Carolina limited liability company, party of the first part, hereby referred to as Declarant, whose address is P.O. Box 5100, Chapel Hill, NC 27514.

WITNESSETH:

WHEREAS, Declarant is the owner of the following described real property located in Chatham County, more particularly described as:

BEING ALL THAT REAL PROPERTY (including LOTS 1-21, all OPEN SPACE AND ROADS SHOWN ON THAT CERTAIN FINAL PLAT ENTITLED "STROWD MOUNTAIN" prepared by Freehold Land Surveys, Inc., last revised May 22, 2003, and recorded in Plat Slide 2003- __, Chatham County Registry.

AND WHEREAS, Declarant reserves the right to bring other lands under the terms and provisions of this Declaration, and, further to add such lands and additional lots as members of STROWD Mountain Homeowners' Association, Inc. as hereinafter described. All such additions shall be lands that are contiguous with the lands hereinabove described, or contiguous to lands subsequently added pursuant to this Declaration.

NOW, THEREFORE, Declarant declares that all the property in the development known as STROWD MOUNTAIN SUBDIVISION shall be held, sold, and conveyed subject to the following restrictions, covenants and conditions.

Preamble: The purpose of this instrument is to foster the development of a compatible neighborhood of people and homes and to protect all parties to this instrument against such improper use of lots within the development as would depreciate the monetary worth of other lots within the development. To that end, Declarant herein creates a Homeowners' Association, which will be a North Carolina not-for-profit corporation and vests it with certain powers and authority consistent with the intentions expressed in this Preamble. Lastly, said restrictions, covenants and conditions shall be appurtenant to and run with the land and shall be binding on all parties having any right, title or interest in the described real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE ONE: Definitions.

Section 1: "Properties" shall mean and refer to that certain real property known as STROWD MOUNTAIN SUBDIVISION, including, Lots 1-21, all Open Space, and Roads whether public or private as shown on that certain survey prepared by Freehold Land Surveys and recorded in Plat Slide 2003-___, Chatham County Registry.

Section 2: "Association" shall mean and refer to STROWD MOUNTAIN HOMEOWNERS', INC., its successors and assigns.

Section 3: "Lot" shall mean and refer to any plot of land as shown on any recorded subdivision map of the "Properties" excluding any roads.

Section 4: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the "Properties," including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 5: "Declarant" shall mean and refer to TWM, LLC, its successors and assigns. In the event TWM, LLC, for any reason, should cease to exist, then Declarant shall mean any entity which purchases or otherwise acquires TWM, LLC's remaining interests in and to the development known as STROWD MOUNTAIN SUBDIVISION.

Section 6: "Member" shall mean and refer to any person or entity entitled to membership in the Association as provided for herein. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to an assessment by the Association. The Owner of a Lot shall become a member of the Association merely by virtue of being an Owner of a Lot. In the event of multiple ownership of any given Lot, each Owner shall be a member of the Association but only one vote total shall be accorded to each Lot.

Section 7: "Common Areas" shall mean and refer to all real property (including any improvements thereto) owned in fee simple by the Association or for which the Association shall have been granted by Declarant easement rights for the common use and enjoyment of all the Owners of Lots in STROWD MOUNTAIN SUBDIVISION, subject to this Declaration and By-Laws. For STROWD MOUNTAIN SUBDIVISION, this shall mean and refer to the **Open Space; Proposed 60' right-of ways, Wild**

Rose Lane, Tall Timbers Trail, Blue Rock Trail; and Entrance Area shown on Lots 1 and 5.ARTICLE TWO: Property Rights.

Section 1: Each Owners' Easements of Enjoyment: Each Owner of a Lot in STROWD MOUNTAIN SUBDIVISION shall have a right and easement of benefit in common with every other Lot Owner in STROWD MOUNTAIN SUBDIVISION, to any easements shown on the recorded plats now and in the future for STROWD MOUNTAIN SUBDIVISION, and the use and enjoyment of the entry signage and fencing & any entry sign lighting, subject to the following provisions:

(a) The right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(b) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving any easements shown on the recorded plat, or the maintenance of all proposed 60' public right-of-ways within the subdivision prior to acceptance by the North Carolina Department of Transportation, the maintenance of the entrance area, any fencing or lighting, or for any expenditure related to the improvement of the neighborhood, to mortgage said property, and the rights of such mortgagees in said properties shall be subordinate to the rights of the homeowners hereunder.

Section 2: Delegation of Use: Subject to this Declaration and By-Laws, a Lot owner may delegate his right of enjoyment to his heirs and assigns, members of his family, invitees, agents, licensees, guests, tenants, or contract purchasers who reside on the property.

ARTICLE THREE: Membership and Voting Rights.

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

Section 2: The Association shall have two classes of voting membership:

Class A - Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B - The Class B member(s) shall be the Declarant and shall be entitled to four (4) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events,

whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership exceeds the total votes of outstanding in the Class B membership, or

(b) December 31, 2006.

ARTICLE FOUR: Covenant for Assessments.

Section 1: Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) an Annual Assessment, and (2) a Special Assessment for capital improvements, both such assessments to be established and collected as hereinafter provided. The Annual Assessment, and as applicable, the Special Assessment, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them. For each Lot owned by Declarant or any Builder constructing the initial residence on the lot prior to conveyance to a third-party purchaser, whether vacant or in any stage of construction, but not yet conveyed, Declarant or Builder shall pay to the Association the Annual Assessment or any Special Assessment assessed.

Section 2: Purpose of Assessments.

(a) The assessments levied by the Association shall be used to promote the recreation, health, safety, and welfare of the residents of the Properties.

(b) In addition, the assessments as collected shall be spent for general maintenance of the Common Areas, including the Entrance Area, any lighting or fencing, any maintenance and upkeep to Open Space, general maintenance to any Proposed Public Right-of-Ways within the subdivision prior to acceptance by the NC Department of Transportation.

(c) By way of further example and again not by way of limitation, the Board of Directors of the Association, being responsible for procuring adequate fire and extended casualty insurance on all the buildings and general liability insurance on all the Common Areas of STROWD MOUNTAIN SUBDIVISION, shall defray the cost of the same from the Annual Assessment.

(d) The Annual Assessment shall also be used to pay for the electricity lighting the Entrance Area on Lots 1 and 5, street lighting or other lighting if installed

within the Common Areas.

Section 3: Maximum Annual Assessment. Until January 1, 2005, the maximum Annual Assessment shall be Two Hundred Forty (\$240.00) Dollars per Lot, payable on an annual basis on the 1st day of the year. The Maximum Annual Assessment of \$240.00 stated herein includes a \$120.00 per year amount set aside as a repair fund for the 60' Proposed Public-Right-Of-Ways as described further in Section 10 below.

(a) From and after January 1, 2005, the maximum Annual Assessment may be increased each year, without a vote of the Lot Owners, in an amount equal to but not greater than the increase in the Consumer Price Index (as published by the United States Department of Labor) for the preceding calendar year, or \$15.00 per year whichever amount is less.

(b) From and after January 1, 2005, the maximum Annual Assessment may be increased above that total increase established by the Consumer Price Index for the preceding calendar year only by a vote of two-thirds (2/3) of all the Lot Owners who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the Annual Assessment at any amount not in excess of the maximum.

Section 4: Special Assessments for Capital Improvements. In addition to the Annual Assessment authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon Common Areas lands, or any necessary repair to any Public Right-Of-Way within the Subdivision prior to acceptance by the NC Department of Transportation, any such special assessment must have the assent of two-thirds (2/3) of the votes of all the Lot Owners who are voting in person or by proxy at a meeting duly called for this purpose.

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

Section 6: Uniform Rate of Assessment. Both Annual and Special Assessments must be fixed at a uniform rate for all Lots.

Section 7: Date of Commencement of Annual Assessment: Due Dates. The Annual

Assessment provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Areas to the STROWD MOUNTAIN HOMEOWNERS' ASSOCIATION including those Lots owned by the Declarant or a Builder but not yet conveyed to an third-party Owner. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. In the event the annual assessment is increased, written notice of the increase shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8: Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten (10.0%) percent per annum, plus a one-time late payment penalty of Ten (\$10) Dollars. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his Lot.

Section 9: Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer except that such an extinguished lien may be reallocated and assessed to all of the Lots as a common expense. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10: In addition to the above, the annual assessment provided for herein shall be allocated in part to a reserve fund for the emergency repair and long range improvements of the subdivision roads designated as 60' Proposed Public Right-Of-Ways on the recorded Plat for STROWD MOUNTAIN SUBDIVISION, and specifically known as Blue Rock Trial, Wild Rose Lane and Tall Timbers Trail. The fund shall be established by the Board of Directors. The Board of Directors shall be empowered to use said reserve, funded by and through the Annual Assessment as stated in Section 1 hereinabove, for periodic maintenance and repair of the Proposed 60' Public-Right-Of-Ways within the Subdivision which shall be maintained to the standards of the NC Department of Transportation for purposes of dedication and acceptance by the NC Department of Transportation of the 60' Right-of-Ways within the Subdivision. At such time that the NC Department of Transportation accepts the 60' Proposed Right-Of-Ways within the Subdivision, the Board of Directors shall be empowered to stop collecting for the reserve, but this action may only occur at such time as the NC Department of Transportation has accepted the Proposed 60' Public-

Right-Of-Ways and the full maintenance responsibilities thereon.

Article Five: Insurance and Assessments:

Section 1: The premiums for all insurance policies on the signage, fencing and lighting areas maintained by the Association shall be paid as part of the Annual Assessment, for each Lot in STROWD MOUNTAIN SUBDIVISION.

Section 2: The Board of Directors shall have the authority to and shall obtain insurance for all buildings owned by the Association, if any (none are planned), against loss or damage by fire or other hazards in an amount equal to the maximum insurable replacement value (100% of current replacement costs) as determined annually by the Board of Directors with the assistance of the insurance company providing such coverage such that the coverage will be sufficient to cover the costs of all repair or reconstruction work necessitated by damage or destruction from any insurable hazard.

Section 3: The Board of Directors shall have the authority to and shall also obtain a broad form public liability policy covering all areas maintained by the Association, which are limited at this time to Open Space Areas, the Entrance Area, which includes signing, fencing and lighting areas, and all damage or injury to person or property caused by the negligence of the Association or any of its agents.

ARTICLE SIX: Plan Review and Required Approval.

No site preparation or initial construction work shall be commenced upon any Lot until the plans and specifications for the proposed construction have been approved by Declarant or its designated appointee. The Declarant or its designated appointee, shall have the sole approval authority of all exterior designs, colors, specifications and locations for each proposed dwelling and any associated structures. The applicant shall provide Declarant or its designated appointee a legible to scale plot plan showing the location of all improvements, septic drain field, well and all setbacks and building lines(including front, rear and sidelines) and the health department setbacks.

All proposed site improvements subsequent to the initial dwelling and associated structures shall be submitted to an Architectural Review Committee for approval, such improvements shall include but are not limited to buildings, driveways, fences, walls, retaining walls, play equipment, screens for play equipment or other equipment. Said committee shall be composed of three (3) members selected by Declarant. Should the Committee fail to respond to a *complete* submission within thirty (30) days of the application, such plans shall be deemed approved. If, however, the plans and specifications reflect inaccurate or incomplete information when submitted, they shall not be deemed to be approved notwithstanding the foregoing. Denial of approval of any plans by either the Declarant or Architectural Review Committee may be based upon any grounds, including purely aesthetic and environmental. At such time as Declarant no longer owns any real property within the Properties (or earlier if the Declarant shall surrender this right in a written statement in

recordable form executed by Declarant), the Declarant shall assign to the Association the rights, powers, duties and obligations of the Architectural Review Committee, whereupon the Board shall appoint 3 or more persons as the members of the Architectural Review Committee.

The Declarant and Architectural Review Committee shall have the power to grant variances to and adjustments of building requirements contained herein in order to overcome practical difficulties in application provided such a variance would neither be detrimental to other Lots in the development nor in violation of the rules and regulations of Chatham County.

The Architectural Review Committee, by and through the Board of Directors shall be entitled to injunctive relief to stop or require the modifications, relocation, or removal of any construction in violation of these restrictions.

ARTICLE SEVEN: Lot Requirements.

Section 1: Single Family Dwellings. Only one single family residential dwelling shall be allowed on a lot. No lot may be subdivided unless said subdivision shall be for the purpose of adjusting or straightening lines or making minor shifts in lot line location.

Section 2: Size of Dwellings. Single story dwellings shall have a minimum of 2,000 square feet of finished floor space, two story dwellings must have a minimum of 2,500 square feet of finished floor space within the primary dwelling. In determining the square footage of the primary dwelling, all garages, storage houses, finished or unfinished basements and all porches shall be excluded.

Section 3: Building Setbacks. (a) All Structures shall be set back 40' or more from the front lot line and 25' side and rear setbacks per county standards; (b) No structures of any type are permitted in drainage easements designated on the recorded plat.

Section 4: Exterior Specifications. Approved Masonry will be used on the fronts of foundations and on front steps as a minimum, brick, stone or cultured stone piers may be used under long front porches in lieu of solid masonry. Approved gravel no larger than #5 stone or 57 m stone shall be used on driveways in order to maintain uniformity within the development.

Section 5: Satellite Receivers and Antennas. No satellite dishes over 24" in diameter are permitted, nor are any exterior antennas unless properly screened from view with prior written approval of the Architectural Review Committee. At all times satellite dishes shall be in compliance with all local, state and federal rules and regulations.

Section 6: Swimming Pools. Below ground pools are permitted to the rear of the residence as long as there is no interference with the septic areas as determined by the Chatham County Health Department.

Section 7: Clotheslines. Outside clotheslines are prohibited.

Section 8: Fuel Tanks. All fuel tanks shall be located underground unless severe site conditions make this a hardship, in which case tanks may be placed above ground provided they are kept behind an approved screened enclosure which must exceed in height by at least one (1) foot any such tank.

Section 9: Vegetable Gardens. Vegetable gardens shall be located a minimum of 20 feet from any roadways.

Section 10: Recreational Vehicles. Campers, boats and all recreational vehicles shall be concealed from public view with proper approval by the Architectural Review Committee of screening. On-street parking by residents of STROWD MOUNTAIN SUBDIVISION for other than a twenty four (24) hour period shall be prohibited.

Section 11: Trash/Recycling Receptacles. Such receptacles shall be screened from view and kept to the side or behind the residence except when they are placed by the roadside for collection.

Section 12: Signs. All signs, other than "For Sale" signs, which are to remain displayed for longer than 24 hours, must be approved by the Architectural Review Committee. No signs other than signage by the company actively marketing STROWD MOUNTAIN SUBDIVISION, shall exceed 2' by 3'.

Section 13: Maintenance Responsibility. Each lot owner shall maintain and preserve his lot in a clean, sanitary, orderly and attractive appearance with the spirit of the development. Lot owners, with the exception of Declarant, shall be responsible for maintaining any portion of the street right-of-way between their lots and the pavement. No building materials or machinery used for building purposes shall be stored on any lot in an exposed location except for the purpose of construction on such Lot and shall not be stored on such Lot for longer than the length of time reasonably necessary for the construction in which same is to be used.

Section 14: Animals. No animals or poultry, with the exception of domestic pets shall be kept or maintained on any lot. Domestic pets may be kept in limited numbers if reasonable regulation of control and sanitation is provided. Domestic pets may not be bred for commercial purposes in the subdivision.

Section 15: Fences. Fences are allowed with approval in writing by the Architectural Review Committee. Front fences may be allowed for decorative purposes. A drawing showing fence location on the lot along with a description of fencing materials must be submitted to the Architectural Review Committee and receive written approval as described in Article Six prior to the installation of any fencing. Some fencing materials may be deemed unacceptable.

ARTICLE EIGHT: Easements and Private Right of Ways

Section 1: Easement on Lot # 1 and 5. Lots # 1 and #5 shall be permanently

subject to an easement in favor of the Declarant and subsequently the Homeowners Association, to erect and maintain permanent subdivision entrance area, including any decorative fencing and signage in the form of a 3' x 5' sandblasted, brick, stone, rock or marble sign, or any combination of said materials . The Entrance Area Easement is located as shown on the recorded Plat.

Section 2: Easement in favor of Progress Energy of Carolinas, Inc (formerly Carolina Power and Light Company). The Declarant reserves the right to subject the real property in this subdivision to an easement in favor of Progress Energy of Carolinas, Inc. for the installation of street lighting, and to contract for the lighting of all streets, which shall in turn result in a continuing monthly payment obligation to Progress Energy of Carolinas, Inc., to be billed to and paid by the Strowd Mountain Homeowners' Association on a monthly basis.

Section 3: Septic Easement for Lot 20. The Declarant has reserved a Septic Easement for Lot 20 located on Lot 21 as shown on Plat Slide 2003— ___, Chatham County Registry. This Easement shall be maintained and repairs by the Owner of Lot 20. In the event the owner of Lot # 20 does not adequately maintain or repair the drainage easement, the Homeowners' Association shall have the exclusive right to maintain or repair the septic easement, with the cost of said maintenance or repair being billed to the owner of Lot 20 who shall be responsible for reimbursing the Homeowner's Association within 30 days of receipt of a bill.

Section 3: All lots in STROWD MOUNTAIN SUBDIVISION are subject to such easements as shown on the recorded plat. These include, and are not limited to, easements in favor of the Department of Transportation, Carolina Power and Light, and drainage easements if any.

Section 4: Private 50' Right-of-Way Easement for Lots 16-17. The Declarant has reserved an Easement for the use and benefit of the Owners of Lots 16 and 17, said easement being shown as a 50' Private Right-of-Way on the plat recorded in Plat Slide 2003-___. The Owners of Lots 16 and 17 will use said Private Right-of-Way for ingress, egress, regress to their respective lots and for any necessary utility easement access along the Private Right-of-Way. The Owners of Lots 16 and 17 will be responsible for the maintenance and upkeep of the Private 50' Right-of-Way all as further described that certain Road Maintenance Agreement recorded in Book ___, Page ___, Chatham County Registry.

Section 5: Private 50' Right-of-Way Easement for Lots 18 thru 21. The Declarant has reserved an Easement for the use and benefit of the Owners of Lots 18-21, said easement being shown as a 50' Private Right-of-Way on the plat recorded in Plat Slide 2003-___. The Owners of Lots 18-21 will use said Private Right-of-Way for ingress, egress, regress to their respective lots and for any necessary utility easement access along the Private Right-of-Way. The Owners of Lots 18-21 will be responsible for the maintenance and upkeep of the Private 50' Right-of-Way all as further described that certain Road Maintenance Agreement recorded in Book ___, Page ___, Chatham County Registry.

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

Section 2: Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect. In the event of any contradiction, real or apparent, between the Articles of Incorporation and the By-Laws, the By-Laws shall control and in the event of any contradiction, real or apparent, between the By-Laws and this Declaration, then the terms and conditions of this Declaration shall control.

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

Section 4: Reserved Rights of Lot Owners. No Lot Owner shall be subject to a restraint imposed by the Association upon his right to sell, transfer, or otherwise convey his Lot. Under no circumstances shall the Association have a right of first refusal upon the sale and conveyance of any Lot. No Lot Owner shall be subject to any restraint imposed by the Association upon his right to mortgage his Lot with whomever or whatever institution and upon those terms and conditions the Lot Owner is willing to accept. Each Lot Owner is entitled, to likewise inspect the books and records and other related documents of the Association during normal business hours or under other reasonable circumstances.

Section 5: Contracts. Any contract, lease or agreement entered into by the Association on its own behalf or by Declarant on behalf of the Association must be terminable by either party without cause upon not more than ninety (90) days notice to the other party and with cause upon not more than thirty (30) days notice to the other party. If so terminated, no termination fee shall be required to be paid to the party so terminated. This provision shall include, but not be limited to, contracts for professional management of the project.

IN TESTIMONY WHEREOF, the said parties hereto have hereunto set their hands and seals the day and year first above written.

TWM, LLC
a North Carolina limited liability company (seal)

BOOK 1062 PAGE 970
970 Michael W. Tarr (Seal)
Michael W. Tarr, Manager

STROUD MOUNTAIN HOMEOWNERS' ASSOCIATION, INC.

NORTH CAROLINA - COUNTY OF ORANGE

I, Wayne R. Hadler, a notary public in and for said county and state do hereby certify that Michael W. Tarr personally came before me this day and acknowledged the due execution of the foregoing instrument as Manager of TMW, LLC, a North Carolina limited liability company. web. WA

Witness my hand and notarial seal, this the 14 day of October, 2003.

My commission expires:

5/22/2005

W. R. Hadler
Notary Public

