OPERATING AGREEMENT
For
Nala Properties LLC

THIS OPERATING AGREEMENT of Nala Properties LLC, (the "Company"), a limited liability company organized pursuant to the NORTH CAROLINA Limited Liability Company Act, is executed effective, by and among the Company, and Patrick Burke (the sole "Member") and also Patrick Burke in her role as the Manager of the Company:

ARTICLE I

FORMATION OF THE COMPANY

1.1. Formation. The Company was formed on May 9, 2023 upon the filing with the Secretary of State of the Articles of Organization of the Company and has been active and in good standing with the State of North Carolina since that date.

In consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the rights and obligations of the parties and the administration and termination of the Company shall be governed by this Agreement, the Articles of Organization and the Act.

1.2. Name. The name of the Company is Nala Properties LLC. The Managers may change the name of the Company from time to time as they deem advisable, provided appropriate amendments to this Agreement and the Articles of Organization and necessary filings under the Act are first obtained.

1.3. Registered Office and Registered Agent. The Company's registered office within the State of NORTH CAROLINA and its registered agent at such address shall be as determined from time to time by the Manager. At the time of this Agreement the Registered Office and Agent address is 115 Easton Drive, Mooresville, NC 28117.

1.4. Principal Place of Business. The principal place of business of the Company shall be at such place or places as the Manager may from time to time deem necessary or advisable. At the time of this Agreement, the Principal Place of Business is 115 Easton Drive, Mooresville, NC 28117.

1.5. Purposes and Powers.

(a) The purpose and business of the Company shall be to engage in any lawful business for which limited liability companies may be organized under the Act, including but not limited solely to the development of real estate.

(b) The Company shall have any and all powers which are necessary or desirable to carry out the purposes and business of the Company, to the extent the same may be legally exercised by limited liability companies under the Act.

1.6. Term. The Company shall continue in existence perpetually, unless the Company is earlier dissolved, and its affairs wound up in accordance with the provisions of this Agreement or the Act.

1.7. Nature of Members' Interests. The interests of the Members in the Company shall be personal property for all purposes. Legal title to all Company assets shall be held in the name of the Company. Neither any Member nor a successor, representative, or assign of any Member, shall have any right, title, or interest in or to any Company property or the right to partition any Property owned by the Company.

ARTICLE II

DEFINITIONS

2.1. Definitions. The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

"Act" means the NORTH CAROLINA Limited Liability Company Act, as amended from time to time.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts to which such Member is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(l) and 1.704-2(i)(5); and

(ii) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-l(b)(2)(ii)(d)(5), and 1.704-l(b)(2)(ii)(d)(6) of the Treasury Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-l(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

"Adjusted Capital Contributions" means, as of any day, a Member's Capital Contributions adjusted as follows:

(i) Increased by the amount of any Company liabilities which, in connection with Distributions, are assumed by such Member or are secured by any Company Property distributed to such Member; and

(ii) Reduced by the amount of cash and the Gross Asset Value of any Company Property distributed to such Member and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

In the event a Member transfers all or any portion of such Member's Membership Interest in accordance with the terms of this Agreement, the transferee shall succeed to the Adjusted Capital Contribution of the transferor to the extent it relates to the transferred Membership Interest or portion thereof.

"Affiliate" of a specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with the specified Person; (ii) any Person owning or controlling five

percent (5%) or more of the outstanding voting securities of the specified Person; (iii) any officer, director, or partner of the specified Person; or (iv) if the specified Person is an officer, director, or partner, any entity for which the specified Person acts in such capacity.

"Agreement" means this Operating Agreement, as it may be amended from time to time.

"Articles of Organization" means the Articles of Organization of the Company filed with the Secretary of State, as amended or restated from time to time.

"Capital Account" means, with respect to any Member, the capital account maintained for such Member in accordance with Section 5.5 of this Agreement.

"Capital Contribution" means all contributions of cash or property (valued for this purpose at initial Gross Asset Value) made by a Member or the Member's predecessor in interest.

"Capital Transaction" means any transactions undertaken by the Company or by any entity in which the Company owns an interest, which, were it to generate proceeds, would produce Company Sales Proceeds or Company Refinancing Proceeds.

"Code" means the Internal Revenue Code of 1986, as amended from time to time (and any corresponding provisions of succeeding law).

"Company Cash Flow" for any period means the excess, if any, of (A) the sum of (i) all gross receipts from any source for such period, other than from Company loans, Capital Transactions, and Capital Contributions, and (ii) any funds released by the Company from previously established reserves, over (B) the sum of (i) all cash expenses paid by the Company for such period (including any compensation to the Manager and his Affiliates); (ii) all amounts paid by the Company in such period on account of the amortization of the principal of any debts or liabilities of the Company (including loans from any Member); (iii) capital expenditures of the Company; and (iv) a reasonable reserve for future expenditures as provided by Section 11.2; PROVIDED, HOWEVER, that the amounts referred to in (B) (i), (ii), and (iii) above shall be taken into account only to the extent not funded by Capital Contributions, loans or paid out of previously established reserves. Such term shall also include all other funds deemed available for distribution and designated as Company Cash Flow by the Manager.

"Company Minimum Gain" means gain as defined in Treasury Regulations Section 1.704-2(d).

"Company Refinancing Proceeds" means (i) the cash realized from the financing or refinancing of all or any portion of the Property or other assets of the Company, less the retirement of any related mortgage loans and the payment of all expenses relating to the transaction and a reasonable reserve for future expenditures as provided by Section 11.2 and (ii) the Company's allocable portion of cash realized by an entity in which the Company owns an interest from such entity financing or refinancing all or any portion of such entity's assets, less the retirement of any related mortgage loans and the payment of all expenses relating to such transaction and a reasonable reserve for future expenditures as provided by Section 11.2.

"Company Sales Proceeds" means (i) the cash realized from the sale, exchange, condemnation, casualty, or other disposition of all or any portion of the Property or other assets of the

Company, less the retirement of any related mortgage loans and the payment of all expenses relating to the transaction and a reasonable reserve for future expenditures as provided by Section 11.2 and (ii) the Company's allocable portion of cash realized by an entity in which the Company owns an interest from the sale, exchange, condemnation, casualty, or other disposition of all or any portion of such entity's assets, less the retirement of any related mortgage loans and the payment of all expenses relating to such transaction and a reasonable reserve for future expenditures as provided by Section 11.2.

"Depreciation" means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; PROVIDED, HOWEVER, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Manager.

"Disinterested Member" means a Member who is not related (within the meaning of Section 267(b) of the Code or Section 707(b) (l) of the Code) to either the Member whose Membership Interest is to be transferred as provided in Article VIII or the proposed transferee of such Membership Interest.

"Distributable Cash" means, with respect to the Company at any time, all funds of the Company on hand or in bank accounts of the Company as, in the discretion of the Manager, is then available for Distribution to the Members after provision has been made for (i) payment of all operating expenses of the Company as of such time; (ii) provision for payment of all outstanding and unpaid current obligations of the Company as of such time; and (iii) provision for such reserves as the Manager deems necessary or appropriate for Company operations as provided by Section 11.2.

"Distribution" means any money or other property distributed to a Member with respect to the Member's Membership Interest, but shall not include any payment to a Member for materials or services rendered nor any reimbursement to a Member for expenses incurred by such Member in accordance with this Agreement.

"Domestic Proceeding" means any divorce, annulment, separation, or similar proceeding.

"Encumbrance" means any lien, pledge, encumbrance, collateral assignment, or hypothecation.

"Fiscal Year" means an annual accounting period ending December 31 of each year during the term of the Company, unless otherwise specified by the Manager.

"Gains from Capital Transactions" means the gains realized by the Company as a result of or upon any sale, exchange, condemnation, or other disposition of capital assets of the Company or any entity in which the Company shall own an interest (which assets shall include Code Section 1231 assets and all real and personal property) or as a result of or upon the damage to or destruction of such capital assets.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Manager, provided that, if the contributing Member is a Manager, the determination of the fair market value of a contributed asset shall be determined by appraisal;

(ii) The Gross Asset Values of all assets of the Company shall be adjusted to equal their respective gross fair market values, as determined by the Manager, as of the following times: (a) the acquisition of an additional interest in the Company (other than upon the initial formation of the Company) by any new or existing Member in exchange for more than a de minimis Capital Contribution; (b) the distribution by the Company to a Member of more than a de minimis amount of Company Property as consideration for an interest in the Company; and (c) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); PROVIDED, HOWEVER, that the adjustments pursuant to clauses (a) and (b) above shall be made only if the Manager reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(iii)The Gross Asset Value of any asset of the Company distributed to any Member shall be adjusted to equal the gross fair market value of such asset on the date of distribution as determined by the distributee and the Manager, provided that, if the distributee is a Manager, the determination of the fair market value of the distributed asset shall be determined by appraisal; and

(iv) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m) and Sections 2.1.36(vi) and 6.11 hereof; PROVIDED, HOWEVER, that Gross Asset Values shall not be adjusted pursuant to this Section 2.1.23(iv) to the extent the Manager determines that an adjustment pursuant to Section 2.1.23(ii) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this Section 2.1.23(iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to Section 2.1.23(i), Section 2.1.23(ii), or Section 2.1.23(iv) hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits, Gains from Capital Transactions or Losses.

"Majority of Managers" means a combination of Managers constituting more than fifty percent (50%) of the number of Managers then elected and qualified.

"Majority in Interest" means a combination of any Members who, in the aggregate, own more than fifty percent (50%) of the Membership Interests of all Members.

"Manager" means each Person executing this Agreement as a Manager, any other Person that succeeds such Manager or any other Person elected to act as Manager of the Company as provided in this Agreement. "Managers" refers to such Persons as a group.

"Member" means each Person designated as a member of the Company on Schedule I hereto or any other Person admitted as a member of the Company in accordance with this Agreement or the Act. "Members" refers to such Persons as a group.

"Member Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i).

"Member Nonrecourse Debt" means any nonrecourse debt (for the purposes of Treasury Regulations Section 1.1001-2) of the Company for which any Member bears the "economic risk of loss," within the meaning of Treasury Regulations Section 1.752-2.

"Member Nonrecourse Deductions" means deductions as described in Treasury Regulations Section 1.704-2(i). The amount of Member Nonrecourse Deductions with respect to Member Nonrecourse Debt for any Fiscal Year equals the excess, if any, of (A) the net increase, if any, in the amount of Member Minimum Gain attributable to such Member Nonrecourse Debt during such Fiscal Year, over (B) the aggregate amount of any Distributions during that Fiscal Year to the Member that bears the economic risk of loss for such Member Nonrecourse Debt to the extent such Distributions are from the proceeds of such Member Nonrecourse Debt and are allocable to an increase in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i).

"Membership Interest" means all of a Member's rights in the Company, including without limitation, the Member's share of the Profits and Losses, the right to receive distributions of the Company's assets, any right to vote, and any right to participate in the management of the Company as provided in the Act and this Agreement. The Membership Interest of each Member is set forth on Schedule I hereto.

"Nonrecourse Deductions" means deductions as set forth in Treasury Regulations Section 1.704-2(b) (l). The amount of Nonrecourse Deductions for a given Fiscal Year equals the excess, if any, of (A) the net increase, if any, in the amount of Company Minimum Gain during such Fiscal Year, over (B) the aggregate amount of any Distributions during such Fiscal Year of proceeds of a Nonrecourse Liability that are allocable to an increase in Company Minimum Gain, determined according to the provisions of Treasury Regulations Section 1.704-2(h).

"Nonrecourse Liability" means any Company liability (or portion thereof) for which no Member bears the "economic risk of loss," within the meaning of Treasury Regulations Section 1.752-2.

"Ownership Interest" means the proportion that a Member's positive Capital Account bears to the aggregate positive Capital Accounts of all Members whose Capital Accounts have positive balances as may be adjusted from time to time. The initial Ownership Interests of the Members are as follows:

Member Ownership Interest

Patrick Burke	100.00%

All references to a "majority in interest" of the Members or other designated group shall refer to a majority of the then Ownership Interests held by the Members or other designated group.

"Percentage Interest" means the percentage which the Capital Contributions of a Member to the Company bears to the Capital Contributions of all Members. The initial Capital Contribution of each Member is set forth opposite such Member's name on Schedule I hereto.

"Person" means an individual, a trust, an estate, a domestic corporation, a foreign corporation, a

professional corporation, a partnership, a limited partnership, a limited liability company, a foreign limited liability company, an unincorporated association, or another entity.

"Profits" and "Losses" mean, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such year or period (excluding Gains from Capital Transactions), determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a) (1) shall be included in taxable income or loss), with the following adjustments:

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and. Losses pursuant to this definition (excluding Gains from Capital Transactions) shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this Section 2.1 shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to this Section 2.1, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of Company Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period, computed in accordance with the definition of Depreciation set out hereof;

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of computing Profits or Losses;

(vii) Notwithstanding any other provision of this Section 2.1, any items which are specially allocated pursuant to Sections 6.2, 6.3, 6.7, 6.8, 6.9, 6.10, 6.11, or 6.12 hereof shall not be considered in computing Profits or Losses.

The amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Sections 6.2, 6.3, 6.7, 6.8, 6.9, 6.10, 6.11, or 6.12 hereof shall be determined by applying rules analogous to those set forth in Sections (i) through (vi) above.

"Property" means (i) any and all property acquired by the Company, real and/or personal

(including, without limitation, intangible property) and (ii) any and all of the improvements constructed on any real property.

"Secretary of State" means the Secretary of State of NORTH CAROLINA.

"Tax Matters Member" means the Member designated by the Manager as the "tax matters partner," as that term is defined in the Code.

"Transfer" means sell, assign, transfer, lease, or otherwise dispose of property, including without limitation an interest in the Company

"Treasury Regulations" means the Income Tax Regulations and Temporary Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

ARTICLE III

MANAGEMENT OF THE COMPANY

3.1. The Manager. Except as otherwise may be expressly provided in this Agreement, the Articles of Organization or the Act, all decisions with respect to the management of the business and affairs of the Company shall be made by action of the Manager. The Manager shall have full and complete authority, power, and discretion to manage and control the business of the Company, to make all decisions regarding those matters and to perform any and all other acts customary or incident to the management of the Company's business, except only as to those acts as to which approval by the Members is expressly required by the Articles of Organization, this Agreement, the Act, or other applicable law. The Manager may delegate responsibility for the day-to-day management of the Company to any individual Manager or Person retained by the Manager who shall have and exercise on behalf of the Company all powers and rights necessary or convenient to carry out such management responsibilities. The Manager shall have the following specific authority:

(a) Except as limited by the terms of Section 3.2 below, or as otherwise specified, the business and affairs of the Company shall be managed by the Manager. Except as otherwise specified in this Agreement, for any rights vested in a Manager shall require the unanimous consent of both Manager. There shall be no requirement that a Manager must be a Member.

(b) The Manager shall have full and complete authority, power and discretion to manage and perform any and all other acts or activities customary to or incident to the management of the Company's business, except only as to those acts and things as to which approval by the members is expressly required by the Articles of Organization, this Agreement, the Act or other applicable law. Without limiting the generality of the foregoing, and subject to the requirements of Section 3.2, the Manager is hereby authorized:

(i) To expend the Company's capital and income in furtherance of or relating to the Company's business and purposes, to execute, on behalf of the Company, all documents required I connection with the acquisition of the Property (including without limitation closing statements, deeds of trust, promissory notes, assignments, pledges, affidavits and other similar documents related to any note),

and to invest such of the Company's funds as are temporarily not required;

(ii) To retain on a contract basis from time to time, on such commercially reasonable terms and for such commercially reasonable compensation as the Manager may determine, such persons, firms or corporations as the Manager may deem advisable, including, without limitation, attorneys, accountants, bookkeepers, financial and technical consultants, supervisory managing agents, insurance brokers, real estate brokers, loan brokers, professional land planners and architects, who may also provide such services to the Company, and any out-of-pocket expenses incurred by the Manager for such purposes shall be paid or reimbursed by the Company;

(iii) To prepare or cause to be prepared reports, statements or other relevant information for distribution to the Members, including annual reports;

(iv) To open accounts and deposit and maintain funds in the name of the Company in banks, savings and loan associations or other financial institutions;

(v) To market the Property for sale to third parties as, when and in the manner deemed advisably the Manager to be in the best interest of the Company; and

(vi) To make decisions related to principles and methods of accounting and Federal income tax elections.

(c) There shall be no requirement for notice of any meetings of the Manager, and meetings of the Manager may take place in person or by telephone or any other means of communication. A decision of most of the votes of the Manager shall bind the Company.

3.2 Limitations on Power and Authority of Managers. Without the written consent of (i) Members owning a majority of the Percentage Interests as to items (i) through (xvii), below, and (ii) of all Members as to item (xviii), below, no Manager shall have the authority to do any of the following (individually, a "Major Decision" and collectively, the "Major Decisions"):

(i) do any act in contravention of this Agreement;

(ii) do any act which would make it impossible to carry on the ordinary business of the Company;

(iii) confess a judgment against the Company;

(iv) admit an additional Member, except as provided in this Agreement;

(v) knowingly perform any act that would subject any Member to liability;

(vi) alter the purposes of the Company;

(vii) cause the Company to invest in any program, partnership, venture or real property for reasons other than a Company purpose;

(viii) possess any property or assign the rights of the Company in specific property, including any and all real property, for any reason beyond a Company purpose;

(ix) employ, or permit to employ, the funds or assets of the Company in any manner except for the exclusive benefit of the Company;

(x) commingle the Company funds with those of any other person or entity;

(xi) amend this Agreement;

(xii) merge the Company into or with another limited liability company;

(xiii) sell, exchange, convey or otherwise dispose of all or substantially all of the Property;

(xiv) make any loans of Company funds to any Member or other;

(xv) obtain Company financing (other than financing acquired in the ordinary course of business);

(xvi) commit the Company or any of its Members or any of its assets, to issue a Guaranty or other surety on, or security for, a loan to any person or entity other than the Company;

(xvii) commit any act in contravention of this Agreement; or

(xviii) possess Property of the Company or assign the Company's rights in specific Property for reasons other than Company purposes.

3.3 Appointment, Votes and Resignation.

(a) There shall be one (1) Manager of the Company which shall be Patrick Burke. Each Manager shall hold office until resignation or removal in the manner herein provided. In the event any Manager resigns or is removed, a new Manager shall be elected as provided in Section 4.3 below.

(b) Any Manager may resign at any time by giving written notice to all of the Members of the Company. The resignation of the Manager shall take effect upon delivery of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

3.4 Dealings with Company. The following provisions shall apply to deals with Company:

(a) Any person dealing with the Company may rely conclusively upon its most recent annual report filed with the Secretary of State as to the identity of its Manager (hereinafter defined), except to the extent the person has actual knowledge that a person identified therein as a Manager is not a Manager.

(b) This Agreement and records of the actions of the Members or Manager may be authenticated by the Manager. Any person dealing with the Company may rely conclusively upon the certificate or written statement of any one (1) Manager authenticating this Agreement and records of the action of the Members, except to the extent the person has actual knowledge that the certificate or written statement is false.

(c) Any document or instrument required or permitted by law to be filed, registered or recorded with any public authority and to be executed by the Company shall be sufficiently executed for such

purpose if signed on its behalf by the Manager.

3.5. Compensation and Expenses. The Manager shall not receive any compensation from the Company for serving as Manager, but the Company will reimburse Manager for expenses incurred by the Manager in connection with their service to the Company. Nothing contained in this Section 3.3 is intended to affect the Percentage Interests of Manager who is also Member or the amounts that may be payable to the Manager by reason of their respective Percentage Interests.

3.6. Indemnification of Manager. The Company shall indemnify the Manager to the fullest extent permitted or required by the Act, as amended from time to time, and the Company may advance expenses incurred by a Manager upon the approval of the remaining Manager and the receipt by the Company of the signed statement of such Manager agreeing to reimburse the Company for such advance in the event it is ultimately determined that such Manager is not entitled to be indemnified by the Company against such expenses. The provisions of this Section 3.4 shall apply also to any Person to whom the Members have delegated management authority as provided in Section 3.1, whether or not such Person is a Manager or Member.

3.7. Limitation on Liability. No Manager of the Company shall be liable to the Company for monetary damages for an act or omission in such Person's capacity as a Manager, except as provided in the Act for (i) acts or omissions which a Manager knew at the time of the acts or omissions were clearly in conflict with the interests of the Company; (ii) any transaction from which a Manager derived an improper personal benefit; or (iii) acts or omissions occurring prior to the date this provision becomes effective. If the Act is amended to authorize further elimination of or limitations on the liability of Manager, then the liability of the Manager shall be eliminated or limited to the fullest extent permitted by the Act as so amended. Any repeal or modification of this Section shall not adversely affect the right or protection of a Manager existing at the time of such repeal or modification. The provisions of this Section 3.5 shall apply also to any Person to whom the Members have delegated management authority as provided in Section 3.1, whether or not such Person is a Manager or Member.

3.8 Liability for Return of Capital Contribution. The Manager shall not be liable for the return of the Capital Contributions of the Members, and upon dissolution, the Members shall look solely to the assets of the Company.

ARTICLE IV

RIGHTS AND OBLIGATIONS OF MEMBERS

4.1. Names and Addresses of Members. The names and addresses, of the Members are as follows:

- Patrick Burke: 115 Easton Drive, Mooresville, NC 28117

4.2. No Management by Members. The Members in their capacity as Members shall not take part in the management or control of the business, nor transact any business for the Company, nor shall they have power to sign for or to bind the Company.

4.3. Election of Manager. The Members shall have the power by the action of a Majority in Interest to elect a Person to serve as a Manager to replace any Manager no longer able to serve in such capacity due to

such Manager's death, resignation, or the vote of a Majority in Interest of the Members to remove such Manager.

4.4. Action by Members. Any action to be taken by the Members under the Act or this Agreement may be taken (i) at a meeting of Members held on such terms, and after such notice as the Manager may establish; PROVIDED, HOWEVER, that notice of a meeting of Members must be given to all Members entitled to vote at the meeting at least five (5) days before the date of the meeting; or (ii) by written action of a Majority in Interest of the Members; PROVIDED, HOWEVER, that any action requiring the consent of all Members under this Agreement, the Act, or other applicable law taken by written action must be signed by all Members. No notice need be given of action proposed to be taken by written action, or an approval given by written action, unless specifically required by this Agreement, the Act, or other applicable law. Such written actions must be kept with the records of the Company.

4.5. Limited Liability. The Members shall not be required to make any contribution to the capital of the Company except as set forth in Article V, nor shall the Members in their capacity as such be bound by, or personally liable for, any expense, liability, or obligation of the Company except to the extent of their interests in the Company and the obligation to return Distributions made to them under certain account upon the dissolution of the Company or the liquidation of any of their Membership Interests.

4.6. Bankruptcy or Incapacity of a Member. A Member shall cease to have any power as a Member or a Manager, any voting rights or rights of approval hereunder upon death, bankruptcy, insolvency, dissolution, assignment for the benefit of creditors, or legal incapacity; and each Member, its personal representative, estate, or successor upon the occurrence of any such event shall have only the rights, powers, and privileges of a transferee enumerated in Section 8.4 and shall be liable for all obligations of such Member under this Agreement. In no event, however, shall a personal representative or successor become a substitute Member unless the requirements of Section 8.3 are satisfied.

ARTICLE V

CAPITAL CONTRIBUTIONS AND LOANS

5.1. Initial Capital Contributions. Contemporaneously with the execution of this Agreement, the

Members contributed cash to the Company in the amount as so designated by the Member

5.2. Additional Funds. In the event that the Manager determines at any time (or from time to time) that additional funds are required by the Company for or in respect of its business or to pay any of its obligations, expenses, costs, liabilities, or expenditures (including, without limitation, any operating deficits), then the Manager, in his sole discretion, may borrow all or part of such additional funds on behalf of the Company, with interest payable at then-prevailing rates, from one or more of the Members or from commercial banks, savings and loan associations, or other commercial lending institutions.

5.3. Additional Capital Contributions. If the Manager determines that additional funds are required for the purposes set forth in Section 5.2 of this Agreement and that all or any portion of such additional funds should be contributed to the Company as additional Capital Contributions, the Manager may propose to the Members that the Members make additional Capital Contributions. Upon unanimous agreement of the Members to make such additional Capital Contributions, the Members shall make the necessary additional

Capital Contributions to the Company in proportion to their respective Percentage Interests at the time such additional contributions are made.

5.4 Capital Accounts. A Capital Account shall be established for each Member and shall be credited with each Member's initial and any additional Capital Contributions. All contributions of Property to the Company by a Member shall be valued and credited to the Member's Capital Account at the Gross Asset Value of such Property on the date of its contribution. All distributions of Property to a Member by the Company shall be valued and debited against such Member's Capital Account at the Gross Asset Value of such property on the date of its distribution. Each Member's Capital Account shall at all times be determined and maintained pursuant to the principles of this Section 5.5 and Treasury Regulations Section 1.704-l(b)(2)(iv). Each Member's Capital Account shall be increased in accordance with such Regulations by:

(i) The amount of Profits allocated to the Member pursuant to this Agreement;

(ii) The amount of all Gains from Capital Transactions allocated to the Member pursuant to this Agreement; and

(iii)The amount of any Company liabilities assumed by the Member or which are secured by any Property distributed to such Member.

Each Member's capital account shall be decreased in accordance with such Regulations by:

(i) The amount of Losses allocated to the Member pursuant to this Agreement;

(ii) The amount of Company Cash Flow distributed to the Member pursuant to this Agreement;

(iii)The amount of Company Sales Proceeds and Company Refinancing Proceeds distributed to the Member pursuant to this Agreement; and

(iv) The amount of any liabilities of the Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

In addition, each Member's Capital Account shall be subject to such other adjustments as may be required in order to comply with the capital account maintenance requirements of Section 704(b) of the Code.

If the Manager shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company or the Members), are computed in order to comply with such Treasury Regulations, the Manager may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member upon dissolution of the Company. The Manager also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Treasury Regulations Section 1.704-l(b)(2)(iv)(g) and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Treasury Regulations Section 1.704-l(b).

ARTICLE VI

ALLOCATIONS, ELECTIONS, AND REPORTS

6.1. Profits and Losses. Profit and Losses shall be allocated as follows:

(a) Except as otherwise provided herein, Profits and Losses of the Company and all items of tax credit and tax preference shall be allocated among the Members in accordance with their respective Percentage Interests. In the event the Percentage Interests vary during any Fiscal Year, Profits and Losses and all items of tax credit and tax preference for such Fiscal Year shall be allocated among the Members on a daily basis in accordance with their varying Percentage Interests during the Fiscal Year.

(b) Losses allocated pursuant to this Section 6.1 shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to this Section 6.1, the limitation set forth in this Section 6.1 shall be applied on a Member by Member basis so as to allocate the maximum possible Losses to each Member under Section 1.704-l (b) (2) (ii) (d) of the Treasury Regulations.

6.2. Nonrecourse Deductions. Nonrecourse Deductions shall be allocated among the Members in accordance with their respective Percentage Interests.

6.3. Member Nonrecourse Deductions. Any Member Nonrecourse Deductions shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section I.704-2(i).

6.4 Allocations between Transferor and Transferee. In the event of the transfer of all or any part of a Membership Interest (in accordance with the provisions of this Agreement) at any time other than at the end of a Fiscal Year, or the admission of a new Member (in accordance with the terms of this Agreement), the transferring Member or new Member's share of the Company's income, gain, loss, deductions, and credits, as computed both for accounting purposes and for federal income tax purposes, shall be allocated between the transferor Member and the transferee Member, or the new Member and the other Members, as the case may be, in the same ratio as the number of days in such Fiscal Year before and after the date of the transfer or admission; PROVIDED, HOWEVER, that if there has been a sale or other disposition of the assets of the Company (or any part thereof) during such Fiscal Year, then upon the mutual agreement of all the Members (excluding the new Member and the transferring Member), the Company shall treat the periods before and after the date of the transfer or admission as separate Fiscal Years and allocate the Company's net income, gain, net loss, deductions, and credits for each of such deemed separate Fiscal Years. Notwithstanding the foregoing, the Company's "allocable cash basis items," as that term is used in Section 706(d) (2) (B) of the Code, shall be allocated as required by Section 706(d) (2) of the Code and the Treasury Regulations there under.

6.5 Gains from Capital Transactions. Gains from Capital Transactions during any Fiscal Year shall be allocated as follows:

(a) First, to those Members whose Capital Accounts immediately prior to the Capital

Transaction were negative, in an amount sufficient to increase the Capital Accounts to zero, but in the event sufficient gain is not recognized to do so, then among them pro rata in proportion to their negative Capital Accounts;

(b) Second, to the Members in an amount equal to the difference between the Company Sales Proceeds to be distributed to each of the Members as provided in Section 7.3 and the Capital Accounts of each respective Member as adjusted (if necessary) by Paragraph (a) above, but in the event sufficient gain is not recognized to do so, then among the Members in an amount which, when credited to the Capital Accounts of the Members, results in the Members' Capital Accounts' bearing the same ratio to one another as the ratio of the distribution of Company Sales Proceeds to each of the Members, as provided in Section 7.3; and thereafter,

(c) Any remaining gain shall be allocated among the Members in accordance with their respective Percentage Interests as of the date of the Capital Transaction giving rise to the gain.

6.6 Contributed Property. In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value at the time of contribution.

If the Gross Asset Value of any asset of the Company is adjusted pursuant to Section 2.1.23(i) hereof, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 6.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or Distributions pursuant to any provision of this Agreement.

6.7 Minimum Gain Chargeback. If there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Members share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f) and 1.704-2(j) (2). This Section 6.7 is intended to comply with the minimum gain chargeback requirement in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

6.8 Member Minimum Gain Chargeback. If there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt, as defined in Treasury Regulations Section 1.704-2(i)(4), during any Fiscal Year, each Member who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5),

shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4) and (5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(i) (4). This Section 6.8 is intended to comply with the Member Minimum Gain chargeback requirement in Treasury Regulations Section 1.704(i) (4) and shall be interpreted consistently therewith.

6.9 Qualified Income Offset. If any Member unexpectedly receives an adjustment, allocation, or distribution as described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4) through (6) which causes or increases a deficit capital account balance in such Member's Capital Account (as determined in accordance with such Regulations) items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 6.9 shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article VI have been tentatively made as if this Section 6.9 were not in the Agreement. This provision is intended to be a "qualified income offset," as defined in Treasury Regulations Section 1.704-1(b) (2) (ii) (d), such Regulations being specifically incorporated herein by reference.

6.10. Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Company Fiscal Year which is in excess of the sum of (i) the amount such Member is obligated to restore and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 6.10 shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article VI have been tentatively made as if this Section 6.10 and Section 6.9 hereof were not in this Agreement.

6.11. Section 754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Treasury Regulations Section 1.704-l(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of such Member's interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event that Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Members to whom such distribution was made in the event that Treasury Regulations Section 1.704-l(b)(2)(iv)(m)(4) applies.

6.12. Curative Allocations. The allocations set forth in Sections 6.l(b), 6.2, 6.3, 6.7, 6.8, 6.9, 6.10, 6.11 hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be

offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss, or deduction pursuant to this Section 6.12. Therefore, notwithstanding any other provision of this Article VI (other than the Regulatory Allocations), the Manager shall make such offsetting special allocations of Company income, gain, loss, or deduction in whatever manner they determine appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Sections 6.1(a). In exercising their discretion under this Section 6.12, the Manager shall take into account future Regulatory Allocations under Sections 6.7 and 6.8 that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 6.2 and 6.3.

6.13. Compliance with Treasury Regulations. The above provisions of this Article VI notwithstanding, it is specifically understood that the Manager may, without the consent of any Members, make such elections, tax allocations and adjustments, including amendments to this Agreement, as the Manager deems necessary or appropriate to maintain to the greatest extent possible the validity of the tax allocations set forth in this Agreement, particularly with regard to Treasury Regulations under Code Section 704(b).

6.14. Tax Withholding. The Company shall be authorized to pay, on behalf of any Member, any amounts to any federal, state, or local taxing authority, as may be necessary for the Company to comply with tax withholding provisions of the Code or the NORTH CAROLINA General Statutes or other income tax or revenue laws of any taxing authority. To the extent the Company pays any such amounts that it may be required to pay on behalf of a Member, such amounts shall be treated as a cash Distribution to such Member and shall reduce the amount otherwise distributable to such Member.

ARTICLE VII

DISTRIBUTIONS

7.1. Company Cash Flow. The Company Cash Flow for each Fiscal Year, to the extent available, shall be distributed to the Members at such times as are determined by the Manager in accordance with the Members' respective Percentage Interests.

7.2. Company Refinancing Proceeds. Company Refinancing Proceeds, to the extent available, shall be distributed to the Members within thirty (30) days of the Capital Transaction giving rise to such proceeds, or earlier in the discretion of the Manager, in accordance with the Members' respective Percentage Interests.

7.3 Company Sales Proceeds. Company Sales Proceeds, to the extent available, shall be distributed to the Members within thirty (30) days of the Capital Transaction giving rise to such proceeds, or earlier in the discretion of the Manager, in accordance with the Members' respective Percentage Interests.

7.4. Distributions in Liquidation. Upon liquidation of the Company, all of the Company's Property shall be sold as provided in Section 10.3 and Profits and Losses allocated accordingly. Proceeds from the liquidation of the Company shall be distributed in accordance with the provisions of Section 10.3.

7.5. Limitation upon Distributions. No Distribution shall be declared and paid if payment of such Distribution would cause the Company to violate any limitation on distributions provided in the Act.

ARTICLE VIII

TRANSFER OF INTERESTS AND ADMISSION OF MEMBERS

8.1. Restrictions on Transfer. Without the prior written consent of a Majority in Interest of the Disinterested Members (which consent may be given or withheld in their sole discretion), (a) no Member may voluntarily or involuntarily Transfer, or create or suffer to exist any Encumbrance against, all or any part of such Member's record or beneficial interest in the Company and (b) no Person may be admitted to the Company as a Member. Except for withdrawals in connection with a Transfer of a Membership Interest permitted by this Agreement, no Member may withdraw from the Company without the consent of the Majority in Interest of the Disinterested Members.

8.2. Conditions Precedent to Transfers. Any purported Transfer or Encumbrance otherwise complying with Section 8.1 will be ineffective until the transferor and transferee of the interest furnish to the Company the instruments and assurances the Manager may request, including without limitation, if requested, an opinion of counsel satisfactory to the Company that the interest in the Company being Transferred or Encumbered has been registered or is exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws. No Transfer or Encumbrance will be effective if it would result in the "termination" of the Company under Section 708 of the Code unless all of the Managers give their prior written consent to the Transfer or Encumbrance. If a Manager is a transferor, the approval required by this Section 8.2 will be the approval of a Majority in Interest of the Disinterested Members.

8.3. Substituted Members. No assignee or transferee of a Membership Interest shall be admitted as a substituted Member of the Company unless, in addition to compliance with the conditions set forth in Section 8.2, all of the following conditions are satisfied:

(a) The assignee or transferee has executed and delivered all documents deemed appropriate by the Manager to reflect such Person's admission to the Company and agreement to be bound by this Agreement;

(b) A Majority in Interest of the Disinterested Members shall have consented in writing to such substitution, the granting or denial of which shall be in the sole discretion of such Disinterested Members; and

(c) If requested by the Manager, payment has been made to the Company of all costs and expenses of admitting such transferee or assignee as a substituted Member.

8.4. Rights of Transferee. Unless admitted to the Company in accordance with Section 8.3, the transferee of a Membership Interest or a part thereof shall not be entitled to any of the rights, powers, or privileges of its predecessor in interest, except that such transferee shall be entitled to receive and be credited or debited with its proportionate share of Profits, Losses, Gains from Capital Transactions, Company Cash Flow, Company Sales Proceeds, Company Refinancing Proceeds, and Distributions in liquidation.

ARTICLE IX

BUY-SELL

9.1. Buy-Sell. Each of the following events shall constitute a "Buy-Sell Event" under this

Agreement:

(a) The death, declaration of legal incompetence, or dissolution and winding up of a Member;

(b) A judicial determination of the insolvency of any Member;

(c) Any filing of a petition or suit under the bankruptcy laws by or against a Member that is not dismissed within sixty (60) days;

(d) Any purported voluntary or involuntary Transfer or Encumbrance of all or any part of a Member's Membership Interest in a manner not expressly permitted by this Agreement;

(e) Any material breach of this Agreement by a Member which is not cured within ten (10) days after written notice of such breach is given to the Member by the Company;

(f) Any instance in which the spouse of a Member commences against a Member, or a Member is named in, a Domestic Proceeding; or

(g) Any withdrawal by a Member from the Company other than as may be expressly permitted by this Agreement.

9.2. Buy-Sell Notice. Upon the occurrence of a Buy-Sell Event, the Member to whom such event has occurred (the "Withdrawing Member"), or its executor, administrator, or other legal representative in the event of death or declaration of legal incompetency, shall give notice of the Buy-Sell Event (the "Buy- Sell Notice") to the other Members within ten (10) days after its occurrence. If the Withdrawing Member fails to give the Buy-Sell Notice, any other Member (other than a Withdrawing Member) may give the notice at any time thereafter and by so doing commence the buy-sell procedure provided for in this Article IX. In the case of a Domestic Proceeding, the other Members' actual knowledge of the commencement of a Domestic Proceeding shall be treated as receipt of a Buy-Sell Notice.

9.3. Member's Purchase Option. Upon the occurrence of a Buy-Sell Event, each of the Members, except the Withdrawing Member and any other Withdrawing Member, shall have an option to purchase (the "Purchase Option") the Withdrawing Member's Membership Interest at Closing on the terms and conditions set forth in this Article IX. This right will be allocated among the Members who elect to purchase (the "Purchasing Members") in the proportion they mutually agreed upon, or, in the absence of agreement, in the ratio that each of the Purchasing Member's Percentage Interest bears to the aggregate Percentage Interests of all Purchasing Members. The Purchasing Members must give notice of their election to exercise their Purchase Option to the Withdrawing Member and all other Members within thirty (30) days following delivery of the Buy-Sell Notice.

9.4. Assignment of Purchase Option. If, at the occurrence of a Buy-Sell Event, there exist only two (2) then-current Members (including the Withdrawing Member), the Member that is not withdrawing shall have the option during the thirty-day (30-day) period set forth in Section 9.3 to assign its Purchase Option to any Person other than the Withdrawing Member (the "Purchase Option Assignee") by notifying the Withdrawing Member and the Company of such assignment in writing. After delivery of such notice, the Purchase Option Assignee shall have the option to purchase the Withdrawing Member's Membership Interest on the same terms and conditions as would apply to the Member from which the Purchase Option

was assigned; PROVIDED, HOWEVER, that the Purchase Option Assignee shall not have the rights of assignment set forth in this Section 9.4. Notwithstanding any other provision of Article VIII or this Article IX, any Purchase Option Assignee which exercises its Purchase Option, as provided herein, (i) shall only have those rights as specified in Section 8.4 above, (ii) shall not be admitted as a substitute Member without full compliance with Section 8.3, and (iii) shall be subject to the Buy-Sell restrictions imposed under this Article IX. In the event the Purchase Option Assignee does not exercise the Purchase Option, the Purchase Option Assignee shall have no further rights under this Agreement.

9.5. Agreement on Valuation. Unless otherwise agreed in writing by the purchaser(s) and seller within sixty (60) days of the receipt of a Buy-Sell Notice, the purchase price for the Withdrawing Member's Membership Interest shall be determined by a single appraisal made by an appraiser agreed upon by the purchaser(s) and seller, which appraisal shall be final. If the parties cannot agree on a single appraiser, the purchase price for the Withdrawing Member's Membership Interest shall be determined by three appraisers, one selected by the purchaser(s), one selected by the seller and the third selected by the two appraisers. The value determined by a majority of the appraisers will be final. The costs of appraisal shall be borne equally between the purchaser(s) as a group and the seller. The purchase price to be paid for the Withdrawing Member's Membership Interest will be reduced by the amount of any distributions made by the Company to the Withdrawing Member from the date the Buy-Sell Event occurred with respect to the Withdrawing Member to the Closing.

9.6. Closing. The closing (the "Closing") of the purchase of any Membership Interest pursuant to this Article IX shall take place on the date agreed upon by the purchaser(s) and seller, but not later than ninety (90) days after the occurrence of the respective Buy-Sell Event. The purchase price for each Membership Interest being purchased will be payable in full in cash at Closing. The purchase price will bear interest from the date of the occurrence of the Buy-Sell Event until the Closing at an interest rate equal to the prime rate of interest last published prior to the occurrence of the Buy-Sell Event. Upon payment of the purchase price, the Member selling its Membership Interest shall execute and deliver such assignments and other instruments as may be reasonably necessary to evidence and carry out the transfer of its Membership Interest to the purchaser(s). In connection with the sale of any Membership Interest under this Article IX, unless otherwise agreed by the purchaser(s) and seller, the purchaser(s) will assume the seller's allocable portion of Company obligations to the extent related to the transferred interest as well as the seller's individual obligations to the extent related to the transferred interest, other than income tax liabilities of the seller. Notwithstanding any other provision of Article VIII or this Article IX, any transferee, assignee, or purchaser of a Member's interest, as provided herein, shall only have those rights as specified in Section 8.4 above, and shall not be admitted as a substitute Member without full compliance with Section 8.3.

9.7. Effect of the Rule against Perpetuities. Notwithstanding any other provision of this Agreement, all options and rights to purchase or sell created by this Agreement shall expire on the later of (a) twenty- one (21) years after the death of the last remaining child, living as of the date of this Agreement, of any Member who is a member of the Company at the time of its organization; or (b) twenty-one (21) years after the death of the last to die of the individual Members who are members of the Company at the time of its organization.

9.8. Effect on Withdrawing Member's Interest. From the date of the occurrence of the Buy-Sell Event to

the date of the transfer of the Withdrawing Member's Membership Interest under this Article IX, the Percentage Interest represented by the Withdrawing Member's Membership Interest will be excluded from any calculation of aggregate Percentage Interests for purposes of any approval required of Members under this Agreement. Without limiting the generality of any other provision of this Agreement, upon the exercise of the Purchase Option, the Withdrawing Member, without further action, will have no rights in the Company or against the Company, any Member, or any Manager other than the right to receive payment for its Membership Interest in accordance with this Article IX.

9.9. Failure to Exercise Purchase Option. In the event the Members or Purchase Option Assignee, if any, do not exercise their Purchase Options, the Withdrawing Member or its executor, administrator, or other legal representative in the event of death or declaration of legal incompetency, may transfer its economic rights in the Membership Interest of the Withdrawing Member to any Person; PROVIDED, HOWEVER, that any transferee of the Withdrawing Member's Membership Interest, as provided herein, (i) shall only have those rights as specified in Section 8.4, (ii) shall not be admitted as a substitute Member without full compliance with Section 8.3, and (iii) shall be subject to the Buy-Sell restrictions imposed under this Article IX.

ARTICLE X

DISSOLUTION AND LIQUIDATION OF THE COMPANY

10.1. Dissolution Events. The Company will be dissolved upon the happening of any of the following events:

(a) All or substantially all of the assets of the Company are sold, exchanged, or otherwise transferred (unless the Manager notifies the Members that he has elected to continue the business of the Company, in which event the Company will continue until the Manager gives notice that he elects to dissolve the Company);

(b) All Members sign a document stating their election to dissolve the Company;

(c) The entry of a final judgment, order, or decree of a court of competent jurisdiction adjudicating the Company to be bankrupt and the expiration without appeal of the period, if any, allowed by applicable law in which to appeal;

(d) The expiration of the term of the Company (as set forth in Section 1.6);

(e) Upon the happening of the death, bankruptcy, or any other event of withdrawal (as defined in the Act) with respect to any Member, unless there is at least one remaining Member and the business of the Company is continued by the written consent of a Majority in Interest of the remaining Members within ninety (90) days of the action by or affecting the withdrawing Member; or

(f) The entry of a decree of judicial dissolution or the issuance of a certificate for administrative dissolution under the Act.

10.2. Continuation. Upon the occurrence of any of the events described in Section 10.1(e) above with respect to any of the Members, the business of the Company will be continued if within ninety (90) calendar days a Majority in Interest of the remaining Members elect to continue the business of the Company. If the Members fail to continue the Company's business as provided in this Section, the Company will be

liquidated pursuant to Section 10.3.

10.3. Liquidation. Upon the happening of any of the events specified in Section 10.1 and, if applicable, the failure to continue the business of the Company under Section 10.2, the Manager, or any liquidating trustee elected by the Members, will commence as promptly as practicable to wind up the Company's affairs unless the Manager or the liquidating trustee (either, the "Liquidator") determines that an immediate liquidation of Company assets would cause undue loss to the Company, in which event the liquidation may be deferred for a time determined by the Liquidator to be appropriate. Assets of the Company may be liquidated or distributed in kind, as the Liquidator determines to be appropriate. The Members will continue to share Company Cash Flow, Profits, and Losses during the period of liquidation in the manner set forth in Articles VI and VII. The proceeds from liquidation of the Company, including repayment of any debts of Members to the Company, and any Company assets that are not sold in connection with the liquidation will be applied in the following order of priority:

(a) To payment of the debts and satisfaction of the other obligations of the Company, including without limitation debts and obligations to Members;

(b) To the establishment of any reserves deemed appropriate by the Liquidator for any liabilities or obligations of the Company, which reserves will be held for the purpose of paying liabilities or obligations and, at the expiration of a period the Liquidator deems appropriate, will be distributed in the manner provided in Section 10.3(c); and thereafter

(c) To the payment to the Members of the positive balances in their respective Capital Accounts, pro rata, in proportion to the positive balances in those Capital Accounts after giving effect to all allocations under Article VI and all distributions under Article VII for all prior periods, including the period during which the process of liquidation occurs.

10.4. Articles of Dissolution. Upon the dissolution and commencement of the winding up of the Company, the Manager shall cause Articles of Dissolution to be executed on behalf of the Company and filed with the Secretary of State, and the Manager shall execute, acknowledge, and file any and all other instruments necessary or appropriate to reflect the dissolution of the Company.

ARTICLE XI

MISCELLANEOUS

11.1. Records. The records of the Company will be maintained at the Company's principal place of business, or at such other place selected by the Manager, provided that the Company keep at its principal place of business the records required by the Act to be maintained there. Appropriate records in reasonable detail will be maintained to reflect income tax information for the Members. Each Member, at such Member's expense, may inspect and make copies of the records maintained by the Company and may require an audit of the books of account maintained by the Company to be conducted by independent accountants for the Company.

11.2. Reserves. The Manager may cause the Company to create reasonable reserve accounts to be used exclusively to fund Company operating deficits and for any other valid Company purpose. The Manager shall in his sole discretion determine the amount of payments to such reserve accounts.

11.3. Notices. The Manager will notify the Members of any change in the name, principal, or registered office or registered agent of the Company. Any notice or other communication required by this Agreement must be in writing. Notices and other communications will be deemed to have been given when delivered by hand or dispatched by means of electronic facsimile transmission or nationally recognized air courier, or on the third (3rd) business day after being deposited in the United States mail, postage prepaid. In each case, notice hereunder shall be addressed to the Member to whom the notice is intended to be given at such Member's address set forth on Schedule I to this Agreement or, in the case of the Company, to its principal place of business. A Member may change its notice address by notice in writing to the Company and to each other Member given in accordance with this Section 11.3.

11.4. Amendments. Except as otherwise provided in Section 6.14 with respect to amendments required to comply with the Treasury Regulations and to maintain the validity of the tax allocations, no amendment to this Agreement or to the Articles of Organization will be valid or binding upon the Manager, Members, or the Company, nor will any waiver of any term of this Agreement be effective, unless in writing and signed by all of the Managers and by the Members holding at least a Majority in Interest; PROVIDED, HOWEVER, that any provision of this Agreement requiring the consent, approval, or action of more than a Majority in Interest of the Members, or any provision contained in the Articles of Organization affecting such a provision, may only be amended or waived by a written action signed by the Members holding the required percentage of Membership Interests.

11.5. Additional Documents. Each party hereto agrees to execute and acknowledge all documents and writings which the Manager may deem necessary or expedient in the creation of the Company and the achievement of its purposes, including but not limited to Articles of Organization and any amendments or cancellation thereof.

11.6. Representations of Members. Each Member represents and warrants to the Company and every other Member that such it (i) is fully aware of, and is capable of bearing, the risks relating to an investment in the Company; (ii) understands that its interest in the Company has not been registered under the Securities Act or the securities law of any jurisdiction in reliance upon exemptions contained in those laws; and (iii) has acquired its interest in the Company for its own account, with the intention of holding the interest for investment and without any intention of participating directly or indirectly in any redistribution or resale of any portion of the interest in violation of the Securities Act or any applicable law.

11.7. Domestic Proceeding Disclosure. Any Member named in a Domestic Proceeding shall disclose in any list of assets compiled in connection with such proceeding a statement to the effect that such Member's Membership Interest in the Company is subject to certain rights of the other Members under the terms of this Agreement.

11.8. Survival of Rights. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns.

11.9. Interpretation and Governing Law. When the context in which words are used in this Agreement indicates that such is the intent, words in the singular number shall include the plural and vice versa. The masculine gender shall include the feminine and neuter. The Article and Section headings or titles shall not define, limit, extend, or interpret the scope of this Agreement or any particular Article or Section. This Agreement shall be governed and construed in accordance with the laws of the State of NORTH

CAROLINA without giving effect to the conflicts of law's provisions thereof.

11.10. Severability. If any provision, sentence, phrase, or word of this Agreement or the application thereof to any person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision, sentence, phrase, or word to persons or circumstances, other than those as to which it is held invalid, shall not be affected thereby.

11.11. Agreement in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. In addition, this Agreement may contain more than one counterpart of the signature pages and this Agreement may be executed by the affixing of the signatures of each of the Members to one of such counterpart signature pages; all of such signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

11.12. Tax Matters Member. For purposes of this Agreement, the Manager may designate one Member as the Tax Matters Manager.

11.13. Creditors Not Benefited Nothing in this Agreement is intended to benefit any creditor of the Company or of any Member. No creditor of the Company or of any Member will be entitled to require the Manager to solicit or accept any loan or additional capital contribution for the Company or to enforce any right which the Company or any Member may have against a Member, whether arising under this Agreement or otherwise.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, on this the _____ day of June, 2023, the undersigned, being all of the Managers and Members of the Company, have caused this Agreement to be duly adopted by the Company and do hereby assume and agree to be bound by and to perform all of the terms and provisions set forth in this Agreement.

Nala Properties LLC
a North Carolina limited liability company

_____
By: Patrick Burke, Manager

MEMBERS:

_____
Patrick Burke, Sole Member (100.00% Membership Interest)

Hager Point

SOSID: 2638213
Date Filed: 5/24/2023 11:18:00 AM
Elaine F. Marshall
North Carolina Secretary of State
C2023 143 12468

State of North Carolina
Department of the Secretary of State

ARTICLES OF INCORPORATION
NONPROFIT CORPORATION

Pursuant to §55A-2-02 of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.

1. The name of the nonprofit corporation is: Nala Properties POA, Inc.

2. ☐ (Check only if applicable.) The corporation is a charitable or religious corporation as defined in NCGS §55A-1-40(4).

3. The name of the initial registered agent is: Patrick Burke

4. The street address and county of the initial registered agent's office of the corporation is:

   Number and Street: 115 Easton Drive

   City: Mooresville State: NC Zip Code: 28117 County: Iredell

   The mailing address ***if different from the street address*** of the initial registered agent's office is:

   Number and Street or PO Box: _____

   City: _____ State: NC Zip Code: _____ County: _____

5. The name and address of each incorporator is as follows:

Name	Address
William T. Wallace	6101 Carnegie Blvd, Suite 310 Charlotte, NC 28209

6. (Check either "a" or "b" below.)

   a. ☑ The corporation will have members.

   b. ☐ The corporation will not have members.

7. Attached are provisions regarding the distribution of the corporation's assets upon its dissolution.

8. Any other provisions which the corporation elects to include are attached.

9. The street address and county of the principal office of the corporation is:

Principal Office Telephone Number: privacy redaction

Number and Street: 115 Easton Drive

City: Mooresville State: NC Zip Code: 28117 County: Iredell

The mailing address ***if different from the street address*** of the principal office is:

Number and Street or PO Box: _____

City: _____ State: _____ Zip Code: _____ County: _____

10. **(Optional):** Listing of Officers (See instructions for why this is important)

Name	Address	Title
Patrick Burke	115 Easton Drive Mooresville, NC 28117	President

11. **(Optional):** Please provide a business e-mail address: _____.
The Secretary of State's Office will e-mail the business automatically at the address provided at no charge when a document is filed. The e-mail provided will not be viewable on the website. For more information on why this service is being offered, please see the instructions for this document.

12. These articles will be effective upon filing, unless a future time and/or date is specified: _____

This is the 23rd day of May ,20 23.

Nala Properties POA, Inc.

Incorporator Business Entity Name

Signature of Incorporator

William T. Wallace, Incorporator

Type or print Incorporator's name and title, if any

NOTES:
1. Filing fee is $60. This document must be filed with the Secretary of State.

7. Provisions regarding the distribution of the corporation's assets upon dissolution:

Upon dissolution of the corporation, all remaining corporate assets shall be distributed to the owners belonging to the Nala Properties POA, Inc. as of the date of dissolution. The distributions shall be made in accordance with the percentage interest held by each owner.

Drafted and Recorded by:
McMillan, Psaroudis & Markey PA
6101 Carnegie Blvd., Suite 310
Charlotte, NC 28209

STATE OF NORTH CAROLINA

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HAGER POINT (aka NALA PROPERTIES)

COUNTY OF IREDELL

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration") made this the ____ day of June, 2023 by Nala Properties LLC, a North Carolina limited liability company which owns in fee simple that real property located in Iredell County, North Carolina described more particularly under Article II, Section I herein;

WITNESSETH THAT

Except as set forth elsewhere in this Declaration, the purpose of this Declaration is solely to identify and impose the shared duty among all Owners of any Lots of the Property to maintain in good-working order the septic system servicing the Subdivision.

ARTICLE I
Definitions

Words or phrases defined in this Article I shall be interpreted in accordance with that defined meaning whenever those words or phrases are used in this Declaration.

(a) **Applicable Laws**- All enforceable laws, regulations and ordinances effective in the County of Iredell, the State of North Carolina. and the United States of America including all zoning regulations as well as sign, street, and floodway ordinances; land use, environmental resources, hazardous materials laws; and such other laws of all appropriate jurisdictions as may affect the Subdivision.

(b) **Association**- Nala Properties POA, Inc., a North Carolina non-profit corporation which was formed by the Declarant on May 24, 2023.

(c) **Board of Directors**- The Board of Directors of the Association, which shall be elected and shall serve pursuant to the Bylaws.

(d) **Bylaws**- Bylaws shall mean the Bylaws for Association as adopted by the initial Board of Directors of the Association and thereafter amended from time to time.

(e) **Declarant**- Nala Properties LLC, a North Carolina limited liability company, their successors in interest and/or assigns as the case may be. Matters which are listed in this Declaration as requiring the "approval", "consent" or similar affirmation by the Declarant, shall not require such affirmation after Declarant no longer owns any Lot in the Subdivision.

(f) **Declaration**- This Declaration of Covenants, Conditions and Restrictions (and any future amendments or supplements) as executed by the Declarant and Filed.

(g) **File**- Recording in the Office of the Register of Deeds for Iredell County, North Carolina.

(h) **Improvements**- All buildings, underground installations, roads, driveways, parking areas, fences, screens, retaining walls, stairs, decks, windbreaks, plantings, poles, signs, cuts and fills, and all other structures or landscaping improvements of every variety and nature.

(i) **Lot(s)**- The word "Lot" or "Lots" shall mean the separately numbered single-family lots depicted on the Map.

(j) **Map**- Map shall mean (i) that plat entitled "Hager Point" filed in Map Book 17 at Page Number 82 in the Office of the Iredell County Register of Deeds, North Carolina; (ii) any Filed plats of other portions of the Property described in Article II, Section I for the purpose of subdividing those lands into Lots, dedicating roadways, or any other purpose; and (iii) any revisions of such Filed map or maps.

(k) **Mortgage**- Any deed of trust, security interest, lien or other encumbrance resulting from a monetary obligation of an Owner or other party in interest, which attaches to any Lot and is perfected or Filed.

(l) **Occupant**- Any party, whether Owner or otherwise, who is regularly present upon a Lot pursuant to either express or implied license or right.

(m) **Owner**- Any person or entity other than Declarant who holds the fee simple title to any Lot individually or as a co-owner.

(n) **Planned Community Act**- The North Carolina Planned Community Act North Carolina General Statutes Chapter 47F.

(o) **Property**- All that real estate described in Article II, Section l, plus such other real estate which may be additionally made subject to this Declaration as provided in Article II, Section 3.

(p) **Septic System**- The collective of all land, easements, supply lines and such other elements or property as may be designated to provide the use of septic, sewage and such other similar service as further defined in Article IV of this Declaration.

(q) **Subdivision**- All property described in Article II, Section 1, and such residential lots, streets, amenities, and Improvements as shall come to be constructed therein, also known on the Plat as "Hager Point" or also known as "Nala Properties".

(r) **Utilities**- Those lines and services in the nature of electric, telephone, catv, water, sewer, and natural gas which may be laid or distributed throughout the Subdivision.

ARTICLE II
Property

Section 1. Description. The real property initially subjected to this Declaration is that property being particularly described as: Being all of Lots 2, 3, 4, 5, 6, and 7 of Hager Point Subdivision as same is shown on map thereof recorded in Map Book 17 at Page 82 in the Office of the Register of Deeds for Iredell Courtly.

Section 2. Subdivision Name. The Property, the homes constructed therein and the amenities and infrastructure of the Subdivision shall henceforth, collectively, be known as "Hager Point" or may also be known as "Nala Properties", whichever the Declarant shall designate.

Section 3. Form or Amendment. Each amendment or supplementary declaration shall contain following provisions:

(a) Reference to this Declaration and the date, book and page of its Filing in Iredell County, North Carolina;

(b) A precise legal description of additional real estate (if any);

(c) Language subjecting the additional real estate (if any) to this Declaration and its subsequent amendments or supplementary declarations; and

(d) Such other covenants, restrictions or easements as Declarant shall, in its discretion, additionally impose upon the subject real estate.

ARTICLE III
Declaration

The Property shall hereafter be held, sold, leased, transferred, conveyed and encumbered subject to the herein contained covenants, conditions, restrictions, reservations, and easements which: (i) are made for the direct, mutual and reciprocal benefit of each and every portion of the Property and shall create mutual, equitable servitudes upon each part of the Property, in favor of every other part of the Property; (ii) create reciprocal rights and obligations between the respective Owners and privity of estate between all grantees of portions of the Property, their successors and assigns; (iii) shall operate as covenants running with the land; and (iv) shall inure to the benefit of Declarant and each Owner. By acceptance of any deed conveying title to a portion of the Property, execution of a contract of purchase or acceptance of a lease or license concerning any portion of Property or by taking possession of any portion of the Property; whether from Declarant or a subsequent owner or lessee, any future owner, lessee, licensee or occupant shall accept such deed, contract, lease, license or possession upon and subject to each and all of the covenants, conditions, restrictions, reservations and easements set forth herein. Each person or entity who hereafter owns or acquires any right, title or interest in or to any portion of the Property shall be conclusively deemed to have

consented and agreed to the covenants, conditions, restrictions, reservations and easements set forth herein, and in all future supplementary or amended Declarations, whether or not any reference thereto is contained in the instrument by which such person or entity acquires an interest in the Property.

ARTICLE IV
Septic System of Subdivision

Section 1. Sewage Disposal, Including Wells and Septic Easements. Every dwelling unit on any Lot shall be served by an approved septic system for the disposal of sewage, or connected to a private or public sewage disposal system. All well water and all septic systems or other private sewage disposal systems shall be approved by, and constructed and maintained in accordance with, all regulations and requirements of all governmental authorities and regulatory agencies having jurisdiction. Owners shall construct a well only at a site approved in writing by the Declarant, or by the Association when Declarant no longer owns a lot within the property. Deviations on the permitted location of well sites may only be made with the written consent of Declarant or Association as the case may be because the location of a well on one Lot affects the permissible location of septic fields on that Lot and other Lots. All Owners, by purchasing property subject to this Declaration, acknowledge that any governmental permit or approval allowing for the construction and operation of a septic system or other private sewage disposal system may be limited in duration in accordance with the terms thereof, and neither Declarant, nor Association, nor the officers, directors, members, employees, agents or affiliates or any of them, shall have any liability arising directly or indirectly out of the inability of an Owner to obtain any such permit or approval following the initial expiration thereof.

Non-exclusive Septic Field Easements are hereby established, declared and reserved by Declarant, its successors and assigns, over those portions of the Property and Common Area, as the case may be, labeled "Septic Area" on plats of the Property recorded, or to be recoded, in the Iredell County Public Registry. The Septic Field Easements are for the purpose of providing septic service, for the installation and maintenance of septic systems and for use as drainage fields over, across and under those portions of the Common Areas so labeled to and for the benefit of the Owners and the Association as is more particularly described herein. Each of the Septic Field Easements shall be an appurtenance to and run with the title to the Lot it services and for which it is reserved. The Lots which have been platted as of the recording of this Declaration are referred to herein as the Property. Any Deed, Deed of Trust, mortgage, transfer or other conveyance of any said lots shall also convey the Septic Field Easements appurtenant to such Lot, even if not expressly included therein. The Owner of the Lot to which such Septic Field Easement is appurtenant may use such Easement to construct, install, excavate, dig, build, maintain, operate and remove and reinstall a septic system and related lines, equipment and apparatus in and upon the area over which such Septic Field Easement is reserved, and to clear (and to continue to clear as necessary) all trees, brush and other plants and to remove all rocks if necessary for the proper construction, installation and maintenance of said septic system and related lines, equipment and apparatus.

15'

In addition, Declarant for itself and Owners reserves an easement over those areas designated as 12' Septic Supply Line Easements and Septic Lines (collectively "Pressure Line Easements") shown on Plats, as well as that section of land described and designated for such easement in that Easement Agreement recorded in Deed Book 2966 at Page 1194 in the Iredell County Public Registry, for the purpose of locating, installing, repairing and maintaining sewer lines to carry sewage to the Septic Field Easements areas from the individual Lots and for the purposes set forth herein. The sewage lines within the Pressure Line Easements shall be installed and maintained as provided in this Declaration.

Each Lot Owner shall maintain, in accordance with all rules, regulations and requirements, all portions of any septic system or other sewage disposal system located on such Lot, Septic Field Easement, and Septic Supply Pressure Line Easement: (i) in an orderly condition, clean and free from debris, including any upkeep, repair, removal and replacement of any Improvements located thereon, and (ii) in a good operating condition in compliance with any requirements imposed by the Declarant, the Association, or any governmental authority. If any septic system or other sewage disposal system located on a Lot or Septic Field Easement and any Pressure Line Easements or Septic Supply Lines are not maintained by the applicable Lot Owner as set forth herein, the Declarant or the Association, in its sole direction, may enter such Lot to perform such maintenance and may levy a Special Individual Assessment upon the Lot Owner for the purpose of maintaining, repairing or replacing the Septic System or other sewage disposal system serving such Lot. In addition to the foregoing, the Association (or its designee) shall have the right to enter any Lot, Septic Field Easement or Pressure Line Easement from time to time for purpose of inspecting and/or maintaining any septic system or other sewage disposal system and may levy Special Septic Inspection Assessments to pay for any costs incurred in connection with any such maintenance, as more particularly described in Section 1 of this Article IV. In this regard, each Owner of a Lot (other than Declarant) by acceptance of deed therefore, whether or not it shall be so expressed in such a deed, is deemed to covenant and agree to pay to the Association (in addition to other assessments provided for herein) Special Individual Assessments as levied in the discretion of the Association. Any such assessment or charge, together with interest, costs, and reasonable attorney's fees, shall be a charge and a continuing lien upon the Lot against which each such assessment or charge is made. Each such assessment or charge, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such Lot effective at the time when the assessment fell due.

Declarant hereby reserves unto itself, its successors and assigns, and grants to the Association, a non-exclusive easement burdening each Lot to which a Septic Field Easement is located as shown on the Plats, for the purpose of connecting any residence(s) upon such Lot(s) to any public or private sewer line providing service accessible to such Lot, including access across such Lot and the right to install any pipes and apparatus as may be necessary to connect any such residences to such sewer line (the "Septic Supply Pressure Line Easement"). By reserving the Septic Supply Pressure Line Easement, Declarant has not obligated itself, its successors or assigns, or the Association, to connect any public or private sewer line to the above-described Lots and the exercise of such rights under the Septic Supply Pressure Line Easement shall be at the sole discretion of Declarant, its successors or assigns, or the Association, as the case may be.

Section 2. Septic System Inspection and Septic Inspection and Repair Easement. The Association shall cause all private Septic Systems located within the property to be inspected no less than every six (6) months. Such inspections shall be conducted in order to confirm that each such system Is properly functioning and is generally in compliance with any applicable law, ordinance or regulations, the inspector shall notify the Owner, the Association and any there party or agency as required by law. The Owner shall be responsible for immediately repairing the Septic System at such Owner's sole cost and expense and providing the Association, within thirty (30) days, with proof if such repair. The Association shall be authorized to notify any applicable governmental or regulatory agencies or officials of the manufacturing or noncompliance of any Septic System located within the Property.

The foregoing notwithstanding neither Declarant, the Association, nor its directors, officers, agents or employees shall be responsible for damages or otherwise to anyone by reason of mistake of judgement, omission, negligence or nonfeasance arising out of the inspection services performed pursuant to this Declaration including, without limitation, any damages to any Lot or property by reason of the failure to inspect or the failure of such inspections to detect any malfunction, damage or noncompliance with law.

Declarant hereby reserves a non-exclusive perpetual easement over all the property within the Property for the purposes of conducting the Septic System inspections and repairing and/or replacing the Septic System if an Owner fails to repair or replace the Septic System within thirty (30) days of notification by the Association. The Board of Directors shall have the right to levy a Special Individual Assessment against such Lot Owner pursuant to the terms of these Declarations to recover the costs and expenses incurred by the Association in maintaining, repairing or replacing the Lot Owner's Septic System.

ARTICLE V
Home Owner's Association

Section 1. Membership. Every Owner shall be a Member of the Association. Membership is appurtenant to the ownership of each Lot and is only available to Declarant and Owners. Membership shall be extinguished upon the complete transfer of all Property held by any Member.

Section 2. Classes of Membership.

(a) Owners Class Membership. The Owners Class Members shall consist of all Owners but will exclude Declarant prior to its termination of its Founders Class Membership. If at any time, Declarant owns one or more Lots subsequent to the termination of its Founders Class Membership, Declarant shall then be an Owners Class Member.

(b) Founders Class Membership. The Declarant or its successor or assign only, shall be the sole Founders Class Member. The Founders Class Membership shall terminate at such time as Declarant has conveyed their ownership of the final Lot of the Property so that all Lots are then owned by Owners.

Section 3. Duties. The Association will maintain in its files up-to-date copies of its organizational documents, the Declaration, financial records, records of the current ownership of the Lots, and such other documentation and records as are necessary for its management and oversight functions or as required by the Planned Community Act. All documentation maintained by the Association shall be available to the Owners for inspection during Association business hours upon reasonable notice. The Association may employ an individual or business entity to act as managing agent. The length of engagement and the compensation to be paid to such managing agent shall be determined by the Board of Directors of the Association.

Beginning on a date selected by the Declarant, or the Association as the case may be, the Association may begin collection of annual assessments from each Owner for maintenance of the Septic System, said Septic System being further defined herein.

Prior to the Assessment Start Date, the Septic System shall be maintained by the Declarant, but after such date, the Septic System shall be maintained by the Association, except that Declarant reserves the right, at Declarant's discretion to repair or maintain any portion of the Septic System which Declarant in good faith, determines is not maintained to acceptable standards and shall be reimbursed for such maintenance by the Association. Subsequent to the Period of Declarant control, any material change in the use of portions of the Septic System, shall be made only upon an Eighty Percent (80%) vote of the Members and conditioned upon appropriate approval from every such governing body having dominion or authority over the application of the Septic System.

The Association is charged with the duty to establish and maintain adequate reserve funds for periodic repair, reconstruction or replacement of portions of the Septic System, as is further defined in this Declaration.

ARTICLE VI
Voting

Section 1. Owner's Class. The Owners of each Lot, except for the Declarant, shall be in the Owner's Class of voting and thereby entitled to one (1) vote for each Lot owned. The vote for any one Lot owned by more than one person or entity shall be exercised as they among themselves determine, but in no event shall the vote or votes with respect to any jointly owned Lot be split or cast separately.

Section 2. Founder's Class. The Declarant shall be entitled to ten (10) votes for each Lot owned by the Declarant.

Section 3. Actions. Special Assessments may only be assessed upon receiving fifty-one percent (51%) of a vote.

Section 4. Period of Declarant Control. For a period ending not earlier than two years following the recordation of this Declaration, and for so long as the Declarant owns at least one (1) Lot in the Subdivision, the Declarant shall have the authority to designate, appoint and remove members of the Association's Board of Directors and Officers. To the fullest extent permitted by the Planned Community Act, no Director or Officer appointed by the Declarant shall be removed by the Members or Board of Directors. The appointees shall serve until such time as their successors are duly elected and agree to serve. The Declarant may appoint not less than three (3) but not more than five (5) Directors. If the Declarant chooses to appoint more than three (3), the remaining two (2) directors must be Lot Owners. The time period during which the Declarant holds the exclusive authority to appoint and remove members of the Board of Directors and Officers may be referred to in this Declaration and the Associations' Bylaws as the "Period of Declarant Control".

ARTICLE VII
Assessments

Section 1. Creation or Lien and Personal Obligation of Assessments. Each Owner of any Lot shall by acceptance of a conveyance thereof, whether or not it is so expressed in any conveyance, be deemed to covenant and agree to all the terms and provisions of this Declaration specifically including the duty to pay to the Association both Annual and Special Assessments ("Annual Assessments" and "Special Assessments") and charges as hereinafter provided. The Annual and Special Assessments and charges, together with such interest thereon and costs of collection as are hereinafter provided, shall be a charge and continuing lien upon the Lot against which assessment is made as of the effective date of said assessment. Each assessment, together with interest thereon and costs of collection, shall also be the personal obligation of the person or entity was Owner of such Lot at the time when the assessment became due. In the case of co-ownership of a Lot, all such co-owners shall be jointly and severally liable for the entire amount of any assessment.

Section 2. Purpose of Annual Assessments. The Annual Assessments levied by the Association shall be used for the improvement, maintenance, operation, repair, replacement of and additions to the Septic System. Additionally, the Association in its discretion may elect to collect for additional services including, but not limited to creating, operating and improving potential common area facilities and amenities, collection and disposal of garbage, rubbish and the like, employing security service, maintenance personnel, and for the cost of labor, equipment, materials and the management and supervision thereof. Annual Assessments shall not be used for the initial cost of construction.

Declarant shall employ a related entity or entities to manage the maintenance, operation and repair of the Septic System. In addition, the Association may use Annual Assessments for the purpose of doing any other things necessary or desirable, in the discretion of the Association, to keep common area facilities and amenities in neat and good order, to provide for the health, welfare and safety of the Owners and Occupants of the Property, to advance or maintain the general appearance and function of the Subdivision.

Without limiting the general statements set forth in the immediately preceding paragraph, Annual Assessments shall specifically be used as follows:

(a) to repair, maintain, reconstruct (when necessary), the Septic System, and in the event any common areas or amenities are created at a later time, to also repair maintain and reconstruct, such areas along with any Improvements located thereon, including but not limited to the Entrance Monument, and to maintain the landscaping, including but not limited to shrubs, trees and seasonal flowers, thereon in accordance with the highest standards for private parks, including any necessary removal or replacement of landscaping;

(b) to pay all costs except initial construction and installation, associated with any street lights, Entrance Monument, or similar Common Area amenities, including but not limited to, lease payments and utility costs;

(c) to pay all ad valorem taxes levied against the Common Areas and any other property owned by the Association;

(d) to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws;

(e) to pay all accounting, and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws; and

(f) to maintain contingency reserves to the amounts described in subsections (a) and (b) above for the purposes set forth in this Section 2 in amounts determined by the Board of Directors of the Association.

Section 3. Maximum Annual Assessment. The initial maximum Annual Assessment shall be _____ Dollars ($_____.00) for each Lot, with fractions of the calendar year to be computed and prorated equitably. For each subsequent calendar year, the maximum Annual Assessment may be increased by the Association at the rate of up to twenty percent (20%) of the prior year's assessment. In the event the Annual Assessment is not increased by the maximum amount permitted during any calendar years, the difference between any actual increase in the maximum permitted increase for such years shall be computed, and the Annual Assessment may be increased by that amount in a future year, in addition to the maximum increase otherwise permitted. The percentage limits on annual

increases may be increased for one or more years, but only by a vote of no less than two-thirds (2/3) of the Lot Owners with the approval of the Declarant.

Section 4. Supplemental Annual Assessment. In the event the Association fixes the Annual Assessment in an amount less than the permitted maximum Annual Assessment, the Association shall have the right to later increase (the increase being a "Supplemental Annual Assessment") the total Annual Assessment for such calendar year if the Board of Directors determines that the required duties and functions of the Association cannot be funded by the originally determined Annual Assessment. The Association shall set the due date for such Supplemental Annual Assessment which shall not be less than forty-five (45) days following the mailing of the notice to the Owners of such Supplemental Annual Assessment. The original Annual Assessment and the Supplemental Annual Assessment shall not, under any circumstance, exceed the permitted maximum Annual Assessment for the subject calendar year.

Section 5. Special Assessments. In addition to the Annual Assessments hereinabove authorized the Association may levy Special Assessments ("Special Assessments") for the purpose of defraying, in whole or in part, the cost of any reconstruction, unexpected repair or replacement of the Septic System or any future common areas or amenities.

Section 6. Surplus Funds. During the Period of Declarant Control, to the fullest extent permitted by the Planned Community Act, the Association shall have no obligation to reimburse any surplus funds to Owners, provided such funds must be retained for future use by the Association.

Section 7. Declarant Obligation to Pay Assessments. The assessments, charges and liens provided for by this Declaration shall not apply to any property owned by the Declarant.

Section 8. Commencement. Assessments shall commence on the date fixed by the Association, as the Assessment Start Date or upon purchase of a Lot from Declarant, whichever later occurs. Assessments shall be billed on a calendar year basis with appropriate prorations.

Section 9. Due Date. Unless otherwise provided herein, assessments shall be due and payable in full within 30 days after they are billed to an Owner.

Section 10. Effect of Non-Payment of Assessment. If any assessment as defined in the Planned Community Act is not paid on the date when due then such assessment shall be delinquent and shall accrue interest thereon at the "prime rate" of interest announced from time to time by The Wall Street Journal, plus two percent (2%) per annum (such rate to change from time to time as The Wall Street Journal prime rate changes) never to exceed a maximum of 18% per annum, unless a lesser rate is required under Applicable Law in which event interest will accrue at the maximum required lesser rate. If such assessment is not paid within ten (30) days after the due date, then the Association may bring an action at law against the Owner directly and/or foreclose the lien against the Lot, and there shall be added to the amount of such assessments all reasonable attorneys' fees and costs incurred by the Association in such action, and in the event a judgment is obtained, such judgment shall include interest on the Assessments as indicated above. In addition to the accrued interest aforementioned, the Association may impose a late fee on any untimely assessment in an amount not to exceed ten percent (10%) of the unpaid assessment.

Section 11. Declarant's Obligation to Pay Assessments. Declarant shall have no obligation to pay any annual or special assessments or other costs or expenses with regard to any Lot owned by it or with respect to assessments accrued as to any Lots to which Declarant obtains title, either due to breach of sales contracts, deeds in lieu of foreclosure, or by foreclosure.

ARTICLE VIII
Improvements, Uses and Restrictions

Section 1. Land Use, Building Type and Residential Restrictions. All Lots in the Subdivision shall be used only for residential purposes, except those designated to service as part of the Septic System or future common area as the case may be.

Section 2. Building Setback Lines. No building on any Lot (including any stoops, porches, or decks, whether attached or unattached) shall be erected or permitted to remain within any Side Setback, Front Setback, or Rear Setback as set out by the applicable zoning authority or as noted on the Map. In the event any zoning or subdivision ordinance, floodway regulation or other ordinance, law or regulation applicable to a Lot shall prescribe greater setbacks then those set forth on the Map, all buildings erected during the pendency of that zoning or subdivision ordinance, floodway regulations or other ordinance, law or regulation shall conform to such zoning or applicable governing requirements.

Section 3. Minor Setback Violations. In the event of the unintentional violation of any of the building setbacks set forth in this Declaration by an amount of ten percent (10%) or less, Declarant reserves the right, which right shall be vested in and may be exercised by the Association after Declarant's Founder's Class Membership in the Association has converted to Owner's Class Membership, but is not obligated, to waive in writing such violation of the setback upon agreement of the Owner of the Lot upon which the violation occurs and the Owner of any Lot adjoining the violated setback, provided that such change is not in violation of any zoning or subdivision ordinance or other applicable law or regulation, or, if in violation, provided that a variance or other similar approval has been received from the appropriate governmental authority.

Section 4. Combination or Subdivision of Lots. Except as otherwise set forth herein, no Lot shall be subdivided by sale or otherwise so as to reduce the Lot area shown on the Map. However, a Lot owner may combine with a portion or all of another contiguous Lot so long as the parcel or parcels which result from such combination do not violate any zoning ordinance or other Applicable Law. In the event that two or more Lots are completely combined so as to create one parcel, the resulting parcel shall be considered as one Lot for the purposes of this Article but shall continue to be considered as two Lots for all other purposes (including voting and assessments). Furthermore, the Owner of any Lot which combines with all or a portion of a contiguous Lot shall be solely responsible for any costs which may result from such combination, including the costs of relocating any existing easements. Owners may not, without the approval of Declarant and a 75% majority of all other Owners, dedicate any portion of a Lot for public access or for use as a private road other than a shared driveway to be used by one adjoining Lot.

Section 5. Utility Easements. Declarant hereby reserves easements for the installation and maintenance of utilities (electricity, sewer, water, gas, telephone, catv, street lights, etc.) and drainage facilities (including simple swales) over the front and rear twenty feet (20') of each Lot and fifteen feet (15') in width along each side lot line of each Lot. Additional drainage easements and utility easements are reserved as more particularly shown and delineated on the Map and in other recorded easement documents. Within such easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the construction and maintenance of utilities or which may interfere with drainage and the flow of water within the easement areas. The Owner of each Lot shall maintain that portion of the

Lot lying within the easement areas and shall maintain any Improvements located thereon, except those Improvements installed and maintained by a public authority, utility company. or the Association.

Declarant reserves the right to create and impose additional easements over any unsold Lot for driveways, road drainage, utility and signage installation purposes by the recording of appropriate instruments, and such easements shall not be construed to invalidate any of these covenants.

Section 6. Nuisances. No noxious or offensive trade or activity shall be carried on upon any Lot or in any residential dwelling or outbuilding, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No substance, thing, or material shall be kept upon any Lot that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace and quiet of the of the occupants of the surrounding property. The Board of Directors shall have discretion in determining whether an activity rises to the level of a nuisance.

Section 7. Diligent Construction, Construction Site Cleanliness. All construction, landscaping or other work which has been commenced on any Lot must be continued with reasonable diligence to completion and no partially completed houses of other Improvements shall be permitted to exist on any Lot or Common Area, except during such reasonable time periods as is necessary for completion. No construction materials of any kind may be stored within any right of way.

Any damage to any street, curb shoulder, side ditch, street planting, or any part of any Common Area or any utility system caused by Declarant, an Owner or any builder shall be repaired by such responsible party. If such responsible party fails to repair such damage, Declarant or the Association may make or provide for such repairs, and the responsible Owner shall immediately reimburse the repairing party for its out of pocket expenses in making such repairs.

The Owner of each Lot shall at all times keep contiguous public and private areas free from any dirt, mud, garbage, trash or other debris which is occasioned by construction of Improvements on the Lot or Common Area, Declarant or the Association may provide for the cleaning of public and private areas due to the activities of the responsible party and may assess the responsible party a reasonable charge not to exceed the actual cost for such cleaning. All Owners shall: (i) keep all portions of the Lots and Common Areas free of unsightly construction debris; and (ii) shall at all times during construction provide adequate dumpsters for the containment of garbage, trash or other debris occasioned by construction. Each Owner shall be responsible for erosion control protection during any earth-disturbing operation. Builders shall provide a porta-john on each Lot job site at all times until a certificate of occupancy is issued. All porta-johns shall be serviced not less frequently than weekly and shall be maintained in a sanitary odor-free condition.

Section 8. Grading Rights. Declarant may make cuts and fills upon any Lot or other portion or the Subdivision and do such grading, panning and earth moving, as in its sole reasonable discretion, may be necessary to improve or maintain the streets within the Subdivision or to drain surface waters therefrom.

Section 9. Violations. In the event that any Lot is developed other than in strict conformity with this Declaration and the approval of the Committee, such development must be removed or altered so as to be in compliance. Any unauthorized use of the Lot must be ended to extinguish any violations of this Declaration, or there must be approval granted by the Committee. At any time a violation of this Declaration or the approval granted by the Committee may be found to exist, regardless of the length of time of such violation, the Declarant or the Committee may deliver written notice of such violation to the Owner of the Lot in violation, and written notice to any other responsible parties. If reasonable measures have not been taken by the Owner or other responsible parties to terminate the violation within ten (10) business days, the

Declarant or Committee may, through agents or employees, enter onto the Lot and take such measures as may reasonably be necessary to abate the violation. Such entry shall not be deemed a trespass and those parties entering on behalf of Declarant or the Committee shall have no liability to the Owner or other parties having an interest in the Lot for any entry taken in connection with the abatement of a violation. All costs and expenses, including legal fees, permits, mobilization costs and insurance plus a fifteen percent (15%) allowance for general overhead and intangible costs, shall be a binding obligation of the Owner of the Lot in violation. In addition, all costs shall be a lien upon the Lot, enforceable in the same manner as an assessment made upon the Lot.

During the Period of Declarant Control, if any Owner: (i) constructs Improvements in material violation of the plans and specifications approved by the Committee; (ii) constructs Improvements in material violation of this Declaration; or (iii) conducts activities upon its Lot in material violation of this Declaration; then such violating Owner may be fined by the Association not more than One Hundred Fifty Dollars ($150.00) per day for each day the violation exists following the tenth (10^{th}) day after Declarant or the Association has provided written notice of the violation to the violating Owner. In the event a cure of the violation would reasonably require more than ten (10) days, the Association shall not impose a fine so long as the violating Owner is expeditiously working in good faith toward a cure of the violation, such stay of the fine not to last longer than 30 days. In the event the violating Owner was warned of a potential violation prior to completion of the violating Improvement, but to install the Improvement notwithstanding the warning, the imposition of fines shall not be stayed and will be effective immediately after the tenth (10^{th}) day following written notice.

Section 10. Construction. Construction of all Improvements and other development upon the Lot shall be the responsibility of the Owner. Declarant shall not have any responsibility whatsoever for monitoring or control of construction.

There shall be no occupancy of any residence until such time as the residence and all other completed Improvements and work upon the Lot (including driveways and buildings such as garages) are inspected and approved.

Section 11. Non-Waiver. No delay or failure on the part of an aggrieved party to invoke an available remedy in respect to a violation of any provision contained herein or referred to herein shall be held to be waived by that party of any right available to the party upon the recurrence or continuance of said violation or the occurrence of a different violation.

ARTICLE IX
Duration, Modification and Termination

Section 1. Amendment. The covenants, conditions and restrictions of this Declaration may be amended at any time and from time to time by an agreement signed by Owners holding majority of votes appurtenant to the Lots which are then subject to this Declaration, provided, that such amendment must be consented to by Declarant so long as Declarant is the Owner of any Lot in the Subdivision. Any such amendment shall not become effective until the instrument evidencing such change has been Filed. The consent of a majority of the Owners of Lots, plus the written consent of Declarant shall be required to withdraw any portion of the Property from the requirements of this Declaration.

Notwithstanding anything in this Article XII, Section 1 to the contrary, Declarant may, at Declarant's option, amend this Declaration without obtaining the consent or approval of any other person or entity if such amendment is necessary to cause this Declaration to comply with the requirements of FHA, VA, the Federal

National Mortgage Association, or other similar agency. Declarant, without obtaining the approval of any other person or entity, may also make amendments or modifications hereto which are correctional in nature only and do not involve a change which materially adversely affects rights, duties or obligations specified herein.

Section 2. Term. The covenants and restrictions of this Declaration are to run with the land and shall be binding upon all parties and all persons claiming under them for a period of twenty-five (25) years from the date this Declaration is originally Filed; after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by Owners holding a majority of the votes appurtenant to the Lots, plus Declarant, if Declarant then owns any Lot, has been recorded, agreeing to terminate or modify said covenants and restrictions in whole or in part. Provided, however: (i) the residential use restrictions set forth in Article ___ Section ____ of this Declaration shall run with the land and shall be binding upon all parties and persons claiming under them in perpetuity.

ARTICLE X
Enforcement

Any violation of this Declaration, whether in whole or in part, is hereby declared to be a nuisance and, without limitation, any party empowered to enforce this Declaration may avail itself of all remedies available under Applicable Laws for the abatement of a nuisance in addition to all other rights and remedies set forth hereunder or otherwise available at law. This Declaration may be enforced by Declarant, its successors and assigns (including without limitation the Association after the termination of Founder's Class Membership), by proceedings at law or in equity against the person or entity violating or attempting to violate any covenant or restriction, either to restrain the violation thereof, abate or remediate damage caused by the violation, or to recover damages, all together with reasonable attorney's fees and court costs. Further, after the termination of Declarant's Founder Class membership in the Association, in the event the Association fails to act to enforce any covenant or restriction herein, any Owner of any Lot may enforce these covenants and restrictions as aforesaid against any other Owner

ARTICLE XI
Declarant Retained Rights and Easements

Section 1. Assignability of Rights. All rights, powers and reservations of Declarant stated herein may be assigned. If at any time Declarant ceases to exist and has not previously made an assignment of its rights, a successor Declarant may be appointed by the written vote of a majority of the Owners. Any assignment made pursuant to the terms of this section shall be Filed in Iredell County, North Carolina.

Section 2. Exoneration of Declarant. It is agreed by all Owners and by any other party having an interest in any Lot that Declarant has no duty to enforce any of the covenants and restrictions contained herein. Declarant shall not be subject to liability to any party by reason of its failure to enforce any covenant, condition or restriction herein.

Section 3. Temporary Construction Easements. Declarant reserves for itself and its agents the right and easement to, from time, go over and upon (including trucks, equipment and the like) any Lot for the purpose of installing infastructure or other work necessary in the Subdivision, whether the work benefits the Lot over which access is made or other Lots. Declarant will repair any material damage to the Lot over which access is made and will exercise care to minimize the time of such work and the damage made by the work or access.

ARTICLE XII
Partial Taking

In event that any portion of the Subdivision is taken or purchased in any manner in the nature of a condemnation or other governmental taking, such taking will not render invalid any provision contained in this Declaration.

ARTICLE XIII
General

Section 1. Mortgagees' Protection. Violation of this Declaration shall not defeat the lien of any Mortgage made in good faith and for value upon any portion of the Property. Any lien created hereunder shall be subordinate to any such Mortgage unless a lis pendens or notice of the lien shall have been Filed prior to the recordation of such Mortgage; provided, however, that any Mortgagee in actual possession or any purchaser at any trustee's, mortgagee's or foreclosure sale shall be bound by and be subject to this Declaration as fully as any other Owner.

Section 2. Chain of Title. Each grantee, lessee other person in interest or occupancy accepting a conveyance of a fee or lessor interest, the demise of a leasehold interest, or a license, in any Lot, whether or not the instrument of conveyance refers to this Declaration, covenants for himself, his heirs, successors and assigns to observe and preform and be bound by this Declaration and to incorporate this declaration by reference in any conveyance, demise of a leasehold estate, or the grant of a license, of all or any portion of his interest in any real property subject hereto.

Section 3. Ambiguities. If any discrepancy, conflict or ambiguity is found to exist with respect to any matters set forth in this Declaration, such ambiguity, conflict or discrepancy shall be resolved and determined by Declarant in its sole descretion. Declarant shall have the right to interpret the provisions of this Declaration and, in the absence of an adjudication by a court of competent jurisdiction to the contrary, its construction or interpretation shall be final and binding as to all parties or property benefited or bound by the provisions hereof. Any conflict between any construction or interpretation of Declarant and that of any other person or entity entitled to enforce any of the provisions hereof shall be resolved in favor or the construction or interpretation of Declarant.

Section 4. No Reversionary Interest. This Declaration shall not be construed as creating conditions subsequent, or as creating a possibility of reverter.

Section 5. Zoning Requirements. This Declaration shall not be interpreted as permitting any action or thing prohibited by applicable zoning laws, or any other Applicable Laws, or by specific restrictions imposed by any deed or other conveyance. In the event of any conflicts, the most restrictive provision among the conflict terms shall be taken to govern and control.

Section 6. Effect of Invalidation. If any provision of this Declaration is held to be invalid by any court or other body of competent jurisdiction, the invalidity of such provision shall not affect the validity of the remaining provisions of this Declaration and all remaining restrictions, covenants, reservations, easements and agreements contained herein shall continue in full force and effect.

Section 7. Gender. All pronouns used herein shall be deemed to be singular, plural, masculine, feminine or neuter as application to specific circumstances may require.

Section 8. Liability Limitations. Neither Declarant, nor any Owner nor any officers, directors, agents or employees of any of them shall be personally liable for debts contracted for-or otherwise incurred by the Association. Neither Declarant, nor the Association, nor their directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portions thereof or for failure to repair or maintain the same. Declarant, the Association or any other person, firm or association making such repairs or maintenance shall not be liable for any personal injury other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises. Improvements or portions thereof. The Association shall, to the extent permitted by applicable law indemnify and defend all members of the Board, its officers, employees and agents from and against any and all loss, cost, expense, damage, liability, claim, action or cause of action arising from or relating to the performance by the Board of its duties and obligations, except for such resulting from the gross negligence or willful misconduct of the person(s) to be indemnified. The Association may maintain liability insurance for members of its Board, it officers, employees and agents.

[Signatures follow on next page]

IN WITNESS WHEREOF, Declarant has executed and sealed this Declaration the day and year first written above.

Nala Properties LLC
a North Carolina limited liability company

_____
By: Patrick Burke, Manager

STATE OF _____

COUNTY OF _____

I_____ the undersigned Notary Public for said County and State, do hereby certify that Patrick Burke personally appeared before me this day, and that as Manager of Nala Properties LLC, a North Carolina limited liability company, and as Manager being duly authorized to do so, voluntarily executed the foregoing instrument on behalf of said Company for the purposes therein stated.

WITNESS my hand and official seal, this the _____ day of _____, 2023.

_____
Notary Public

My commission expires: _____

[NOTARIAL SEAL]