

**AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND
RESTRICTIONS
FOR CHAMPION HILLS**

**AS AMENDED THROUGH
FEBRUARY 2016**



Indicates a change made in the current year.

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

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

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

**Article I
DEFINITIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article II

USE OF PROPERTY AND NEIGHBORHOODS

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

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

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

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

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

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

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

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

Section 2. Neighborhoods.

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

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

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

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

Article III **MEMBERSHIP AND VOTING RIGHTS**

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

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

Article IV **ASSOCIATION FUNCTIONS**

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

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

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

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

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

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

Section 6. Governmental Interests.

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

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

Section 7. Indemnification.

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

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

Section 8. Security.

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

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

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

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

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

Section 9. Utility Lines.

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

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

Article V

MAINTENANCE

Section 1. Responsibility of the Association.

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

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

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

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

Section 3. Responsibility of a Neighborhood.

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

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

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

Section 5. Party Walls, Fences and Driveways.

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

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

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

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

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

Article VI

INSURANCE AND CASUALTY LOSSES

Section 1. Association Insurance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 2. Owners' Insurance.

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

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

(c) Additional recorded covenants applicable to any Neighborhood may establish more stringent requirements regarding the standards for rebuilding or reconstructing structures on the Lots and Dwelling Units within such Neighborhood and the standards for clearing and maintaining such Lots and Dwelling Units in the event the structures are not rebuilt or reconstructed.

Section 3. Damage and Destruction.

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

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

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

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

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

Article VII **PARTITION**

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

Article VIII

CONDEMNATION

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

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

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

Article IX

ANNEXATION OF ADDITIONAL PROPERTY

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

Article X

ASSESSMENTS AND TRANSFER FEE

Section 1. Creation of Assessments.

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

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

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

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

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

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

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

Section 2. Computation of Base Assessment.

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

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

(c) The Board of Directors shall cause a copy of the budget and notice of the amount of the Base Assessment to be levied against each Lot or Dwelling Unit for the following year to be mailed to each Owner at his address shown on the Membership Register of the Association maintained at its principal office, at least thirty (30) days prior to the beginning of the fiscal year for which it is to be effective. Such budget and assessment shall become effective unless disapproved at a meeting by Members holding at least seventy-five percent (75%) of the total votes in the Association. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings in Section 4.3 of the By-Laws; such petition must be presented to the Board within ten (10) days after mailing of the notice of assessments.

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

Section 3. Computation of Neighborhood Assessments.

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

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

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

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

Section 5. Special Assessments.

(a) In addition to other assessments authorized hereunder, the Board of Directors may levy Special Assessments, from time to time, to cover unbudgeted expenses or expenses in excess of those budgeted. Such Special Assessment may be levied on all Lots and Dwelling Units in Champion Hills, if such Special Assessment is for Common Expenses, or on the Lots and Dwelling Units within any Neighborhood if such Special Assessment is for Neighborhood

Expenses. Except as otherwise specifically provided in these Amended and Restated Covenants, any Special Assessment to become effective shall have the affirmative vote of the majority of the votes cast by Members of the Association who own Lots and Dwelling Units that will be subject to such Special Assessment.

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

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

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

Section 7. Lien for Assessments.

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

(b) The Association, acting on behalf of the Members, shall have the power to bid for the Lot or Dwelling Unit at the foreclosure sale and to acquire, hold, lease, mortgage, and convey the said Lot or Dwelling Unit. During the period in which a Lot or Dwelling Unit is owned by the

Association following foreclosure: (i) no right to vote shall be exercised on its behalf; (ii) no assessment shall be levied on it; and (iii) each other Lot and Dwelling Unit in Champion Hills shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Lot or Dwelling Unit had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Common Expenses and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same.

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

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

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

Section 10. Capitalization of Association. Upon acquisition of record title to a Lot or Dwelling Unit by the first Owner thereof, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to one-sixth (1/6) of the annual Base Assessment per Lot or Dwelling Unit for that year as determined by the Board of Directors. This amount shall be in addition to, not in lieu of, the annual Base Assessment levied on the Lot or Dwelling Unit and shall not be considered an advance payment of any portion thereof. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association.

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

Section 12. Real Estate Transfer Fee.

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

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

(c) The full amount of the Real Estate Transfer Fee shall be collected by the closing attorney or settlement agent at the time of the closing on the sale of a Lot or Dwelling Unit on all contracts that are entered into on or after September 15, 2005 and shall be paid to Champion Hills Property Owners Association, Inc., or to any successors or assigns thereof, within fifteen (15) days after the date of such closing. The proceeds of Real Estate Transfer Fees collected hereunder shall be used to fund Common Expenses for the general benefit of all Lots and Dwelling Units. Upon the recording of pertinent sale or closing related documents in the Land Records of Henderson County, North Carolina, any unpaid Real Estate Transfer Fee shall be a charge upon such Lot or Dwelling Unit and, together with all related interest, late charge (if any) and costs of collection, shall be a lien against such Lot or Dwelling Unit. Any such unpaid Real Estate Transfer Fee, together with all related interest, late charges (if any) and costs of collection, shall also be the personal obligation, jointly and severally, of the selling Owner(s) and the purchaser(s) of the Lot or Dwelling Unit as those names are reflected on the recorded sales or closing documents related to such sale and shall be subject to collection by the said Champion Hills Property Owners Association, Inc. from any party whose name(s) shall appear on such documents. In addition, insofar as the provisions of Sections 1 and 7 of this Article X shall impose additional conditions or

obligations on an Owner of a Lot or Dwelling Unit and/or provide additional remedies in the event of any nonpayment of any assessment, such conditions, obligations or remedies shall also apply to any Real Estate Transfer Fee.

Article XI

ARCHITECTURAL STANDARDS

Section 1. General.

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

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

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

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

Section 3. Guidelines and Procedures.

(a) Under the provisions of the Original Declaration and the Amended and Restated Declaration, Design Guidelines were established for the initial design and development and for the application and review procedures applicable to all construction activities in Champion Hills including additions, alterations and modifications to Dwelling Units. The Design Guidelines contained general provisions applicable to all Lots and Dwelling Units in Champion Hills, as well

as specific provisions that are different from the provisions applicable to all Lots and Dwelling Units depending upon the location, unique characteristics, and intended use thereof.

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

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

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

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

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

Section 5. Variance. The Architectural Review Committee may authorize variances from compliance with the Design Guidelines when circumstances, such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with rules and regulations of the Architectural Review Committee duly adopted and made publicly available. Such a variance may be granted, however, only when unique circumstances dictate, and no variance shall (i) be effective unless in writing, (ii) be contrary to any restrictions set

forth in these Amended and Restated Covenants, or (iii) stop the Architectural Review Committee from denying a variance in other circumstances. For purposes of this Section 5, the inability to obtain approval of any governmental agency, the issuance of any permit or the terms of any financing shall not be considered a hardship warranting a variance.

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

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

Section 8. Enforcement.

(a) Any construction, addition, alteration, modification or other work done in violation of this Article XI shall be deemed to be nonconforming. Upon written demand from the Board of Directors mailed to the address of the Owner, shown on the membership Register of the Association maintained at its principal office, each such Owner shall, at his own cost and expense, bring such construction, addition, alteration, modification or other work into conformity with this Article XI and the applicable provisions of the Design Guidelines to the satisfaction of the Board or remove such construction, addition, alteration, modification or other work and shall restore the Lot or Dwelling Unit to substantially the same condition as existed prior to the construction, addition, alteration, modification or other work. Should an Owner fail to remove and restore as required hereunder, the Association shall have the right to enter the property, remove the violation, and restore the Lot or Dwelling Unit to substantially the same condition as existed prior to such construction, addition, alteration, modification or other work. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the subject Lot or Dwelling Unit and collected as a Specific Assessment pursuant to Section 6 of Article X.

(b) Any contractor, subcontractor, agent, employee, or other business invitee of an Owner who fails to comply with the terms and provisions of this Article and the applicable

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

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

Article XII

USE RESTRICTIONS

Section 1. General.

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

Section 2. Signs.

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

Section 3. Parking; Prohibited Vehicles.

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

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

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

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

Section 6. Quiet Enjoyment.

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

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

Section 7. Unsightly or Unkempt Conditions.

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

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

Section 8. Subdivision of a Lot or Dwelling Unit; Timesharing. No Lot or Dwelling Unit shall be subdivided or its boundary lines changed except with the prior written approval of the Board of Directors; provided, however, that as long as Branigar (or any subsidiary or affiliate) owns any property at Champion Hills, such property owner may subdivide such property or change the boundary lines thereof without the consent of the Board of Directors. In addition, no Dwelling Unit shall be made subject to any type of timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Dwelling Unit rotates among members of the program on a fixed or floating time schedule over a period of years.

Section 9. Hunting and Firearms. Hunting and the discharge of firearms within Champion Hills are prohibited. The term "firearms" includes "B-B" guns, pellet guns, bows and arrows, slingshots, and other firearms and weapons of all types, regardless of size.

Notwithstanding anything to the contrary contained herein or in the By-Laws, the Association may, but shall not be obligated to, take action to enforce this Section 9 of Article XII.

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

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

Section 12. Grading, Drainage and Sewer Systems.

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

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

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

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

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

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

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

Section 18. Business Use.

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

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

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

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



Section 20. Leasing and Renting of Dwelling Units.

a) An Owner of a Dwelling Unit may lease his Dwelling Unit to any Person, subject to the approval of the Board of Directors, and so long as the following requirements are met: Leases shall (i) be in writing, (ii) be for a minimum of thirty (30) days unless otherwise determined by the Board of Directors, (iii) be on such forms and include such terms and conditions as shall be required by the Board of Directors; and (iv) a background check on the tenants of all leases with a term of thirty (30) days or more shall be required with the Owner being responsible for having the tenant execute or complete any required consents or other forms in order to perform the background check.

(b) Notwithstanding the thirty (30) day minimum length required in Section (a) immediately above this paragraph, Short Term Rentals, which shall mean a lease for less than thirty (30) days ("Short Term Rentals"), are allowed so long as (i) the lease is in writing, (ii) the lease is for a minimum of two (2) nights and a maximum of twenty-nine (29) days, unless otherwise determined by the Board of Directors, (iii) the lease is to a Member of the Association, member of the Club, the immediate family or guest of either an Association Member or a Club Member, or to persons who are pre-approved by the Champion Hills resident realtor or by the POA Board of Directors and (iv) the number of Short Term Rentals in any given calendar year for each Owner is limited as follows:

- An Owner may have an unlimited amount of Short Term Rentals to Persons who are Members of the Association, members of the Club, and the immediate family (defined as the member's spouse, their children, grandchildren, parents, son-in-law, daughters-in-law, mothers-in-law, and fathers-in-law) of either an Association Member or a Club Member, or to persons who are preapproved by the Champion Hills resident realtor or by the POA Board of Directors.

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

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

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

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

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

(h) Upon written request of a Unit Owner, the Board shall have the option in its sole discretion to allow leasing of a Dwelling Unit at any time to avoid undue hardship. The Board shall notify the Unit Owner within ten (10) business days of receiving the Request for a Hardship Exemption of its decision.

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

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

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

with the natural surroundings and architecture. Yard art made of natural materials and in the colors of natural materials or the CHARC approved colors that are on the house are the most likely to be approved by the CHARC.

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

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

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

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

Article XIII

EASEMENTS

Section 1. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Lot and Dwelling Unit and any adjacent Common Area and between adjacent Lots and Dwelling Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three (3) feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, an Owner of a Lot or Dwelling Unit or the Association.

Section 2. Easements for Utilities.

(a) There are hereby reserved unto the Association and any designees thereof, including but not limited to, Henderson County, North Carolina and any utility company, access and

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

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

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

Section 4. Easement for Emergency. The Association shall have the right, but not the obligation, and a perpetual easement is hereby granted to the Association, to enter upon any Lot or Dwelling Unit for emergency, security, and safety reasons. The rights under this Section 4 of Article XIII may be exercised by a member of the Board of Directors or by officers, agents, employees or the General Manager of the Association and all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right to enter onto any Lot or into any Dwelling Unit to cure any condition which may increase the possibility of a fire or other hazard in the event the Owner thereof shall fail or refuse to cure the condition within a reasonable time after requested by the Board, but shall not authorize entry onto any such Lot or into any such Dwelling

Unit without permission of the Owner thereof, except by emergency personnel acting in their official capacities.

Section 5. Easements for Maintenance and Enforcement.

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

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

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

Article XIV **THE CLUB**

Section 1. General. Access to and use of the facilities of the Club is strictly subject to the rules and procedures of the Club and to any contracts entered into by the Club, and no Person gains any ownership interest in the Club or any right to enter or to use the Club by virtue of membership in the Association or ownership or occupancy of a Lot or Dwelling Unit. Rights to use the facilities of the Club will be granted only to members thereof, and on such terms and conditions, as determined by the Club. No representations or warranties, either written or oral,

were made under the provisions of the Original Declaration or the Amended and Restated Declaration, or are made under the provisions of these Amended and Restated Covenants by the Association, its officers or any member of the Board of Directors or any committee thereof with regard to the nature or size of the improvements, or to the continuing ownership or operation, of the Club. No purported representation or warranty, written or oral, with regard to the Club shall ever be effective without an amendment or supplement to these Amended and Restated Covenants executed, or otherwise consented to, by the Club.

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

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

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

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

Article XV **AMENDMENT**

Section 1. Required Action. Except as may be limited by Section 2 of Article XV, these Amended and Restated Covenants may be altered, amended, changed, modified, repealed or restated, in whole or in part at any time, (i) by the vote of not less than seventy-five percent (75%) of the entire Board of Directors at any duly noticed regular or special meeting held pursuant to Sections 6.2 or 6.3 of the By-Laws, respectively, as to which at least five (5) days prior written

notice shall have been given, or (ii) by a majority of the votes cast by Members of the Association entitled to vote at any duly noticed Annual Business Meeting or Special Meeting held pursuant to Sections 4.1 or 4.3, respectively, of the By-Laws, provided that the form of such proposed alteration, amendment, change, modification or restatement shall be set forth in full in, or shall accompany, the notice of any such meetings.

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

Article XVI

GENERAL PROVISIONS

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

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

Section 3. Term. The term of these Amended and Restated Covenants shall commence on the date of the approval and adoption thereof by the Members of the Association and shall continue in full force and effect for a period of thirty (30) years, unless sooner repealed or terminated pursuant to the provisions of Article XV. Thereafter, the term of these Amended and Restated Covenants shall be automatically extended for successive periods of ten (10) years, unless, within the year preceding the beginning of each successive period of ten (10) years, the same shall have been so repealed or terminated.

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

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

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

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

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

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

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

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

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

fee payable pursuant to Section 12(b) of Article X, notwithstanding the transfer of title to the Lot or Dwelling Unit. Each transferee of title to a Lot or Dwelling Unit shall, within seven (7) days of taking title thereto, confirm that the information previously provided by the transferor under this Section 12 is complete and accurate.

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

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



EXHIBIT A

AMENDED AND RESTATED BY-LAWS
OF
CHAMPION HILLS PROPERTY OWNERS
ASSOCIATION, INC.

AS AMENDED THROUGH
FEBRUARY 2016



Indicates a change made in the current year.

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**AMENDED AND RESTATED BY-LAWS
OF
CHAMPION HILLS PROPERTY OWNERS ASSOCIATION, INC.**

AS AMENDED THROUGH DECEMBER 2011

THESE BY-LAWS HAVE BEEN AMENDED AND RESTATED IN THEIR ENTIRETY, EFFECTIVE JANUARY 1, 2001, THE DATE ON WHICH ALL REMAINING ESSENTIAL PROPERTIES WERE TRANSFERRED TO THE CHAMPION HILLS PROPERTY OWNERS ASSOCIATION, INC. FROM THE BRANIGAR ORGANIZATION, INC., A SUBSIDIARY OF INTERNATIONAL PAPER COMPANY AND FINAL CONTROL OF THE OPERATIONS OF THE CHAMPION HILLS PROPERTY OWNERS ASSOCIATION, INC. PASSED FROM THE BRANIGAR ORGANIZATION, INC. TO THE MEMBERS OF THE CHAMPION HILLS PROPERTY OWNERS ASSOCIATION, INC. THIS FINAL TRANSFER OF PROPERTIES AND THE TURNOVER OF CONTROL WAS CONSUMMATED UNDER AND PURSUANT TO THE TERMS AND CONDITIONS OF THE TRANSITION AGREEMENT, MADE AND ENTERED INTO AS OF THE 10TH DAY OF MARCH, 2000 BY AND AMONG THE CHAMPION HILLS CLUB, INC., THE CHAMPION HILLS PROPERTY OWNERS ASSOCIATION, INC. AND THE BRANIGAR ORGANIZATION, INC.

1. Organization

1.1 Name

The name of the corporation is Champion Hills Property Owners Association, Inc. The Association is organized and existing under and pursuant to the provisions of the North Carolina Nonprofit Corporation Act.

1.2 Purposes

The Association is organized for such purposes as are stated in its Articles of Incorporation and as otherwise may be permitted under the applicable provisions of the North Carolina Nonprofit Corporation Act, including, but not limited to, the use of the Common Areas.

1.3 Principal Office

The principal office of the Association shall be at such place in the State of North Carolina as the Board of Directors shall, from time to time, establish; the Board of Directors may, from time to time, establish other offices of the Association within the State of North Carolina as it shall elect. The address of the principal office of the Association is 1 Hagen Drive, Hendersonville, North Carolina 28739.

2. Definitions

The following words and terms, when used in these By-Laws shall have the common, generally accepted meanings, unless where and as used or the pertinent provisions of the North Carolina Nonprofit Corporation Act shall prohibit such meaning:

2.1 “Articles”

The Articles of Incorporation of Champion Hills Property Owners Association, Inc. as duly filed with the North Carolina Secretary of State and as amended from time to time.

2.2 “Assessments: Base; Neighborhood; Special; Specific”

The assessments levied by the Board of Directors under Section 1, 2, 3, 5, or 6 of Article X of the *Covenants* to meet, as appropriate, certain actual or estimated expenses of the Association incurred, or anticipated to be incurred, for the benefit of all or, in certain cases, a limited number of the Members of the Association.

2.3 “Association”

The Champion Hills Property Owners Association, Inc., a corporation organized and existing under and pursuant to the provisions of the North Carolina Nonprofit Corporation Act.

2.4 “Board of Directors” or “Board”

The body responsible for the administration of the Association under the applicable provisions of the Articles, the By-Laws of the Association, the *Covenants* and the North Carolina Nonprofit Corporation Act.

2.5 “Board of Governors of the Club”

The body responsible for the administration of the Club, under the applicable provisions of the provisions of the By-Laws of the Club and of the North Carolina Nonprofit Corporation Act, and generally serving the same role as the board of directors under North Carolina law.

2.6 “Branigar”

The Branigar Organization, Inc., formerly a division of Union Camp Paper Company, and now a subsidiary of International Paper Company.

2.7 “By-Laws of the Club”

The Amended and Restated By-Laws of Champion Hills Club, Inc. (January 1, 2001), and as may be amended from time to time.

2.8 “Champion Hills”

The residential development area located near Hendersonville, North Carolina and developed by Branigar.

2.9 “Club”

The Champion Hills Club, Inc., a nonprofit corporation organized and existing under and pursuant to the provisions of the North Carolina Nonprofit Corporation Act, located in Champion Hills.

2.10 “Common Area”

All the real property and personal property, owned, leased or otherwise held by the Association for the use and enjoyment of the Members of the Association, including, without limitation, the wastewater collection and treatment systems serving Champion

Hills and any easements held by the Association for any purpose under the provisions of the *Covenants*. The term shall include the Exclusive Common Area, as defined in Section 2.14.

2.11 “Common Expenses”

The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Members, including any reasonable reserve, all as may be found necessary and appropriate by the Board of Directors pursuant to the Articles, the By-Laws and the *Covenants*.

2.12 “*Covenants*”

The *Declaration of Covenants, Conditions and Restrictions for Champion Hills*, recorded on April 10, 1992 in Deed Book 796, Page 65, et seq., Henderson County, North Carolina, Registry of Deeds, and as amended and supplemented from time to time thereafter.

2.13 “Dwelling Unit”

A single family residence or townhouse, attached or detached, and any accessory building located on a Lot in Champion Hills, the use of which is incident to the Dwelling Unit and customary with that use.

2.14 “Exclusive Common Area”

The portion of the Common Area that the Association now or hereafter owns, leases or otherwise holds possessory or use rights in, for the exclusive use or primary benefit of one or more, but less than all, Neighborhoods, as shall be more particularly described in the pertinent provisions of the *Covenants*.

2.15 “General Manager”

The manager hired by the Board, pursuant to Section 8.2.2, and by the Board of Governors of the Club, pursuant to Section 8.2.2 of the Club By-Laws, to oversee the day-to-day operations of (i) the Association pursuant to Section 10.1 of these By-Laws and (ii) the Club pursuant to Section 10.1 of the By-Laws of the Club.

2.16 “Lot”

A plot of land shown upon any recorded subdivision map of Champion Hills intended for improvement with a Dwelling Unit.

2.17 “Member of the Association” or “Member”

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

2.18 “Membership Register”

The list of names and current addresses of the Members of the Association maintained at the principal office of the Association.

2.19 “Neighborhood”

Each separately designated residential area within Champion Hills, in which the owners of the Lots or Dwelling Units have common interests other than those common to all Members of the Association. The term, where the context permits or requires, shall also refer to the Neighborhood Committee as defined in the *Covenants*, having concurrent jurisdiction over real property within the Neighborhood.

2.20 “Neighborhood Expenses”

The actual or estimated expenses incurred or anticipated to be incurred by the Association for the benefit of owners of Lots or Dwelling Units within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized from time to time by the Board of Directors pursuant to the By-Laws or the *Covenants*.

2.21 “North Carolina Nonprofit Corporation Act”

Chapter 55A, Sections 55A-1, *et seq.*, of the North Carolina General Statutes.

2.22 “Person”

A natural person, partnership, association, trust or other legal entity, entitled to be a Member of the Association, but shall not include any Person that shall own or possess only a security interest in a Lot or Dwelling Unit in Champion Hills.

2.23 “Rules and Regulations”

The restrictions and guidelines governing use of the Common Areas by, and conduct of, Members, their family and guests, and invitees as shall have been adopted and as may be amended, from time to time, by the Board of Directors.

2.24 “Vote of the Members”

A majority of all votes cast by Members of the Association entitled to vote at any duly noticed Annual Business Meeting or Special Meeting of POA Members.

3. Members and Membership

3.1 Qualifications

Each Person, who shall own fee simple title to, or a beneficial interest in, a Lot or Dwelling Unit, shall be deemed to be a Member of, and to have a membership in, the Association. Such membership shall be appurtenant to, and may not be separated from, the ownership of any Lot or Dwelling Unit. Notwithstanding that fee simple title to, or a beneficial interest in, a Lot or Dwelling Unit shall be owned (i) either as tenants in common or as joint owners with rights of survivorship pursuant to Section 3.3.2 or (ii) by a legal entity pursuant to Section 3.3.3, there shall be no more than one membership per Lot or Dwelling Unit. The rights and privileges of membership in the Association may be enjoyed by each such

Person, except that the right to vote set forth in Sections 4.9 and 5.4 may be exercised by only one such Person. All such Persons shall be jointly and severally liable for the duties and obligations of such membership. The rights and privileges of a Person, who is a natural person, may be exercised by the Member or his spouse. The membership rights of a Person, that shall be a corporation, trust, partnership or other legal entity, shall be exercised by the individual designated pursuant to Section 3.3.3.

3.2 Membership Rights, Privileges, Duties and Obligations

Membership in the Association entitles the holder, upon payment of all fees, charges and assessments (annual and special) as shall be established and published from time to time by the Board of Directors, (i) to the use of the Common Areas, (ii) to vote, in accordance with Section 4.9, on all matters properly noticed and presented at any meetings of Members held pursuant to Sections 4.1 and 4.3 and (iii) to vote, in accordance with Section 5.4, for the election of directors at a properly noticed Annual Election Meeting of Members held pursuant to Section 4.2.

3.3 Types of Membership

3.3.1 General

In addition to the eligibility of a Person to be a Member of the Association as set forth in Section 3.1, a Membership in the Association may be held (i) in joint ownership pursuant to Section 3.3.2, (ii) by a legal entity pursuant to Section 3.3.3 or (iii) by a Person owning more than one (1) Lot or Dwelling Unit pursuant to Section 3.3.4

3.3.2 Joint Ownership

In the event that fee simple title to, or a beneficial interest in, a Lot or Dwelling unit shall be held by two (2) or more Persons, either as tenants in common or as joint tenants with rights of survivorship, such joint owners shall provide to the Association written notice designating one of the joint owners, who shall be responsible for observance and performance of all the duties and obligations of Membership and shall be entitled to exercise, on behalf of the other joint owners, the right to vote for the Membership on all matters on which Members of the Association are entitled to vote. Such designation shall remain in effect until written notice, executed by all the other joint owners, is received by the Association changing such designation; provided, however, that such designation may not be changed more than once in any calendar year and only then in accordance with such rules and regulations as the Board of Directors shall have established therefor. Notwithstanding anything to the contrary elsewhere herein, each of the joint owners of a Lot or Dwelling Unit shall be jointly and severally liable for the payment of fees, other charges and assessments or indebtedness associated with Membership in the Association.

3.3.3 Ownership by Legal Entity

A corporation, partnership, trust or other legal entity that shall own fee simple title to, or a beneficial interest in, a Lot or Dwelling Unit shall be entitled to hold a Membership in the Association. Each such corporation, partnership, trust or other legal entity shall provide to the Association written notice designating one (1) individual who shall be responsible for the observance and performance of all duties and obligations of the Membership and shall

be entitled to all of the rights and privileges of such Membership, including the right to vote on all matters on which Members of the Association are entitled to vote. Such designation shall remain in effect until written notice, executed by an authorized representative of such legal entity, is received by the Association changing such designation; provided, however, that such designation may not be changed more than once in any calendar year and only then in accordance with such rules and regulations as the Board of Directors shall have established therefor.

3.3.4 Multiple Lot or Dwelling Unit Ownership

If a Person shall own fee simple title to, or a beneficial interest in, two (2) or more Lots or Dwelling Units, each such Person shall be entitled to one Membership in the Association for each Lot or Dwelling Unit so owned. Each such Person shall be entitled to the rights and privileges, and shall be responsible for the observance and performance of all of the duties and obligations of Membership, for each such Lot or Dwelling Unit.

3.4 Transfer of Membership

3.4.1 General

Since Membership in the Association is appurtenant to, and may not be separated from, ownership of the Lot or Dwelling Unit, it may not be assigned, pledged, hypothecated, encumbered or otherwise transferred for any purpose whatsoever, except as specifically provided for in this Section 3.4.

3.4.2 Transfer upon Death or Divorce

3.4.2.1 Transfer upon Death

Upon the death of a Member, the Membership in the Association shall automatically vest as provided in the will, if any, of the deceased Member as to the disposition of the Lot or Dwelling Unit or in accordance with the laws of descent and distribution of the State or Country in which such deceased Member was domiciled at death.

3.4.2.2 Transfer Upon Divorce or Legal Separation

In the event a Member and his spouse are legally divorced or legally separated, the Membership shall vest or remain, as the case may be, in the name of the spouse, who receives or retains, as the case may be, title to the Lot or Dwelling Unit, pursuant to a final decree of a court of competent jurisdiction or to a valid separation agreement. In the absence of such a final court decree or valid separation agreement, the Membership shall remain in the name of the person whose name appears on the Membership Register.

3.4.3 Transfer Upon Sale of Lot or Dwelling Unit

Upon the final closing on the sale of a Lot or Dwelling Unit, the buyer thereof, except as may be specifically provided for elsewhere herein, shall become the Member and as such shall become entitled to all the rights and privileges, and shall become subject to all of the duties and obligations, of Membership in the Association. The seller shall remain liable for all fees, charges or assessments unpaid at the time of closing and not otherwise assumed by the buyer.

4. Meetings of Members

4.1 Annual Business Meeting

The Annual Business Meeting of Association Members shall be held every year on a weekday between May 20 and July 20, inclusive, that is not a legal holiday, at such time and place as shall be set by the Board and specified in the written notice of such meeting given pursuant to Section 4.5. The Board of the Association and the Club Board shall schedule their Annual Business Meetings for the same day unless either Board determines there is good cause to schedule the meetings on different days.

4.2 Annual Election Meeting

The Annual Election Meeting of Members shall be held on the first (1st) Monday of December of each year beginning in the year 2001 at such time and place as shall be specified in the written notice of such meeting given pursuant to Section 4.5. If such date shall fall on a legal holiday, the meeting shall be held on the first business day following that is not a holiday. The sole purpose of the Annual Election Meeting shall be to receive the report of the Election Committee as to the results of the ballot vote for the election of members of the Board of Directors conducted pursuant to Section 5.4; no other business shall be conducted at an Annual Election Meeting.

4.3 Special Meetings

Special meetings of the Members for any purpose or purposes may be held at any time at the call of the Board of Directors or of the President, either on his own motion or within thirty (30) days after receipt of a written request, signed and dated, by not less than ten percent (10%) of the Members, delivered to the Secretary pursuant to Section 15.12, at such place, date and time as shall be specified in the notice thereof given pursuant to Section 4.5. No business may be conducted at any special meeting other than that stated in such notice.

4.4 Place of Meetings

The Annual Business Meeting, the Annual Election Meeting and any special meeting of Members shall be held at the principal office of the Association, unless the Board of Directors shall, in the notice of such meeting given pursuant to Section 4.5, designate another place.

4.5 Notice of Meetings

Not less than fifteen (15) nor more than forty-five (45) days before the date set for the meeting, the Secretary shall deliver, or cause to be delivered, to each Member notice of all meetings, stating (i) the record and voting entitlement dates, established by the Board of Directors pursuant to Section 8.2.1, and (ii) the place, date and time of the meeting and whether it is an Annual Business Meeting, an Annual Election Meeting or a special meeting and, in the case of a special meeting, stating the purpose or purposes thereof. Such notice, if mailed, shall be addressed to such Member at such Member's address as it shall appear on the Membership Register ten (10) days prior to the date of such notice. If notice is given

by mail as provided in this Section 4.5, such notice shall be deemed delivered and received as set forth in Section 15.12. A copy of each such notice shall also be posted in a conspicuous place in the Clubhouse of the Champion Hills Club on the same date that such notice is mailed to Members.

4.6 List of Members of the Association

4.6.1 Preparation

Not less than two (2) business days after notice of any Annual Business, Annual Election or special meeting of Members shall have been given pursuant to Section 4.5, the Secretary shall prepare, or cause to be prepared, an alphabetical list of the names and addresses of Members entitled to receive notice of the meeting; such list shall also show the number of votes each such Member is entitled to cast at such meeting.

4.6.2 Availability for Inspection

The list prepared pursuant to Section 4.6.1 above shall, upon its preparation and until the called date of the meeting or any adjournment thereof, be made, on written demand submitted not less than five (5) days prior to the date requested in such demand for such inspection, available for inspection by any Member, personally or by his duly appointed representative or representatives, at the offices of the Association and, during any such meeting, at the place where it is held. Such Member, at his expense, may copy such list at a mutually agreed upon time; provided however, that such inspection and copying shall be for the sole purpose of communicating with other Members concerning the meeting.

4.7 Adjourned Meetings and Notice

Any duly noticed meeting of Members, whether or not a quorum is present, may be adjourned from time to time by a vote of not less than a majority of the Members present, but in the absence of a quorum, no other business may be transacted at the meeting. It shall not be necessary to give notice of an adjourned meeting other than by announcement at the meeting, unless such meeting is adjourned for thirty (30) days or more in which event notice of the adjourned meeting shall be given as in the case of the original meeting and a new record and voting entitlement date or dates shall be established pursuant to Section 8.2.1. At the reconvened meeting, if a quorum shall be present, any business that might have been conducted at the meeting originally called may be conducted without further notice.

4.8 Quorum

The presence, in person, by proxy or, in the case of an Annual Election, by returned ballot, of not less than forty percent (40%) of the Members entitled to vote on the matters before the meeting, shall be necessary to constitute a quorum for the transaction of business at an Annual Business Meeting, an Annual Election Meeting or any special meeting of Members. Once a Member is present for quorum purposes, such Member is deemed present for the remainder of the meeting and any adjournment, unless a new record and voting entitlement date is required to be set pursuant to Section 4.7. In addition, the withdrawal of such number of Members, during the course of the meeting at which a quorum was originally present resulting in the absence of a quorum, shall not affect the right of such

meeting to continue to transact business, provided that not less than a majority of the required quorum as defined in Section 4.8 shall be present at all times.

4.9 Voting; Proxies; Tally

4.9.1 Voting Entitlement

Subject to the provisions of Section 12 hereof, each Member of the Association shall be entitled to vote. The vote shall be cast (i) by the Member, (ii) by the joint owner designated pursuant to Section 3.3.2, or (iii) by the individual designated by the legal entity pursuant to Section 3.3.3. Voting agreements purporting to have been executed by and between two (2) or more Members shall have no force and effect.

4.9.2 Form and Use of Proxies

Except as is provided in Section 5.4 in respect of the election of members of the Board of Directors by ballot, the Secretary shall prepare, or cause to be prepared, a form of proxy for execution and return by each Member entitled to vote on a duly noticed matter. At the time that notice of the meeting is given to each Member pursuant to Section 4.5, the Secretary shall deliver, or cause to be delivered, in the same manner that such notice shall have been delivered, a form of proxy that shall meet all applicable requirements therefor contained in the North Carolina Nonprofit Corporation Act in effect as of the date of such notice. The form of proxy may include, but is not limited to, a means whereby each Member, electing to use such proxy, may specify whether the vote cast shall be for, against or abstained on each matter to be voted on and a means whereby the Member may grant to the proxies named therein discretionary authority to vote on other matters that may properly come before the meeting. Each proxy shall be dated and signed by the Member, either personally or by power of attorney, in form and content satisfactory to the Secretary and submitted with the executed proxy. A proxy given under this Section 4.9.2 shall be valid for eleven (11) months, unless a different period is specifically provided for therein. All proxies shall be returned to the Association at the address specified on the proxy or in the notice of the meeting, attention of the Secretary, either in person, by facsimile transmission to the number specified on the proxy or meeting notice, or by mail to such address, not later than 6:00 PM on the second (2nd) preceding day before the meeting, unless the proxy or the notice of the meeting shall specify a different place, day or time. A duly executed and timely returned proxy may be revoked by attending the meeting and voting in person or by proxy or at any time prior to the return date; such revocation must be in writing executed by such Member or by power of attorney or by the submission of an additional proxy.

4.9.3 Tally and Report of Tellers

Not less than five (5) days prior to any meeting at which matters are to be submitted to the Members for a vote, unless such vote shall be for the election of members of the Board of Directors by ballot pursuant to Section 5.4, the President shall appoint not less than two (2) individuals, who may, but are not required to, be Members, or the spouse of a Member, as Tellers, for the tally of the vote. At the close of the discussion on such vote at the meeting, the President shall call for a vote from the floor by any Member present, who has not voted by proxy, and from the proxies appointed for that purpose by Members who have returned

valid forms of proxy. The Secretary shall have the sole authority to determine the validity of a proxy. The contents of all proxies shall be held in confidence. The results of each vote taken at the meeting shall be announced at the meeting, if practicable, and, if not so announced, shall otherwise be made publicly available, as soon as practicable, after the meeting.

4.9.4 Challenge; Retention of Proxies

In the event that any Member challenges the reported results of any vote, written notice of such challenge and all pertinent facts shall be filed with the Board of Directors within two (2) days after the results are announced. The Board shall review the merits of the challenge and issue its decision within five (5) business days after receipt of the notice. The decision of the Board shall be final. If a challenge has been filed, the returned proxies, accompanying powers of attorney, if any, and the vote of the Members, if any, voting from the floor of the meeting shall be retained until the challenge is resolved. Otherwise all proxies and accompanying powers of attorney shall be destroyed by the fifteenth (15th) day after the meeting.

4.10 Vote Required for Action

Unless otherwise specified in these By-Laws or in the Articles, a majority of the votes cast on any matter is necessary for the passage or defeat of any matter properly before the meeting requiring a vote of the Members.

5. Board of Directors

5.1 Number, Election and Term of Directors Elected Prior to January 1, 2001

The Board of Directors elected pursuant to Section 6.A of Article III of the By-Laws of the Champion Hills Property Owners Association, Inc. shall consist of five (5) members, of which (2) members shall serve three (3) year terms, one member shall serve a two (2) year term and two (2) members shall serve one (1) year terms. The candidates, receiving the two (2) highest vote totals in that election, shall be elected for the three (3) year terms, the candidate receiving the next highest vote totals shall be elected for the two (2) year terms and the candidates receiving the next two (2) highest vote totals shall be elected for the one year term. This Board shall take office on January 1, 2001. This Board, with any members appointed pursuant to Section 5.6.3 to fill vacancies during the term of such Board, shall constitute the entire Board, as though elected pursuant to Section 5.4. Each member shall serve until his respective term shall expire and until his successor shall be elected at Annual Election Meetings thereafter held pursuant to Section 4.2.

5.2 Number and Qualifications

The number of members of the Board of Directors shall be five (5) and shall be elected by the Members of the Association, pursuant to Section 5.4. Each member of the Board shall be either (i) a Member or his spouse or (ii), in the case of a Membership held in either joint ownership pursuant to Section 3.3.2 or by a legal entity pursuant to Section 3.3.3, the designated user specified pursuant to Sections 3.3.2 or 3.3.3, respectively. No Member or his spouse may serve on the Board at the same time nor may such a spouse be

appointed to fill a vacancy on the Board occurring pursuant to Section 5.6. No two spouses may serve concurrently as members of the Board of Governors of the Club and the Board of Directors of the Association. No Member or his or her spouse who holds an active North Carolina real estate license may serve on the Board. No Member or Member's spouse may serve on the Board if all Dwelling Units and Lots owned by the Member and/or the Member's spouse are listed for sale.

5.2.1 Ex Officio to the Board of Directors

There may, from time to time, be an Ex Officio Advisor to the Board for a period of one (1) year immediately following expiration of such individual's term as President of the POA. The Ex Officio Advisor to the Board shall be a non-voting advisor to the Board and shall be eligible to attend any meetings of the Board, including, if so invited by the POA President, any executive sessions of the Board. The Ex Officio Advisor to the Board shall not be entitled to be elected as an officer of the POA, except as provided in Section 9.1. The Ex Officio Advisor to the Board shall not be taken into account in determining whether a quorum is present pursuant to the terms of Section 6.4, with respect to waiver of notice referred to in Section 6.8, or with respect to any action taken pursuant to Section 6.10 or Section 6.11. Any policies of insurance obtained to protect the Board shall specially provide for inclusion of the Ex Officio Advisor to the Board in such policy(s) and the indemnification of the Board pursuant to Article 16 shall be deemed to extend to the Ex Officio Advisor to the Board.

5.3 Nomination of Directors

5.3.1 By the Nominating Committee

5.3.1.1 Appointment

Not less than ninety (90) days prior to any Annual Election Meeting of the Association held pursuant to Section 4.2 of these By-Laws and any Annual Election Meeting of the Club held pursuant to Section 4.2 of the By-Laws of the Club, the Board of Directors and Board of Governors of the Club shall agree upon the identity of the persons to be appointed by their respective Boards as members of the Nominating Committee. The names of the members of the Nominating Committee shall be made publicly available as soon as practicable after their appointment. This Nominating Committee, which shall function as the joint Nominating Committee for the Association and for the Club for the elections to be held at such Annual Election Meetings, shall be comprised of five (5) persons, each of whom shall have owned fee simple title to, or a beneficial interest in, a Lot or Dwelling Unit for at least two (2) years prior to selection to serve on the Nominating Committee, or the spouse of such person. No current member of the Board or of the Board of Governors of the Club or the spouse of such a member, shall be eligible to serve on the Nominating Committee. Members of the Nominating Committee shall be appointed to serve for one annual election and may not be appointed to serve for more than two consecutive annual elections. No member of the Board who participates in the process of selecting the members of the Nominating Committee under section 5.3.1.1 of these By-Laws may be nominated by the Nominating Committee. They may, however, run for reelection by petition, as approved in Section 5.3.2 of these By-Laws.

5.3.1.2 Nominating Committee Process and Procedure

Promptly after its appointment, the Nominating Committee shall commence to solicit indications of interest from Members of the Association, including Members who are not also Equity Members of the Club, and from Equity Members of the Club as to service on either of the Boards and shall conduct such interview and other review processes as it shall deem appropriate. Not less than sixty (60) days prior to each Annual Election Meeting of the Association and of the Club, the Nominating Committee shall nominate, by a majority vote of its members, one or more candidates for each position on the Board of Directors or on the Board of Governors of the Club to be filled by vote of Members of the Association or by Equity Members of the Club, whether by reason of the expiration of a term as of December 31 of the year in which such Annual Election Meeting shall take place or required to be filled by such vote pursuant to Section 5.6.3 or Section 5.6.3 of the By-Laws of the Association. If a vacancy on the Board of Governors or the Board of Directors arises pursuant to Section 5.6.3 of the By-Laws of the Club or the Association, or if a nominated candidate withdraws his candidacy after the Nominating Committee has completed the nominating process but before ballots for the election have been disseminated, the Board shall direct the Nominating Committee to nominate one or more additional candidates if the Nominating Committee finds it reasonably practicable to do so. Each such nominee for election to the Board of Directors shall be a Member of the Association or his spouse and each such nominee for election to the Board of Governors of the Club shall be an Equity Member or his spouse, in either case in good standing and entitled to vote for the election of the Board of Directors of the Association or the Board of Governors of the Club. Each nominee shall submit to the Nominating Committee, for inclusion with the ballot to be furnished pursuant to Section 5.4.1 hereof or Section 5.4.1 of the By-Laws of the Club, a candidate's disclosure statement and an executed Conflict of Interest Policy, both in such form and content as the Board shall deem appropriate.

5.3.1.3 Report of the Nominating Committee

As soon as practicable after the Nominating Committee shall have completed the nomination process pursuant to Section 5.3.1.2, the Nominating Committee shall submit to the Board of Directors a written report listing the names of the candidates, selected by the Nominating Committee, as shall be required to fill the number of vacancies on the Board. The Nominating Committee shall include with such report the candidates' disclosure statements. A written consent of each nominee to serve, if elected, shall also accompany this report. The Secretary shall, as soon as practicable after receipt of the report of the Nominating Committee, mail, or cause to be mailed, to each Member at his address set forth in the Membership Register and post, or cause to be posted, in a conspicuous place in the Clubhouse of the Champion Hills Club, the list of the candidates nominated by the Nominating Committee.

5.3.2 Nomination by Petition

Ten percent (10%) or more of the total number of Members, none of whom shall be members, or the spouse thereof, of the Nominating Committee or of the existing Board of Directors, may also nominate candidates for election by written petition filed with the Secretary at least thirty (30) days prior to the date of the Annual Election Meeting. Petitions

may not be signed in the Clubhouse, except in the Administration Office where petition forms shall be maintained upon the request of petitioning Members. Signatures to petitions may be submitted to the office by mail, facsimile or email. Signatures will be kept confidential. Each such candidate shall meet the eligibility criteria set forth in Section 5.2. A written consent of each candidate so nominated to serve if elected, a candidate's disclosure statement and an executed Conflict of Interest Policy, both in such form and content as the Board shall deem appropriate, shall be filed with the petition. The Secretary shall review the petition to determine whether the requisite number, and eligibility, of the petition signatories have been met; such determination shall be final and binding. The names of such candidates, after having been certified by the Secretary as being eligible for election and having been otherwise validly nominated pursuant to this Section 5.3.2, shall be mailed and posted by the Secretary in the same manner and in the same place in the Clubhouse of Champion Hills Club as the candidates nominated by the Nominating Committee pursuant to Section 5.3.1.3. The names of all the candidates shall be listed in alphabetical order, without indicating whether a nominee was nominated by the Nominating Committee or by petition.

5.4 Election of Directors

5.4.1 Ballot

The Secretary shall prepare, or cause to be prepared, a ballot pursuant to which each Member may vote for the election of directors. The Secretary shall deliver, or cause to be delivered, such ballot in the same manner and at the same time as the form of proxy furnished pursuant to Section 4.9.2. The ballot so provided shall list the names of all nominees in alphabetical order, without indicating whether a nominee was nominated by the Nominating Committee or by petition and shall be accompanied by the candidate's disclosure statements in the form and content provided for in Sections 5.3.1 or 5.3.2. Each ballot shall provide a means whereby each Member may cast his vote in favor of, against or to abstain on each nominee. No Member may cast more than one vote for each of the positions to be filled by vote at the Annual Election Meeting; provided, however, that, if a Member shall hold more than one Membership, such Member may cast the appropriate vote for each such Membership; and provided further that cumulative voting shall not be permitted.

5.4.2 Return and Revocation

Accompanying each ballot, furnished pursuant to Section 5.4.1, shall be a return envelope and instructions as to the completion of the ballot and return envelope in order to assure the confidentiality of the vote cast. The return envelope must be dated and contain sufficient information to determine the authenticity of the enclosed ballot. All ballots shall be returned to the Club at the address specified on the ballot or in the notice of the Annual Election Meeting, attention Secretary, either in person, by facsimile transmission to the number specified on the ballot or the meeting notice or by mail to such address not later than 6:00 PM on the second (2nd) preceding day before the day of the meeting, unless the ballot or the notice shall specify a different manner or time, day or place for such return. A duly completed and timely received ballot may be revoked at any time prior to the return date, but such revocation must be in writing executed by the Member or by valid power of

attorney and another ballot substituted 14herefore. There shall be no voting by ballot or otherwise from the floor at an Annual Election Meeting.

5.4.3 Tally of Vote and Report of Results

5.4.3.1 Tally of Vote

The Election Committee, established pursuant to Section 7.1.4, shall monitor all aspects of the election, including the manner in which ballots are safeguarded to assure confidentiality of the individual vote cast in the election and, unless the Board shall have appointed one (1) or more independent Tellers specifically for such purpose, shall tally the votes cast in the same manner as the vote by proxy at an Annual Business Meeting or any special meeting on matters other than the election of members of the Board of Governors. At any Annual Election Meeting of Members each candidate shall be elected to serve for a three (3) year term and until his successor is elected and qualified, unless elected to fill the remainder of an unexpired term arising pursuant to Section 5.6.3. If, at any Annual Election Meeting, there are more candidates than positions to be filled, the candidates receiving the highest vote totals shall be deemed elected in descending order until all positions are filled. Any tie in the number of votes received shall be resolved by drawing by lot conducted by the Election Committee or by the independent Teller or Tellers appointed pursuant to this Section 5.4.3.1.

5.4.3.2 Report of Results

The Election Committee, or the independent Teller or Tellers appointed pursuant to Section 5.4.3.1, shall report the results of the election vote at the applicable Annual Election Meeting or at any adjournment thereof and shall otherwise make the results known publicly as soon as practicable, if not at the said Annual Election Meeting.

5.4.4 Challenge; Retention of Ballots

In the event that a Member shall challenge the reported results of any election, the notice provisions of Section 4.9.4 shall apply. The Board of Directors, with the exception of the member or members whose election is challenged, shall immediately review the merits of the challenge and issue its decision within not more than five (5) business days after receipt of the notice. Such decision by the Board shall be final. If a challenge has been filed, the ballots shall be retained until the challenge is resolved. Otherwise the ballots shall be destroyed by the fifteenth (15th) day after the Annual Election Meeting.

5.5 Term of Office

The terms of the members of the Board of Directors elected to take office on January 1, 2001 shall be as set forth in Section 5.1 and shall expire as set forth therein. Each such initial term shall expire on December 31 of the last year of such term. Upon the expiration of such initial terms, each successor governor elected pursuant to Section 5.4 shall serve for a three (3) year term, except in the case of a governor elected to fill the remainder of an unexpired term arising pursuant to Section 5.6.3 in which case the term so served shall be that of the vacant position. Each of such terms shall begin on January 1 of the year following his election and shall expire on December 31 of the last year of said term and until his successor shall be elected and qualified pursuant to Section 5.4. No director shall

serve more than two (2) consecutive three (3) year terms, except that no director appointed or elected for less than an initial three (3) year term shall be eligible to serve more than two (2) consecutive additional three (3) year terms. A director, who shall have served two (2) consecutive three (3) year terms, shall be eligible for nomination and election to the Board after a two (2) year absence.

5.6 Removal, Resignation and Vacancies

5.6.1 Removal

5.6.1.1 By POA Members

Any member of the Board of Directors, elected by the Members pursuant to Section 5.4, may, by a majority of the votes cast by POA Members entitled to vote, be removed from office with or without cause at a special meeting duly called and noticed pursuant to Sections 4.3 and 4.5; provided, however, that specific and detailed written notice of such proposed action, including the alleged reasons for such removal action, shall have been given to such director not less than fifteen (15) days prior to the furnishing of the notice of such meeting to Members. Such director shall have the opportunity to prepare a response thereto, which shall be furnished to Members with the notice of such meeting. Any vacancy thus occurring shall be filled pursuant to Section 5.6.3

5.6.1.2 By the Board of Directors

Upon a determination by the Board of Directors that a director (a) shall have engaged in acts or omissions not in good faith or which involved intentional misconduct or a knowing violation of law, (b) shall have engaged in any transaction from which improper personal benefit is, or has been, derived, (c) shall have been absent, without excuse, from more than three (3) regularly scheduled Board meetings during any twelve (12) month period or (d) shall be delinquent in the payment, for a period of thirty (30) days, of any annual assessments levied pursuant to Sections 11.2 and 11.3, such director may, after due notice to such director, be removed from office by a two-thirds (2/3rds) vote of the remaining directors, effective on such date as the Board shall establish in such removal action. Any vacancy thus occurring shall be filled pursuant to Section 5.6.3.

5.6.2 Resignation

A director may resign at any time by delivery of written notice to such effect to the Board of Directors, attention of the Secretary. Unless otherwise specified in such notice, such resignation shall become effective upon receipt. A director shall be deemed to have resigned without further action of the Board if the director fails to meet any of the qualifications for Board membership stated in Section 5.2. In addition, should a director die while in office, that director shall be deemed to have resigned on the date of such death. Any vacancy occurring on the Board for any reason shall be filled pursuant to Section 5.6.3.

5.6.3 Vacancies

Any vacancy, that shall occur on the Board of Directors by reason of removal or resignation pursuant to Sections 5.6.1 or 5.6.2, shall be promptly filled by a majority vote of the

remaining directors, even if less than a quorum; such appointment shall take effect as of the date of the vacancy. Each director so appointed shall serve until his successor is elected at the next Annual Election Meeting pursuant to Section 5.4 for which meeting ballots have not yet been disseminated. In the event that a temporary vacancy shall occur on the Board due to sickness or other disability of a governor, the remaining directors may appoint a substitute director until such director resumes his duties.

5.7 Compensation and Expenses

No member of the Board of Directors shall be entitled to any compensation or other benefit for the performance of his duties; provided, however, that a director may be reimbursed for his reasonable expenses incurred in such performance, if authorized by the majority vote of the disinterested directors present at a meeting when such vote is taken. Nothing in this Section 5.7 shall prohibit the Association from entering into a written contract, agreement or other arrangement with a director or any entity with which a director is affiliated, provided that the interest of such director was made known to the Board in writing prior to entering into such contract, agreement or arrangement and that such contract, agreement or arrangement was approved by the unanimous vote of the disinterested directors.

6. Meetings of the Board of Directors

6.1 Annual Organizational Meeting

The Board of Directors shall hold its annual organizational meeting not later than three (3) business days after its term of office shall commence pursuant to Section 5.5. At this meeting the Board shall (i) elect officers to serve for the ensuing twelve (12) month period, (ii) appoint the Chair and members of the Standing Committees provided for in Section 7.1 and (iii) establish such Operational and Ad Hoc Committees, as the Board shall deem necessary and appropriate, and designate the Chairs and members thereof. The Board may take action at this meeting on such other matters as shall be properly before it for action.

6.2 Regular Meetings

The Board of Directors shall adopt, at its annual organizational meeting held pursuant to Section 6.1, and make publicly available, a formal meeting schedule for the next twelve (12) month period, indicating the dates, times and places thereof. A written agenda of matters to be discussed and/or acted upon at the meeting shall be furnished to each director at least two (2) days prior to each such meeting. Insofar as practicable, this notice and agenda shall be made publicly available. In addition to its annual organizational meeting held pursuant to Section 6.1, the Board shall meet not less than once each calendar month; provided, however, that the Board may, at any meeting, cancel any single subsequent meeting, or adopt a different date, time or place for any subsequent meeting or meetings. In such event the Board shall make such cancellation or new meeting date, time or place publicly available.

6.3 Special Meetings

Special meetings of the Board of Directors may be called by the President or at the request of two (2) directors upon not less than twenty-four (24) hours prior notice; such notice may

be given in person, by telephone or by facsimile transmission. All notices of special meetings shall state (i) the place, date and time of the special meeting and (ii) the purpose or purposes of the meeting. Insofar as practicable, such notice shall be made publicly available.

6.4 Quorum

A majority of the members of the Board of Directors in office shall constitute a quorum for the transaction of business at the annual organizational meeting or at any regular or special meeting and the acts of the directors present at such meeting, at which a quorum is present, shall be deemed to constitute the acts of the entire Board. If, at the commencement of the annual organizational or any regular or special meeting of the Board, a quorum is not present, such meeting shall be adjourned until a quorum is present. At the reconvened meeting, if a quorum shall be present, any business that might have been conducted at the meeting originally called may be conducted without further notice. However, the withdrawal of one or more directors during the course of a meeting at which a quorum was initially present resulting in the absence of a quorum shall not affect the right of such meeting to continue to transact business, provided that not less than a majority of the required quorum pursuant to this Section shall be present at all times.

6.5 Attendance By Members

The annual organizational meeting and all regular and special meetings of the Board of Directors shall be open to Members. However, no Member present may participate in any discussions or deliberations of the Board, although the President, as Chair of the meeting, may, in his sole discretion, permit a Member present to speak on any matter under discussion, but the length of time and number of instances when such Member may speak, may, in the sole discretion of the President, be limited. The Board may also grant a Member a right to speak upon submission of a written request not less than twenty-four (24) hours in advance of the meeting, subject to the limitations of this Section 6.5. Such request shall set forth in reasonable detail the subject matter that such Member intends to discuss. Nothing in this Section 6.5 shall affect the participation of the Chairs, or their designees, of any Standing, Operational or Ad Hoc Committee, if not a director, in any meeting of the Board held pursuant to Sections 6.1, 6.2 or 6.3.

6.6 Adjournment for Executive Session

Notwithstanding the provisions of Section 6.5 above, the President may adjourn any meeting of the Board of Directors at any time and reconvene in executive session, excluding any Members or other individuals present, to discuss matters deemed by the President, in his sole discretion, to be of a sensitive nature, including, but not limited to, personnel matters, membership disciplinary matters, or litigation in which the Association is or may become involved.

6.7 Presumption of Assent

A director, who is present at a meeting at which action is taken on a matter properly before the meeting, shall be presumed to have assented to the action, unless a formal dissent or refusal to vote is entered in the minutes of the meeting or unless such director either (i) objects at the beginning of the meeting (or promptly upon his arrival) to the holding of the

meeting or to the transaction of any business thereat, (ii) files a written dissent to such action with the individual acting as the presiding officer of the meeting before adjournment thereof or (iii) forwards such written dissent by certified mail or hand delivery to the Secretary immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who shall have voted in favor of such action.

6.8 Waiver of Notice

When all the directors are present at a meeting of the Board of Directors, however called or noticed, and they sign a written consent thereto that becomes a part of the records of such meeting, or if a majority of the directors are present and those not present sign a written waiver of notice of such meeting, either prior to or after such meeting, and such waiver is filed with the Secretary, the transactions taken at such meeting are as valid as if they had occurred at a meeting duly called and noticed. A director's attendance at, or participation in, any meeting waives any required notice, unless he, at the beginning of the meeting (or promptly after his arrival), objects to the holding of the meeting or the transaction of any business at the meeting and does not vote for, or assent to, any action taken at the meeting.

6.9 Conduct of Meetings and Participation

The President shall preside over all meetings of the Board of Directors and the Secretary shall keep and maintain, or cause to be kept and maintained, a written record of each meeting for inclusion in the minute book of the meetings of the Board, recording therein all resolutions adopted by the Board and all transactions and proceedings occurring at such meetings. One or more directors may participate in, and vote at, any regular or special meeting of the Board by telephone conference call or similar communication equipment by means of which all who participate in the meeting can hear each other at the same time. Directors participating in such manner shall be counted as present, in person, for quorum and action purposes. Any such meeting, at which a quorum participates, shall constitute a meeting of the Board.

6.10 Vote Required for Action

Unless otherwise specified herein, a majority vote of all directors in office when an action is taken, is required for the passage or defeat of any matter properly before any meeting of the Board of Directors.

6.11 Action Taken Without a Formal Meeting

Any action to be taken at a duly called and noticed meeting of the Board of Directors, or any action that may be taken at such a meeting, may be taken without a meeting if a written consent, setting forth the action so taken, shall be signed by all of the directors. Such consent shall have the same force and effect as a unanimous vote thereon and shall become part of the records of meetings of the Board maintained by the Secretary pursuant to Section 6.9 above. Any action taken pursuant to this Section 6.11 is effective when the last director signs the consent, unless the consent shall specify a different effective date.

7. Committees of the Board of Directors

7.1 Standing Committees

At its annual organizational meeting held pursuant to Section 6.1, the Board of Directors shall, with respect to the Standing Committees enumerated in this Section 7.1, appoint the members thereof, including the Chair, who may, but is not required to, be a director, unless specifically provided for elsewhere in these By-Laws, and shall designate, from time to time, the duties, powers and responsibilities of the Committee, unless such duties, powers and responsibilities shall be set forth elsewhere in these By-Laws. No member of a Standing Committee shall serve more than three (3) consecutive one year terms. The Standing Committees are as follows:

- 7.1.1 An *Executive Committee*, consisting of not more than three (3) members of the Board of Directors. The members of the Executive Committee may, but do not need to, be principal officers of the Association, except that the President shall be the Chair. The Executive Committee shall have the power to act in lieu of the full Board, unless such action is, by statute, law or earlier resolution of the Board, specifically reserved for action by the full Board. All actions and resolutions of the Executive Committee require unanimous approval and shall be ratified at the next meeting of the Board.
- 7.1.2 A *Finance Committee*, consisting of not less than five (5) persons jointly appointed by the Board of Directors and the Board of Governors of the Club, not less than three (3) of which shall be Equity Members of the Club. A spouse of a Member of the Association or an Equity Member of the Club, who is not a member of the Board of Governors or a member of the Board, may serve on the Finance Committee. This Finance Committee shall function as a joint Finance Committee of the Association and of the Club. The Treasurer of the Association and the Treasurer of the Club shall be Co-Chairs of the Finance Committee, unless such offices are held by the same person, in which event he shall act as Chair. This Finance Committee shall have such duties, powers and responsibilities as are incident or related to the financial affairs of the Association and of the Club, including, but not limited to, insurance, tax returns and payments, operating and capital budgets and periodic reports on the financial condition of the Association and of the Club (actual and versus budget). The Finance Committee may, if so directed by the Board of Directors and the Board of Governors of the Club, perform the functions normally performed by an audit committee for both the Association and the Club.
- 7.1.3 A *Nominating Committee*, consisting of five (5) persons as set forth in Section 5.3.1. The manner and time of the appointment, as well as the duties, powers and responsibilities, of the members of the Nominating Committee shall be as set forth in Section 5.3.1.
- 7.1.4 An *Election Committee*, consisting of not less than three (3) persons, at least two (2) of whom shall be Equity Members of the Club or the spouse of an Equity Member. The President of the Board of Directors and the President of the Board of Governors of the Club shall, after consultation with the respective Boards and not less than

thirty (30) days prior to any election, appoint the members of the Election Committee and, from its members, shall appoint a Chair. The duties, powers and responsibilities, of the members of the Election Committee, with respect to the election of members of the Board of Directors, shall be as set forth in Section 5.4.

- 7.1.5 A *Grievance, By-Laws and Legal Committee*, consisting of not less than five (5) persons jointly appointed by the Board of Directors and the Board of Governors of the Club. Certain of the duties, powers and responsibilities of the Grievance, By-Laws and Legal Committee shall be as set forth in Section 12.2 of these By-Laws and in Section 14.2 of the By-Laws of the Club. Additional duties and powers include (i) interpreting these By-Laws and the By-Laws of the Club, the respective Rules and Regulations of the Association and of the Club, and the *Covenants*, subject, in each instance, to the provisions of Section 8.2.3 and (ii) providing advice on matters of a general legal nature to the Board of Directors and to the Board of Governors of the Club, to any Committees thereof and to Association and Club management.

7.2 Operational Committees

The Board of Directors, at its annual organizational meeting held pursuant to Section 6.1, may, in its sole discretion, establish one (1) or more Operational Committees and assign duties, powers and responsibilities in excess of those set forth hereinafter. The number of members of each Operational Committee shall be established by the Board; the Board shall appoint the Chair, who may be other than a director, and the members of each such Operational Committee; all members of such Operational Committees shall be Members of the Association or the spouse thereof. In the event that the Chair of an Operational Committee shall not also be a director, the President shall designate a director as the liaison to such Operational Committee. No member of an Operational Committee shall serve more than three (3) consecutive one year terms. The Operational Committees may include, but shall not be limited to, the following:

- 7.2.1 An *Architectural Review Committee*, which, notwithstanding the provisions of Section 7.2, may include one (1) or more independent architects, engineers or similar professionals. The Committee shall advise the Board with respect to (i) the Committee's administration of the guidelines and procedures set forth in the *Design Guidelines for Champion Hills*, established, and as may be supplemented and amended from time to time, by the Board, for all applications for construction and modifications of Dwelling Units, (ii) the grant of variances from such guidelines and procedures, (iii) the monitoring of construction sites and developed and vacant Lots and (iv) the enforcement of the provisions of such guidelines and procedures.
- 7.2.2 A *Roads and Landscaping Committee*, which will advise the Board, with the advice of the General Manager, with respect to the maintenance and repair of all Areas of Responsibility, including, but not limited to, roads, roadsides, parks and structures, and on all landscape planning, after consultation with the *Architectural Review Committee* established pursuant to Section 7.2.1 and of these By-Laws, and

the *Greens Committee* established pursuant to Section 7.2.3 of the By-Laws of the Club.

- 7.2.3 A *Neighborhoods Committee*, consisting of one representative from each neighborhood or from such neighborhoods as may have been combined for representation purposes pursuant to Section 2 of Article II of the *Covenants*. The Neighborhoods Committee shall advise the Board, with the advice of the General Manager, on landscaping, neighborhood appearance, exterior maintenance (where applicable) and other issues relating to the neighborhoods.
- 7.2.4 A *Security Committee*, which will also advise the Board, with the advice of the General Manager on all matters relating to security at Champion Hills.
- 7.2.5 A *Welcome & Orientation Committee*, jointly appointed by the Board of Directors of the Association, and the Board of Governors, which will advise the Boards, with the advice of the General Manager, on matters concerning welcoming prospects and new members to the Club and community, orienting and exposing them to the amenities and activities available, and helping them to integrate into the Champion Hills Lifestyle.

7.3 Ad Hoc Committees

The President may, subject to the approval of the Board of Directors, establish, from time to time, one or more Ad Hoc Committees with such powers and duties as the President shall determine at the time of establishment. At that time the President shall appoint the Chairman and such number of members as may be appropriate for the work of such Ad Hoc Committee. Any Member of the Association or the spouse of a Member is eligible to serve on an Ad Hoc Committee. Unless such Ad Hoc Committees shall be established with a shorter finite term, the term of all such Ad Hoc Committees shall end as of the date of the next annual organizational meeting of the Board held pursuant to Section 6.1.

7.4 Meetings of Committees; Limitations on Committee Action

The provisions of this Section 7.4 shall apply to any meeting of a Standing, Operational or Ad Hoc Committee. No such Committee shall (i) authorize distributions, (ii) recommend to Association Members, or approve, any dissolution or merger of the Association or the sale, pledge or transfer of all, or substantially all of the assets of the Association, (iii) elect or remove directors or fill vacancies on the Board or on any committee, or (iv) alter, amend change, modify or restate the Articles or these By-Laws.

7.4.1 Chair, Quorum and Attendance by Committee Members

Meetings shall be presided over by the Chair of the committee appointed by the Board. If the Chair is unavailable, he may designate a committee member to act as Chair. A majority of the members of the committee shall constitute a quorum for the transaction of business at any committee meeting. If, at the commencement of any committee meeting a quorum is not present, such meeting shall be adjourned until a quorum is present. The withdrawal of one or more committee members during the course of a meeting at which a quorum was initially present resulting in

the absence of a quorum shall not affect the right of such meeting to continue to transact business, provided that not less than a majority of the quorum required pursuant to this Section shall be present at all times. Committee members may participate in, and vote at, any committee meeting by telephone conference call or similar communication equipment by means of which all who participate in the meeting can hear each other at the same time. Members participating in such manner shall be counted as present, in person, for quorum and action purposes.

7.4.2 Minutes

The Chair of the committee shall appoint a Secretary who shall keep minutes of committee meetings. The minutes shall be maintained at the office of the Association. The minutes shall indicate the committee members in attendance, absent and excused, and all other persons in attendance. The minutes shall also include all resolutions adopted by the committee and all transactions and proceedings occurring at the meeting.

7.4.3 Attendance by Association Members

Committee meetings shall be open to Association Members. However, no Association Member present may participate in any discussions or deliberations of the committee, although the Chair of the meeting, may, in his sole discretion, permit an Association Member present to speak on any matter under discussion, but the length of time and number of instances when such Association Member may speak, may, in the sole discretion of the Chair, be limited. The Chair may also grant an Association Member a right to speak upon submission of a written request not less than twenty-four (24) hours in advance of the meeting, subject to the limitations of this Section 7.4.3. Such request shall set forth in reasonable detail the subject matter that such Association Member intends to discuss.

7.4.4 Adjournment for Executive Session

Notwithstanding the provisions of Section 7.4.3 above, the Chair may adjourn any committee meeting at any time and reconvene in executive session, excluding any non-committee member present, to discuss matters deemed by the Chair, in his sole discretion, to be of a sensitive nature, including, but not limited to, personnel matters, membership disciplinary matters, or litigation in which the Association is or may become involved.

7.4.5 Vote Required for Action

A majority vote of all Committee members present at a duly constituted meeting is required for action by the Committee.

7.5 Committee Membership

No Member, whose right to vote shall have been suspended pursuant to Section 12.4 or who shall be delinquent in the payment of any assessments or other charges levied by the Board of Directors and the provisions of Article X of the *Covenants* shall have become operative with respect to such delinquency, or the spouse of such a Member, shall be eligible to serve on any Standing, Operational or Ad Hoc Committee. In addition to its

authority with respect to appointment of the members and Chairs of any Standing, Operational or Ad Hoc Committees pursuant to Section 7.1, 7.2 and 7.3 above, the Board of Directors shall have the authority, at any time and in its sole discretion, to add members to, remove existing members from, or replace existing members on, any such committees, except as may be specifically limited by this Section 7.

8. Powers of the Board of Directors

8.1 Management of the Association

The Board of Directors shall exercise all powers of a board of directors in the management of a homeowners or property owners association, including corporate powers as are generally exercised or permitted to be done or performed by nonprofit corporations to the fullest extent permitted by law or statute in North Carolina, and more particularly under the North Carolina Nonprofit Corporation Act, by the Articles, by the *Covenants* and by the provisions of these By-Laws and shall do all things and take all acts necessary to carry out the purposes of the Association.

8.2 Duties and Powers

8.2.1 Governance

In addition to the general powers and authorities vested in the Board of Directors pursuant to Section 8.1, the Board shall have the authority to (i) elect the officers of the Association pursuant to Section 9, (ii) act with respect to the Executive, Finance, Nominating, Election, and Grievance, By-Laws and Legal Committees pursuant to Section 7.1 and the Operational Committees established pursuant to Section 7.2, (iii) establish Ad Hoc Committees, appoint the Chair of any Standing or Ad Hoc Committee, and assign Ad Hoc Committee functions and duties, all pursuant to Section 7.3, (iv) establish the record and voting entitlement dates for meeting of Members pursuant to Sections 4.5 and 4.9.1, (v) fill vacancies occurring for any reason on the Board for the balance of the unexpired term or terms thereof and (vi) exercise all other authority, including emergency powers, pursuant to pertinent provisions of the North Carolina Nonprofit Corporation Act.

8.2.2 General Manager

The Board of Directors and the Board of Governors of the Club shall have the authority (i) to hire a General Manager and, from time to time, fix his salary and benefits package and (ii) to delegate to said General Manager such authority as, in their opinions, shall be necessary and appropriate for the proper operation and management of the Association and the Club, as shall be more specifically set forth in Section 10.

8.2.3 Rules and Regulations; By-Laws

The Board of Directors shall have the authority to adopt, and thereafter alter, amend, change modify or restate in whole or in part, Rules and Regulations, to the extent not inconsistent with these By-Laws, governing observance of the Covenants and the use of the Common Area by, and the conduct and deportment of, Members, their families, guests

and others. The Board shall also have the authority to alter, amend, change, modify or restate the By-Laws pursuant to Section 14 and to interpret and construe the provisions of the By-Laws and the Rules and Regulations that appear to be in conflict or of doubtful meaning, such interpretation to be final, binding and conclusive.

8.2.4 Budgets; Fees and Assessments

The Board of Directors shall review, approve and adopt annual and interim budgets for the operation of the Association. The Board shall also establish, from time to time, and make publicly available to Members schedules for the amount of the Annual Base and Neighborhood Assessments and such other fees and charges as may be appropriate.

8.2.5 Financial Management

The Board of Directors shall have the authority (i) to expend funds of the Association to the extent of the monies in the Association treasury and in receivables from Members and others, (ii) to make contracts and agreements for improvements to and the proper maintenance and operation of the Association and the Common Areas, (iii) to borrow money and incur indebtedness for the purposes of the Association and (iv) to cause promissory notes, bonds, mortgages and other evidences of indebtedness to be executed and issued; provided that (a) the mortgage of any of the Common Areas, (b) the commitment to any single improvement project in excess of Seventy Five Thousand Dollars (\$75,000) or two or more improvement projects totaling One Hundred Fifty Thousand Dollars (\$150,000) in any one calendar year (c) any unsecured borrowings in excess of One Hundred Fifty Thousand Dollars (\$150,000) or (d) the merger with, or acquisition of, any corporation or entity shall require the prior approval of a majority of the votes cast by the Members entitled to vote.

8.2.6 Insurance

The Board of Directors shall secure and maintain in effect at all times, if generally available at a reasonable cost, the following types of insurance policies: (i) Blanket "all-risk" property insurance for and on all Common Areas or, alternatively, fire and extended coverage, including coverage for vandalism and malicious mischief, in each case on a full replacement cost basis, (ii) public liability insurance with at least a One Million Dollar (\$1,000,000) combined single limit in respect of bodily injury and property damage and at least Three Million Dollar (\$3,000,000) limit per occurrence and in the aggregate, (iii) workers' compensation insurance, (iv) directors' and officers' liability insurance, (v) flood insurance, if appropriate, (vi) crime insurance, including Employee Dishonesty coverage or, alternatively, a fidelity bond or bonds, for persons responsible for handling Association funds, (vii) the insurance contemplated by Section 13.5 and (viii) such other insurance coverages as the Board shall deem necessary and appropriate in the circumstances. To the extent obtainable each policy should (a) have reasonable deductibles, (b) be written by a company authorized to do business in North Carolina, (c) contain standard waiver of subrogation provisions and (d) provide for thirty (30) days prior written notice of cancellation, substantial modification or non-renewal.

8.2.7 Contracts, Leases and Operating Agreements

Any contract, lease or other type of operating agreement entered into with a third party for the performance of services for the Association shall contain provisions that, should the Board of Directors, in its sole discretion, so determine to be appropriate, require such third party to secure and maintain in full force and effect during the terms thereof adequate liability and worker's compensation insurance coverages.

9. Officers

9.1 Number and Term

The principal officers of the Association shall be the President, the Vice President, the Treasurer and the Secretary. The President and the Vice President shall be directors; the Treasurer and the Secretary may, but are not required to, be directors. The positions of Treasurer and Secretary may be held by one person, in which event such person shall be a director. The principal officers shall be elected by the Board of Directors at its annual organizational meeting held pursuant to Section 6.1 and shall serve for a term of one year following their election or until their successors are elected or appointed, as the case may be. A principal officer may serve successive one year terms, except that the President shall serve no more than two (2) consecutive terms. After January 1, 2002 the President shall have served on the Board for at least one year prior to his election as President. The election of any principal officer or the appointment of any additional or assistant officer does not of itself create any contract rights in such person. The Board may, from time to time, appoint, and fix the duties and responsibilities of, such additional or assistant officers as it shall deem necessary and appropriate. Such additional or assistant officers may, but do not have to be, members of the Board or even of the Association and shall serve until the next annual organizational meeting of the Board.

9.2 President

The President shall be the Chief Executive Officer of the Association and shall preside at all meetings of Members and at all meetings of the Board of Directors. The President shall have the primary responsibility for the enforcement and observance of the provisions of these By-Laws and for compliance with all Rules and Regulations in effect from time to time. The President may call special meetings of the Members pursuant to Section 4.3 and shall call all meetings of the Board of Directors, except as provided in Section 6.3. The President is empowered, without specific resolution of the Board, to execute all papers and documents which require such execution by, or in the name of, the Association. The President shall be the Chair of the Executive Committee and an ex-officio member of the Finance Committee and of any Operational Committees or Ad Hoc Committees established by the Board pursuant to Sections 7.2 and 7.3 respectively. In the event that circumstances of an emergency nature or ones not otherwise provided for in these By-Laws shall arise requiring immediate action and a special meeting of the Board can not be called pursuant to Section 6.3, such action may be taken by the President without specific authorization from the Board at the time; such action shall, in all cases, be subject to ratification by the Board as soon as reasonably practicable.

9.3 Vice President

The Vice President shall perform such duties as may be assigned by the President. The Vice President shall perform the duties and responsibilities of the President in the absence or other disability of the President.

9.4 Treasurer

9.4.1 Funds

The Treasurer shall oversee the collection, custody and disbursement, under the direction of the Board of Directors, of all monies and funds, of whatsoever nature, due to or held by the Association. The Treasurer shall deposit, or cause to be deposited, all monies of the Association in one or more accounts or investment instruments in the name of the Association in, or with, such financial institutions as shall be designated by the Board.

9.4.2 Accounts and Records

The Treasurer shall keep, or cause to be kept, the regular books of account and financial records of the Association and shall prepare, or cause to be prepared, for submission to the Board of Directors, any proposed budgets and financial statements, when and in the form requested by the Board. These financial statements, prepared in accordance with General Accepted Accounting Principles, shall include appropriate annual or periodic standard income statements, cash receipts and disbursement statements, variance (actual versus budget) reports, balance sheets, Member delinquency status reports and such other information as the Board may reasonably require. The Treasurer shall prepare, or caused to be prepared, written annual or periodic reports as to the financial condition and transactions of the Association for presentation at the Annual Business Meeting held pursuant to Section 4.1 and, as directed by the Board, at meetings of the Board. Such annual reports shall be audited by an independent public accounting firm selected by the Board.

9.5 Secretary

The Secretary or, in the absence of the Secretary, an Assistant Secretary appointed pursuant to Section 9.1, shall have the responsibility and authority to keep, maintain and authenticate the records of the Association and the minutes of all meetings of Members and all meetings of the Board of Directors. The Secretary shall maintain, or cause to be maintained, the Membership Register showing the names and addresses of all Members of the Association and an additional register showing the names and addresses of the directors and officers, elected or appointed pursuant to Section 9.1. The Secretary shall give, or cause to be given, all notices required by the provisions of these By-Laws and shall also have custody of the Seal of the Association, if any.

9.6 Resignation, Removal and Vacancies

Any principal officer may resign at any time during his term upon tendering a written notice of resignation to the Board of Directors to be effective upon receipt or at such time as shall be specified in such notice. Such resignation does not affect any contract rights that the Association may have with such officer. A principal officer may be removed from office, with or without cause at any time and for any reason whatsoever, by a majority vote of the Board. Such removal does not affect any rights that such officer may otherwise have with the Association. Any vacancy, thus created, may be filled, as of the effective date of such

resignation or removal, by the Board from its members or otherwise at a meeting called for such purpose for the remainder of the unexpired term of such officer. Notwithstanding the foregoing provisions of this Section 9.6, the Board may, in its discretion, elect an acting or temporary officer to fill the vacancy so occurring and may enlarge or limit the duties and responsibilities, but not the term, of any officer so elected.

9.7 Compensation and Expenses

9.7.1 Principal Officers

No principal officer shall be entitled to any compensation or other benefit for the performance of his duties; provided, however, that a principal officer may be reimbursed for his reasonable expenses incurred in such performance, if authorized by the majority vote of the members of the Board of Directors present at a meeting when such vote is taken. Any such officer, who is also a member of the Board, shall refrain from such vote.

9.7.2 Assistant Officers

An assistant officer appointed pursuant to Section 9.1 shall be entitled to such compensation and other benefits and to reimbursement for his reasonable expenses incurred in the performance of his duties as shall be authorized by the Board of Directors, unless such assistant officer shall already be an employee of the Club, in which case no additional compensation, benefit or reimbursement of expenses shall be payable for such performance, except as may be otherwise specifically provided for.

10. General Manager

10.1 Duties, Powers and Responsibilities

10.1.1 General

The General Manager shall be the chief operating officer of the Association, reporting in that capacity to the President. The General Manager shall administer the affairs of the Association through implementation of policy directives adopted, from time to time, by the Board of Directors and shall also administer and enforce such Rules and Regulations, as shall have been established from time to time by the Board, so as to accomplish the goals and objectives of the Association.

10.1.2 Attendance at Meetings

The General Manager shall, at the invitation of the Board of Directors, attend all meetings of the Board and, at the invitation of the Chair thereof, the General Manager, or his designee, shall attend all meetings of the Executive and Finance Committees and of any Operational or Ad Hoc Committees established pursuant to Section 7. The General Manager shall have no vote at such meetings but shall consult with the Board and with the committees of the Board on the development of programs and procedures.

10.1.3 Organizational Plan

The General Manager shall develop for approval by the Board of Directors an organizational plan, including programs, procedures, personnel requirements, system specifications and equipment necessary to provide the services required in and for the operation of the Association. The General Manager shall have the authority to implement the approved organizational plan, but must request approval from the Board for any major changes thereto.

10.1.4 Budgets

The General Manager, with appropriate assistance from pertinent Board committees and staff, shall assist the Finance Committee, established pursuant to Section 7.1.2, in the preparation of an operational plan and budget for the next succeeding calendar year for submission to, and approval by, the Board of Directors. Upon such approval, the General Manager shall have the authority to implement such plan and budget. The General Manager shall review the operational activities of the Association at each regular meeting of the Board and shall prepare an annual report for the Board as to existing and anticipated operating and capital requirements with a forecast of expenses and income for such period or periods as shall be determined by the Board. At the direction of the Board, the General Manager shall also provide information, on a periodic basis, to the Members of the Association with respect to the financial status of the Association.

11. Assessments

11.1 Procedure

The Board of Directors, in accordance with, and pursuant to, the provisions of Article X of the *Covenants*, said provisions being hereby incorporated herein by reference as if set forth in their entirety to the extent not inconsistent with other provisions of the By-Laws, and in conjunction with the preparation of annual budget of, and for, the Association, shall establish and levy annual Base and Neighborhood Assessments in such amounts as shall be necessary to meet the total budgeted amounts of Common Expenses and Neighborhood Expenses, respectively. The Board may also, from time to time, levy Special or Specific Assessments all as more particularly set forth in said Article X.

11.2 Payment

The annual Base Assessment and any Neighborhood Assessment levied pursuant to Section 11.1 shall be due and payable in advance on the first day of the fiscal year of the Association, unless, at such time as such assessments are levied, the Board shall establish and publish another manner and time of payment, including, but not limited to, payment in installments. The payment of any Special or Specific Assessment shall be established by the Board at the time of the assessment thereof. The consequences of any delinquency in payment or any other form of non-payment shall be as set forth in Article IV and X of the *Covenants*.

11.3 Exemption from Payment of Assessments

The Club shall not be responsible for payment of any Base Assessment or any Special or Specific Assessment levied by the Board of Directors pursuant to Section 11.1, except as

shall be set forth in the *Declaration of Easements and Covenant to Share Costs*, dated March 20, 1992, and incorporated herein by reference.

11.4 Special Payment Schedules and Waivers

The Board of Directors shall have the authority, in the case of hardship or other unusual circumstances, to adopt special payment schedules and waivers from payment schedules established pursuant to Article X of the *Covenants*, when, in its opinion, such special payment schedules and waivers are appropriate or to take such other action as fairness and equity so require.

11.5 Reinstatement

Upon full payment of all past due assessments and related late charges, if any, and other sums associated therewith, the Member of the Association, subject to the sanctions set forth in Article X of the *Covenants*, shall, after approval vote of the Board of Directors, be entitled to be reinstated to the full rights and privileges, as well as the duties and obligations, of a Member of the Association.

12. Discipline

12.1 Authority

Any Member, whose conduct or that of a member of his immediate family or of any guest, invitee or any occupant of the Dwelling Unit of such Member shall be deemed by the Board of Directors to be improper, disruptive or likely to endanger the welfare, safety, harmony or good reputation of the Association, any employee of the Club or any one or more other Members of the Association, may be reprimanded, fined or have all or certain of his Membership rights, including but not limited to, his right to vote or to use of the Common Areas, suspended. The Board shall be the sole judge of what constitutes improper or disruptive conduct or conduct likely to endanger such welfare, safety, harmony or good reputation.

12.2 Action by the Board of Directors

12.2.1 Investigation and Notice

Any accusation against a Member that may result in disciplinary action pursuant to this Section 12, must be made in a formal written, signed complaint directed to the Grievance, By-Laws and Legal Committee, which will then investigate the facts relevant to the complaint. Upon completion of such investigation, the Grievance, By-Laws and Legal Committee shall present the conclusions of such investigation and its recommendations to the Board. The Board shall review these conclusions and recommendations and, should it determine that such Member may thereupon become the subject of disciplinary action, it shall notify such Member in writing that it has under consideration such disciplinary action, including the full particulars of the matter that would support such proposed action. The notice shall either be mailed, certified mail return receipt requested, to the address of such Member as it appears on the Membership Register or delivered by hand to, and received

by, a responsible person at such address accompanied by an appropriate receipt acknowledgement for execution and return. This notice shall afford such Member the opportunity to be heard by the Board and to present evidence on the matter.

12.2.2 Hearing

If such Member shall desire to be heard, he must file a written request to such effect with the Secretary within ten (10) days after receipt of such notice. If no such request is received, the Board shall determine what, if any, action shall be taken consistent with this Section 12. If such a request is timely received, the Board shall set a date, time and a place for the hearing and shall furnish to such Member written notice thereof. While such disciplinary action is being considered, such Member shall be entitled to continued use of the Common Areas. Following the conclusion of such hearing, the Board shall determine what, if any, action shall be taken consistent with this Section 12 and shall notify such Member of its decision.

12.3 Reprimand and Fine

The Board of Directors, following the procedures set forth in Section 12.2, may take whatever action it shall, in its sole discretion, determine is appropriate in the circumstances, including, but not limited to, an election to take no action, the issuance of a private letter of reprimand or imposition of a fine in such amount as shall be finally determined by the Board. Such fine, upon imposition, shall constitute a lien on the Lot or Dwelling Unit of such Member.

12.4 Suspension

The Board of Directors may, alternatively, suspend the right of a Member to vote or may suspend the Member, a member or members of his immediate family, his guest or guests or invitees or occupants of his Dwelling Unit from some or all of the use of the Common Areas enjoyed by such Member for a period of time up to one year upon finding that such Member, immediate family member or guest shall have engaged in improper or disruptive conduct or conduct likely to endanger the welfare, safety, harmony or good reputation of the Association, any employee of the Club or the Association or of any other Member. All unpaid assessments theretofor levied shall continue to accrue during such suspension and must be paid in full prior to reinstatement at the end of such period of suspension.

12.5 Additional Rights

Notwithstanding any other rights that the Board of Directors shall have elsewhere in these By-Laws, the Board may elect to enforce any provision of these By-Laws, the Rules and Regulations or the *Covenants* by self-help or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the foregoing provisions of Section 12. In any such abatement action, the Member shall be responsible for all costs associated with such action, including any reasonable attorneys' fees actually incurred.

13. Indemnification

13.1 General

Except as otherwise provided in this Section 13 and in accordance with the pertinent provisions of the North Carolina General Statutes, the Association shall indemnify and hold harmless any and all persons, who may be serving, or may have served at any time, as an officer, as a director or as a member of any committee, established by the Board of Directors pursuant to these By-Laws or otherwise, and their respective heirs, executors, administrators, successors or assigns, against and from any and all reasonable expenses, including amounts paid upon judgments, counsel fees and related litigation costs and amounts paid in settlement (before or after suit was commenced), actually and necessarily incurred by such persons in connection with the defense or settlement of any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative in which they or any of them are made a party, or parties, or which may be asserted against them, or any of them, by reason of having served as an officer, director or member of any such committee; provided, however, that such person shall have (i) conducted himself in good faith, (ii) reasonably believed that such conduct was in, or at least not opposed to, the best interests of the Association and (iii), in the case of a criminal proceeding, had no reasonable cause to believe such conduct was unlawful; and provided further, however, that the Association shall not indemnify any such person, if, in any proceeding by, or in the right of, the Association, such person was adjudged to have improperly received any personal benefit, or was judged to be guilty of willful misfeasance, malfeasance, misconduct or bad faith in the performance of his duties. The foregoing obligation to indemnify shall be operative only after a determination (a) that such person has met the standard of conduct specified above and in the pertinent provisions of the North Carolina Nonprofit Corporation Act and (b) as to the reasonableness of the expenses claimed.

13.2 Advancement of Expenses

In connection with any claim, action, suit or proceeding of the nature specified in Section 13.1 above, the Association shall advance all reasonable expenses that were charged to, or incurred by or on behalf of, any person entitled to indemnification hereunder, promptly upon receipt from such person of a reasonably detailed statement itemizing such expenses and containing an undertaking to repay such advances, if it shall be ultimately determined that such person is, or was, not entitled to indemnification therefor.

13.3 Conduct in Good Faith

Notwithstanding the provisions of applicable statute, this Section 13 or other provisions of these By-Laws, no officer, director nor member of any committee established by the Board of Directors shall be liable to the Association or to any Member of the Association, whether then past, present or future, for monetary damages for any action, conduct or decision taken or made in good faith in his capacity as such.

13.4 Additional Indemnification

The indemnification provided for in this Section 13 shall be in addition to any right to which those so indemnified may be entitled under applicable statute, these By-Laws, separate agreement, vote of the Board of Directors or of the Members entitled to vote thereon, or otherwise.

13.5 Insurance

Subject to the limitations of applicable statute and judicial decision, the Association shall have the right, and shall use its best efforts, to secure and maintain, in full force and effect at all times, insurance coverages, in such amounts and with such conditions as are customary in similar situations, to satisfy the indemnification obligations of this Section 13.

14. Amendment

14.1 Required Action

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

14.2 Approval by Members

Any alteration, amendment, modification, repeal or restatement, in whole or in part, of these By-Laws, that the Board of Directors shall deem, by the vote of a majority of the entire Board, to materially adversely affect any rights possessed by the Members under the existing provisions of these By-Laws, shall be approved by the Members pursuant to Section 14.1 above, prior to the effective date of such alteration, amendment, modification, repeal or restatement. The provisions of Section 5.2 as to the number of directors may be altered, amended, changed, modified or restated only by a majority of the votes cast by the Members entitled to vote.

15. Miscellaneous

15.1 Corporate Seal

The seal of the Association shall be circular in form and shall bear the words "Champion Hills Property Owners Association, Inc.". The seal shall be and remain in the possession and control of the Secretary or his designee. It shall be affixed by the Secretary or by the Assistant Secretary, if one shall have been appointed pursuant to Section 9.1, to all documents relating to official acts of the Association, as authorized by the Board of Directors.

15.2 Logo, Emblem and Colors

The Board of Directors may adopt, and may modify at any time, a logo, emblem and colors of, and for, the Association.

15.3 Fiscal Year

The fiscal year of the Association shall commence on January 1 and end on December 31 of each calendar year.

15.4 Gender and Number

All pronouns as used from time to time in these By-Laws shall be deemed to refer to the masculine, feminine, neuter, singular and plural as the identity of the person or persons referred to may require.

15.5 Captions

Captions and headings contained in these By-Laws are as a matter of convenience only. In no way should they be construed to define, limit or extend the scope, intent or any provision hereof.

15.6 Inspection of Corporate Records

The books of account, the original or a certified copy of these By-Laws and the minute books of all meetings of Members and of the Board of Directors and any committee thereof, except as to an executive session thereof or during a meeting at which actions were taken on confidential compensation matters, shall be open for inspection at the principal office of the Association during normal office hours upon the written request of any Member, or his duly authorized representative, and for a purpose reasonably related to his interest as a Member. Any such inspection shall be subject to reasonable provisions as to notice, actual time of inspection and fees for the copying of such records as shall be established from time to time by the Board consistent with the pertinent provisions of the North Carolina Nonprofit Corporation Act.

15.7 Use of Funds

All checks, drafts or orders for payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed or endorsed by at least two (2) officers or by such other individual or individuals and in such manner as shall, from time to time, be determined by resolution adopted by the Board of Directors.

15.8 Waiver

The failure of the Board of Directors to take any action hereunder or to enforce any provision of these By-Laws, the Articles, the *Covenants* or any Rules and Regulations adopted by the Board hereunder shall not be deemed to be a waiver of the right of the Board to do so thereafter.

15.9 Severability

Invalidation of any provision or portion of any provision of these By-Laws by judgment or court order shall in no way affect the validity of any other provisions of these By-Laws, which shall remain in full force and effect.

15.10 Execution of Contracts

Notwithstanding any limitations on execution authority contained elsewhere in these By-Laws, the Board of Directors may, by special resolution, authorize any officer or officers or any employee or employees of the Club to enter into any contract, agreement or arrangement or to execute any instrument in the name, and on behalf, of the Association; such authority may be general or confined to specific instances. Unless authorized by the Board, no officer or employee of the Club shall have any power or authority to bind the Association by any contract or agreement or to pledge the credit of the Association or to render the Association liable for any purpose or to any amount.

15.11 Conflicts

Any conflict or inconsistency between the provisions of these By-Laws and as the same may be altered, amended, changed, modified or restated pursuant to Section 14, the Articles, the Covenants or the provisions of North Carolina law, shall be resolved in favor of first the provisions of North Carolina law, then of the Articles, then of the Covenants and finally of these By-Laws in that order.

15.12 Notices

Unless otherwise provided herein, all notices, requests and other communications given or made hereunder shall be in writing and shall be delivered by hand or mailed US mail first class postage prepaid; if to the Association addressed to the attention of the Secretary at the address of its principal office set forth in Section 1.3 above and if to a Member to the address of such Member as it appears on the Membership Register. In the event that a Member shall have a telephone number listed on said Membership Register for the receipt of facsimile transmissions, a notice hereunder may be sent to such Member in such fashion and shall be deemed to have been received upon transmission. Notices delivered in person shall be deemed received upon actual receipt and notices mailed shall be deemed received five (5) business days after deposit in the US mail in accordance with this Section 15.12. If at any time a Member shall desire notice or other communication from the Association to be given at an address other than as contained in the said Membership Register, written notice to such effect shall be given to the Secretary as specified herein. Written notice to Members may also be given, if conspicuously so identified, in any newsletter or similar type of publication regularly sent to Members.

15.13 Liability for Attorney's Fees and Costs

(a) Any current or former Member who causes a suit, arbitration or other legal proceeding to be brought against the Association, its Directors, officers or committee members (collectively, "Agents") for conduct while acting in such capacity, which proceeding arises from or in any way relates to the Association, and who does not prevail in all material respects alleged in the claim, shall be liable for the payment of all reasonable attorney's fees, including litigation expenses and costs, incurred by the Association or such Agents in such proceeding.

(b) Any current or former Member whose conduct is the basis for a suit, arbitration or other legal proceeding brought by the Association or its Agents, shall be liable for the payment of all reasonable attorney's fees, including litigation expenses and costs, incurred by the

Association or the Agents in the proceeding if the Association or the Agents prevail in all material respects in the proceeding.

15.14 Indemnification

Any current or former Member whose conduct is found to be the cause for recovery in any suit, arbitration or other legal proceeding brought against the Association, or its Directors, officers or committee members (collectively, “Agents”) for conduct while acting in such capacity, shall indemnify and hold harmless the Association and the Agents for all liability, damages, loss or injury suffered, including all reasonable attorney’s fees, litigation expenses and costs, incurred by any or all of them.

RULES AND REGULATIONS APPLICABLE TO ALL MEMBERS OF THE POA, THEIR SPOUSES AND GUESTS

*These Rules and Regulations have been adopted, and may be amended from time to time, by the
Board of Directors of the Champion Hills Property Owners Association.*

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CHAMPION HILLS POA RULES & REGULATIONS

1. Caveat and Disclaimer

All persons who use the Club and POA facilities do so at their own risk and assume sole responsibility for their personal belongings. The POA, their affiliates, their directors, officers, employees, committee members, representatives and agents shall not be held liable for personal injury to any person, nor for loss or damage to personal belongings used or stored on the property.

2. Rules Violations

Members who violate any of the Rules or Regulations, or who act in a manner prejudicial to the best interests of the Club or POA are subject to disciplinary action in accordance with the applicable By-Laws.

3. Suggestions and Criticisms

To facilitate the proper management of the Club and POA facilities, all suggestions, criticisms or complaints of any kind relating to the operations or employees of the Club or POA should be written, signed, and addressed to the General Manager, or in his/her absence, the appropriate Department Head. Such matters may also be addressed to any Board member.

4. Social Media Postings and Emails

- 4.1 No comments or material may be posted by a Club or POA member on any social media outlet that is improper, disruptive or likely to endanger the welfare, safety, harmony or good reputation of the Club, the POA, or any of the members or employees of the Club or POA.
- 4.2 No emails may be sent or forwarded that are improper, disruptive or likely to endanger the welfare, safety, harmony or good reputation of the Club, the POA, or any of the members or employees of the Club or POA.

5. Membership Directory

The Membership Directory is for the personal use of Club and POA members only and may not be used for any commercial or solicitation activity. Members shall not give the Directory or any other list of members in the Club or the POA to a non-member for any reason whatsoever; members may only furnish the Directory or such list to members or staff for Club/POA related usage.

CHAMPION HILLS POA RULES & REGULATIONS

6. Member Contact Information

Members are responsible for notifying the Administrative Office of any changes to their mail and email addresses and their telephone and fax numbers that they provided on their membership applications and subsequent thereto.

7. Use of Facilities

Unless otherwise stated in these Rules, only Club members, their spouses, family members and guests may use the facilities owned and operated by the Club, including but not limited to the Golf Facilities, Pool, Tennis Courts, and Fitness Center. Non-Club, POA members may only use such facilities as guests of Club members, subject to the Club's Guest Rules. All members of the POA, the Club, or both, their spouses, family members and guests may use Willow Creek Park and the Bocce Courts.

8. Lightning

Lightning is a hazard to personal safety that must be viewed seriously. It is the personal responsibility of all members and guests to be vigilant and know what to do when lightning is near. To assist in determining when threatening weather is near, the Club has a lightning detection system, which detects lightening within five miles of the Club and automatically activates alert sirens as a warning to take appropriate action. When a "high-low" blast is sounded, or at the first sound of thunder or sight of lightning, it is the responsibility of all persons participating in outdoor activities (golf, swimming, tennis, bocce, etc.) to seek shelter immediately. Employees will not be working outside during an alert.

9. Code of Conduct

No member or guest shall engage in any conduct that creates an intimidating, hostile or offensive environment for Club or POA employees or fellow members. No member or guest shall make unwelcome sexual advances, requests for sexual favors or engage in any other verbal or physical conduct of a sexual or otherwise offensive nature with respect to any employee. No member or guest shall reprimand or discipline any Club or POA employee. Alleged violations should be reported to the General Manager.

10. Employee Solicitation

Members may not solicit employees to provide time, services or money, for charitable purposes or otherwise, without the prior written approval of the General Manager.

CHAMPION HILLS POA RULES & REGULATIONS

11. **Tipping**

Tipping of employees is prohibited.

12. **Cart Path Use**

Walking on the Club's golf cart paths is permitted only when the course is closed.

13. **Pets**

Pets are not permitted on the golf course or practice ranges, however, they may be walked on the golf cart paths when the course is closed. Throughout Champion Hills, pets must be on a leash held by, or under the control of, a responsible person; persons walking pets are responsible for cleaning up after them.



Design & Construction Guidelines

Revised June 2015

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I. PURPOSE

These guidelines are written to provide helpful information to property owners, their architects, and builders in the procedure, design and construction of homes in Champion Hills. The following information, along with knowledge of Articles XI and XII of the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Champion Hills (November 2001) ("Amended and Restated Covenants"), must be thoroughly understood before design work is commenced. The Champion Hills Architectural Review Committee (CHARC) shall perform all functions, duties, and responsibilities for review of new construction or modifications as set forth in the Amended and Restated Covenants. Decisions of the CHARC may be appealed to the Board of Directors of the Champion Hills Property Owners Association. Any capitalized terms used in the Design Guidelines, which are not defined, shall have the same meaning as described in the Amended and Restated Covenants.

As the community develops, the Design Guidelines may be updated to further promote and protect Champion Hills' design standards.

II. DEVELOPMENT PHILOSOPHY

Champion Hills is a planned golf/mountain community designed to complement the rugged terrain and to take advantage of the local climate and culture. The programmed elements such as the golf course, roads, and home sites are meant to integrate with the natural landscape and with each other to create a rural mountain environment offering a variety of views, exposures, and settings. The design objective is to blend the introduced development into the original scenery rather than compete or contrast with it.

One of any community's strongest statements is the architectural quality of its homes. The degree to which Champion Hills perpetuates its blended rural atmosphere is therefore greatly dependent on the design and setting of each house. The architectural review process has been established to ensure that each home makes a contribution to the design objective per these guidelines and the Declaration.

III. DESIGN THEME

The land at Champion Hills is typically steeply sloped and heavily forested with mature trees. The architectural design theme borrows from the description of the land, and it can generally be characterized as strong, rugged, timeless, and stable. This theme has already been established over the region's history and is still not uncommon in the Southern Appalachian Highlands. Typically, buildings are solid looking structures utilizing earth-tone colors and native building materials.

Houses are often built into hillsides, sometimes creating tall lofty structures with expansive views on at least one side. This design theme is prevalent throughout the homes at Champion Hills and can be produced in many ways. In fact, variety in houses is an integral part of the architectural design theme. All sites are different but share a common theme; similarly, all houses are different but can share a common theme as well. It should be noted that a house design, which successfully carries the desired theme on one site, is not necessarily considered appropriate on other sites.

IV. HOME PLANNING AND DESIGN

To ensure that both the experience of planning a home and the results of building it will be rewarding, it is important to secure the advice of competent professionals. Each home site at Champion Hills presents a unique opportunity, and, to attain the full benefit of each site, it is recommended that both an architect and a landscape architect be consulted. Builders, however qualified and successful, can't always offer design services that include excellence in site planning, superior architectural interest, and quality detailing. Plans for modular, pre-cut kit, catalog, or builder supplied stock plans will most likely **not** meet the above criteria, and their use is heavily discouraged.

Each home should be designed for its specific site and for one Owner's specific needs.

V. ARCHITECTURAL CRITERIA

The criteria described below are used in the review process as guidelines for development. Following them will greatly enhance a design's chances of approval; however, the overall effect of a design also includes taste and judgment factors that cannot be totally reduced to measurable standards. The overall aesthetic impact is as important for Champion Hills as meeting the numerical criteria. These guidelines are intended to provide guidance regarding matters of particular concern to the review committee. These guidelines are not the exclusive basis for decisions and compliance **does not** guarantee approval of any application.

A. HOUSE SIZE

Each subdivision parcel identified on the Champion Hills Master Plan reveals what type of housing is to occur in that parcel, e.g., single-family lots, villas, etc. House sizes are then determined by type. The minimum living area for a single-family house is 2,000 square feet. "Living area" excludes garages, decks, breezeways, unheated spaces, or heated spaces with less than six (6) feet of headroom. Also, basement or half-basement spaces are not counted toward the minimum if more than 50 percent of the perimeter is below grade. There is no specific maximum area for a house but it is necessary to retain a balanced proportion of house to the site. No home, including all indoor and outdoor unheated spaces, may cover more than 20% of the total site on the ground plane.

B. STYLE

No single architectural style is dictated at Champion Hills unless it can be described as "Southeastern Mountain Style", i.e., a style that readily becomes part of the Blue Ridge Mountain landscape. Many of the styles, which have been historically popular such as Georgian, Federal, Southern Colonial, Neoclassical, etc., do not adapt well to sites in Champion Hills, nor do the more modern imitators, which affect a suburban tract look. Neither the land nor the land plan at Champion Hills is typical or homogeneous enough to allow repetition of styles found elsewhere.

1. Willow Creek Restrictions (Lots 344 thru 355 excluding 350)

Lots 344, 346, 347, 348, 349

Homes must comply with the Champion Hills Design Guidelines and must be compatible in style, materials and colors with the existing home on lot # 345. The Property Owners Association (POA) has designs that can be used and that are compatible with the existing home on lot #345. These are specified in Willow Creek Drawings dated August 2005 and retained in the Architecture Review Office.

Lots 351, 352, 353, 354, 355

Home design must either be selected from existing Property Owner Drawings specified in Willow Creek Drawings dated August 2005 retained in the Architectural Review Office or be compatible with these drawings. Homes must also comply with the Champion Hills Design Guidelines.

C. DESIGN CONSIDERATIONS

The CHARC is mainly concerned with the exterior design of the home. Floor plans are a part of the review process to ensure that there is no attempt to divide a home into two or more separate living quarters. If a home is being built for “spec”, floor plans will be reviewed for salability.

Exterior design evaluation considers all of the following elements:

Site Utilization - Relationship of new construction to existing natural and man-made features; views from and to the home; effect on the street, access to common areas, drainage features, neighbors, drives and parking.

Aesthetics - Overall design quality of building elements as they relate to one another and the whole as it relates to adjacent development; considering form, function, scale, color and texture. Emphasis is placed on the design of all sides of the house and exterior points of interest attained by design and use of materials. Slender deck supporting columns are discouraged.

Massing - Relationship of each structure's elements to one another.

Fenestration - Relationship of exterior openings (doors, windows, vents, skylights, etc.) to each other and to the solid portions of the house; compatibility with the overall design and fenestration detailing.

Roofscape - Proportion and appearance in relation to the body of the house; color and texture; pitch of significant slope is most desirable (at least 7 in 12); mechanical equipment, vent covers and stacks (must be painted to match roof); weight (cedar shakes, heavy earth-tone textured asphalt shingles or natural slate are appropriate); eave overhangs (may extend over setback lines by no more than two feet); gutters (if present, must blend rather than contrast with trim color).

Chimneys - Proportion and balance with the rest of the house (strong elements for which native stone is encouraged). Chimneys must be shrouded. The use of decorative chimney caps is required.

D. EXTERIOR MATERIALS AND COLORS

Exterior material and color selection is one of the most important of the architectural criteria. Repetition of just a few materials and colors generally makes for a stronger, more cohesive home design in a wooded mountain setting. Use of native mountain indigenous materials, including wood and stone, is encouraged.

It is the intent of Champion Hills to preserve the appearance of the natural landscape and preclude the use of colors appearing out of place and, therefore, offensive to the eye.

The color of exterior materials must generally be subdued to blend with the natural landscape. Earth tones are recommended, although accent colors that are used judiciously and with restraint may be permitted. In no case will colors approaching the primary range (red, blue, white and yellow) be permitted, nor will drastic contrasts in value (light to dark) be allowed. Garage doors are not considered trim and must be painted to match the siding or if the garage doors are wood and stained, stained to compliment the other colors of the house. Proposed colors must be demonstrated to the CHARC in a sample format that adequately depicts the hue, tone and shade of the proposed color in its final application. The CHARC may require the color selection to be applied to an area of the house prior to approval.

External materials are considered as follows:

Exterior Walls - Natural neutral stained wood and stone materials are encouraged. Strong contrasts between siding and trim colors are discouraged as are using bright colors. Earth tone brick, split-block, stucco, cement-based and other manufactured sidings will be considered on an individual basis. Unfinished blockwork or concrete foundation materials are prohibited. Extensive latticework below deck enclosures is discouraged. Vinyl or aluminum siding and trim are prohibited.

Windows - Champion Hills affords great view opportunities of both the golf course and the Area Mountains. The use of clear or lightly tinted glass windows, doors, and skylights is encouraged to take full advantage of the mountain setting. Dark tinted or reflective glass is prohibited.

Roofing - A wide range of roofing materials is generally acceptable, including; wood shingles and shakes, laminated asphalt/fiberglass shingles, and natural slate. Simulated wood shingles or shakes, artificial slate, cement-based shingles, and metal roofing are considered on an individual basis. Concrete and clay tile roofing materials are prohibited. A minimum roof slope of 7:12 is required for the main roof with variations on feature roof areas considered on an individual basis.

Gutters and Trim - Wood trim shall match or contrast and blend with exterior siding colors. Gutters and downspouts shall blend with trim and siding colors. The use of gutter screens or covers is recommended.

Repainting – All homeowners must resubmit colors to the CHARC to be considered for approval when repainting becomes necessary, even if the same colors are to be used.

Deck and Railings – natural neutral colors matching or blending with the exterior siding colors is encouraged. The use of wood materials is encouraged, as well as composite materials giving the appearance of wood, such as Trek and EverGrain. Deck and railing colors must be approved. Metal materials for the railings, including but not limited to stainless steel and aluminum, will be considered.

It is recommended that the Contractor build a sample structure that shows the siding and trim materials, stone work (if applicable), window sash color and roofing materials that the client wants to use on the house. The sample structure should be built on site and should be a minimum of three feet in width by five feet in height.

E. FLOOR ELEVATIONS

Mountain slopes at Champion Hills are the community's strongest natural feature. Extensive leveling of slopes forcing a site to adapt to a large, flat, first floor is not allowed. Some grading is always necessary and even desirable; however, home designs should attempt to fit over the natural slope with as little disturbance as possible. Even so, steep terrain tends to expose substantial foundation on the downhill of most structures. Attention to design and selection of exterior materials and neutral colors will moderate these difficult exposures. Tall deck supporting columns should be partially or wholly wrapped, to emphasize stability, using exterior materials.

F. ROOF RIDGE ELEVATIONS

Distance views are a key feature of many homes and home sites. Roof ridge elevations of all new Construction will be evaluated for potential impact on views from surrounding lots and, in certain instances, may be limited to protect the view from another home or home site.

G. DRIVES

All drives or driveways must be carefully located for practicality and appearance. Steep slopes require long drives that should curve gently with the land's contours, meet the road at a safe angle and must be graded or trapped so that there is no runoff from the driveway onto the road. Only one driveway entrance will be permitted for each Unit unless approved by CHARC. The use of circular driveways is discouraged. However, under certain circumstances where topography or other site difficulties make a circular driveway the only access solution, multiple entrances will be considered. Approved driveway materials include asphalt, concrete and pavers. Most roads have side swales for drainage reasons, which means that drives require culverts under them where they cross the swale. Culverts may be drainage pipe, but with 18-inch minimum diameters and 20-foot minimum lengths. Pipes shall have

tapered end sections with minimal exposure or stone headwalls. Culvert pipes shall be bought and installed at the Owner's expense.

H. VEHICLE STORAGE

Vehicle storage is a required part of a single-family home at Champion Hills. It may take the form of an indoor garage or a partially open structure that screens vehicles without totally enclosing them. In all cases, vehicle storage must be covered, utilizing a technique that complements or matches the house. Whether the storage facility is joined to the house, semi-detached, or separate depends on access, circulation, and site preservation considerations. Designs for vehicle storage are to be submitted for review at the same time that the design for the house is submitted. Front load garages are discouraged, but will be considered for approval if topography/site conditions lend itself to a hardship. Finally, under no circumstance may a garage be built for temporary lodging prior to or during construction of the house.

I. BUILDING SETBACKS AND RIGHT OF WAY

All single-family lots have setback lines on every side and no structure may encroach those setbacks. Setbacks may vary from lot to lot and the recorded plats should be consulted for specific lots. In most cases, the minimum front setback is 50 feet from the centerline of the frontage road, side setbacks are 25 feet each, and rear setbacks are also 25 feet. Additionally, homes along the golf course shall maintain a 50 foot setback unless an exception is granted due to extraordinary circumstances; however, under no circumstances shall the setback be less than 35 feet at the closest point of the residence to the golf course property. This also includes all accessory structures/attachments, e.g., decks, porches, overhangs, etc.

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

All variances submitted to the Champion Hills Architectural Review Committee (CHARC) for review/approval, must have the approval of the adjacent lot owner(s) prior to CHARC review. The lot owner must record approved variances by the CHARC with the Henderson County Register of Deeds.

J. FENCES

In Champion Hills, fencing is NOT permitted as a property line barrier. All fencing must be submitted to the CHARC for approval. In some situations, fencing may be erected in short sections for specific purposes such as screening utility yards, mechanical equipment, private patios, and entry courts, or containing swimming pools. Generally, fencing does not complement sloping, wooded land unless it parallels the natural contours, and at Champion Hills the open feeling created by distant mountain views makes any fencing incongruent.

Where fencing is allowed, materials, patterns, and colors used in the house should be repeated in the fence.

The CHARC encourages the use of underground invisible fences for small pet areas. When a request for a small pet area is made, a drawing showing the lot, house and where the pet area will be placed along with its dimensions must be submitted to the CHARC for approval.

In certain extraordinary circumstances the CHARC will review a request for a small pet area fence other than an underground invisible one. The submittal must include a drawing showing the lot, house and where the pet area will be located along with its dimensions. The fence should be a four feet maximum height open style metal picket type. The color selection must match or compliment the existing house colors. Native shrubs a minimum height to match the fence height will be required. The location of the pet area must be in an area that is not visible from the road or neighboring properties.

K. OTHER STRUCTURES

Outbuildings such as detached garages, gazebos, greenhouses or pool cabanas may be submitted for consideration to the CHARC, but will not necessarily be approved for every home site. Such structures must satisfy the same design/site criteria as the residence. Separate, pre-manufactured storage buildings are not permitted at Champion Hills. Lesser structures such as doghouses, recreation equipment, barbecues, trellises, etc., must also be submitted for approval before construction. No open fireplaces will be allowed.

L. LANDSCAPING

No tree removal on Lots facing the Golf Course will be permitted without written approval of the CHARC. This includes trees within the 50 foot setback. The most appropriate landscaping at Champion Hills is the vegetation already there. In fact, trees, native mountain laurel and natural rhododendrons must be accommodated whenever possible by the site plan. Also, trees, native mountain laurel and natural rhododendrons close to construction areas are to be protected to avoid damage. ***No clear-cut tree removal is permitted. Selective thinning to improve views is possible only with prior written approval from the CHARC.***

Where grading, construction, and access activities create unavoidable disturbance, landscape design shall restore such areas to their former vegetative state. Newly introduced species of plants which complement the natural surroundings are acceptable only if arranged according to a coherent landscape plan. Under no circumstances will disturbed soil be allowed to remain exposed or eroding. All outdoor landscaping or decorations including, but not limited to, statues, exotic plants, and artificial grass or rocks, which can be seen from the road, golf course, or adjacent properties must harmonize in design, color, texture and size with the natural surroundings and architecture. Property owners are required to seek approval from the CHARC before landscaping or displaying decorations. The CHARC reserves the right to require additional screening around or the removal of such decorations that, in their sole judgment, do not harmonize with the natural surroundings. Where extensive landscaping is necessary or desired, owners are encouraged to consult a landscape architect. A landscape plan must be submitted as part of the review process for the house,

and in all cases the landscaping must be installed as per the approved plan within 60 days of home construction completion.

The landscape plan must identify those trees within the 50 foot setback that the owner wants removed, regardless of size. The owner or Landscape Company MUST work with the CHARC Representative to ensure compliance with the provisions of this paragraph.

The CHARC must approve landscape redesign on existing homes. A detailed list of plantings, including size of trees, shrubs, etc., should be shown on a plan drawing/sketch. Stonewalls, water features, etc., should have a detailed plan submitted in addition to the redesigned landscape plan.

M. TREE REMOVAL POLICY

1. Article XII, Section 13 of the Amended and Restated Declaration of Covenants provides: “No trees, native bushes or shrubs, shall be removed without the prior written authorization of the Architectural Review Committee. In the event of an intentional or unintentional violation of, this Section 13, the violator may be required by the Architectural Review Committee to replace the removed trees, native bushes or shrubs with trees, native bushes or shrubs of such size and number and in such locations as the Architectural Review Committee may, in its sole discretion, determine is necessary or appropriate to mitigate the damage.”
2. The property owner must submit a written request to the CHARC Chair and the Grounds and Facilities Maintenance Director to schedule a site visit to review the tree, shrub or bush removal request.
3. Prior written authorization from the CHARC and the Club Board of Governors is required for planting or removing any trees, native bushes or shrubs that are within the golf course 50-foot setback.
4. Violations of this Tree Removal Policy may be subject to disciplinary proceedings and penalties under Section 12 of the Association By-Laws, including a minimum penalty fine of \$2000.00 per tree, plus the replanting of a tree/trees per this policy.
5. Requests for authorization to remove trees that are not on the applicant’s property must be accompanied by written permission from the owner of the property on which the trees are located.
6. Removal of Multiple Trees: If the request is for removal of more than six trees, a phased approach will be required, with no more than six trees authorized for removal in each phase. The CHARC, or its designee, will determine precisely which trees will be authorized for removal in each phase required. The trees shall be tagged and labeled for each phase. If after each phase of removal is completed and it is determined that it would be desirable to remove additional trees, the CHARC, or its designee, will determine whether to grant approval on site during the tree removal process. The property owner shall notify the CHARC at least one week before any tree removal takes place so that a CHARC, or its designee, can be present. In addition, the CHARC may require

that, to maintain the Community-Wide Standard, that the property owner shall replant trees having a minimum 3.5 inches in diameter and of a species on the recommended list below.

7. For safety or aesthetic reasons, the CHARC may require tree stumps to be removed or cut flush to ground level and/or treated chemically to limit future growth.
8. All tree, bush and shrub material resulting from trimming, limb removal or total removal must be removed from the site, unless otherwise approved in writing by the CHARC.
9. The following species can be used as replacement trees, but they must be at least 3.5 inches in diameter:
 - a. *Acer rubrum* Red Maple
 - b. *Acer saccharum* Sugar Maple
 - c. *Quercus rubra* Northern Red Oak
 - d. *Quercus coccinea* Scarlet Oak
 - e. *Quercus palustris* Pin Oak
 - f. *Prunus serotina* Black Cherry
 - g. *Oxydedrom arboreum* Sourwood
 - h. *Nyssa sylvatica* Blackgum
 - i. *Tsuga canadensis* Eastern Hemlock (minimum 10' to 12' tall)

The following species can be used as replacements if under canopy and required to fill in the natural area:

- a. *Cornus florida* Dogwood
- b. *Ilex opaca* American Holly
- c. *Cercis canadensis* Red Bud
- d. *Amelanchier arborea* Serviceberry
- e. *Halesia carolina* Carolina Silverbell
- f. *Oxydedrom arboreum* Sourwood
- g. *Tsuga canadensis* Eastern Hemlock (minimum 10' to 12' tall)

N. LIGHTING

Traditional light fixtures over house entry doors and garage doors are necessary and appropriate for safety. Porch lights and carriage lights at the foot of exterior stairways are acceptable as well. However, artificially illuminating the night environment at Champion Hills will not be permitted. Bright, harsh lighting of any kind, tall yard lights, high-intensity security lights, theatrical mood lighting, or flood-lighting, are not permitted at Champion Hills. Solar lights for defining a driveway or walkway may be permitted but must be either amber or white in color. Property owners are required to seek approval from the CHARC prior to the installation of any type of outside lights. The use of LED lighting is encouraged.

O. TELEVISION RELATED STRUCTURES

Exterior antennas, aerials, satellite dishes or other apparatus for the transmission or reception of television, radio, satellite, or other signals of any kind, unless completely contained within the dwelling structure so as to not be visible from outside the dwelling structure are not permitted at Champion Hills with the following exception. One such apparatus, measuring up to 25 inches tall and 30 inches wide is permitted, but it must be located so as to be in the least visible position as viewed from adjacent dwellings or roads. Mounting the dish on a pole will be allowed as a last resort but only with the approval of the Architecture Review Committee.

P. FUEL TANKS

Natural gas is available at Champion Hills through the local gas company. Each Owner has the option of choosing whether or not he wants natural gas. Owners shall contract individually with the gas company. No gasoline or petroleum fuel tanks are allowed. Owners are allowed the use of propane tanks up to 40 pounds for use in barbecue grills and outdoor, portable heaters. (Please refer to Article XII, Section 19 of the Champion Hills Covenants.)

Q. SIGNS

No signs of any kind shall be erected on a home site with the exception of one sign erected during the construction, or modification, of a home to display the contractor's name, provided the sign is removed when the occupancy permit is issued. This sign may also include the names of the architect and the Owner. Signs should not exceed two feet by two feet in size, be free standing, parallel to the road and placed outside the right of way. The Board of Directors of the Association reserves the right to restrict the size, color and lettering for all such signs and placement of such signs. The only other signs permitted on the properties are those erected by the Association.

R. MAILBOXES

All mailboxes, posts, house numbers, and delivery tubes shall be obtained from and installed by the Champion Hills POA or its designee at the Home Owner's expense. No names shall appear on the mailbox and no changes shall be made to its design or color. When necessary, replacement or repairs do to accidental damage of all or any portion of the mailbox, post, house number or delivery tube will be made by the Champion Hills POA at the Home Owner's expense. Newspaper tubes with company names are not allowed. The Champion Hills POA will be responsible for normal wear and tear and painting the mailboxes on a regular basis as required. The only size mailboxes that are offered is the large. Forms for obtaining mailboxes can be found on the Champion Hills ClubSoft website.

S. AWNINGS

Requests for awnings will be reviewed and evaluated on a case-by-case basis taking into consideration location and impact on the street and neighboring lots. The color of the awning and its trim should be a solid color closely matching the color of the siding on the house or a muted stripe, which matches and blends with the siding.

T. DISPLAY OF FLAGS

It is the policy of the CHARC and the POA to permit the display of flags of the United States of America and the State of North Carolina provided that they are no greater than 4' x 6' in size and displayed in compliance with Federal and North Carolina statutes and regulations. See 4 U.S.C. sections 5-10, as amended and NC General Statute's section 47F-3-121.

The display of other flags is not permitted.

U. FIRE PITS AND FIREPLACES

The use of fire pits and fireplaces (and any other open burning) in Champion Hills, regardless of the fuel burned (e.g., gas, wood, charcoal) is prohibited. Fireplaces (with chimneys) that are attached to a home or out building are not barred, but are subject to CHARC approval.

VI. UTILITIES

A. WATER

The city of Hendersonville has extended water service to Champion Hills. Owners shall deal directly with the water department for service to their home site. No individual wells may be drilled on any site. The cost of connecting from the road to the house shall be borne by the Owner.

B. SANITARY SEWER

Champion Hills is served by a private sewer system, owned and operated by the Association. With the exception indicated below, all sites will connect to the private sewer system. The monthly operating fee for the sewer system will be charged for each new construction starting when the water meter is installed and connected. Where sewer service is not currently available, septic tanks may be installed as a temporary solution until sewer service is extended to the site. There are a few sites not designated for sewer service and these must be served by alternate means, the cost of which is to be borne by the Owner. For connections to the private sewer system, a sewer connection charge is payable to the Association prior to the start of construction.

C. ELECTRICITY AND TELEPHONE

Before construction is commenced, the Owner or Builder should notify the Duke Power Company and BellSouth Telephone Company. Both of these utility companies will schedule underground service. Application for the services should be made directly to each utility company.

VII. CODES

All construction must comply with any and all state and/or local building codes, including but not limited to; fire codes, electric codes, and plumbing codes. Compliance is the responsibility of the Owner/Builder and they shall be responsible for obtaining permits and approvals. CHARC approval and inspections are separate and independent of government inspections.

VIII. ARCHITECTURAL REVIEW PROCESS

Architectural control and design review for Champion Hills is handled by the CHARC.

Designs for all new construction must be approved by the CHARC prior to any clearing or site preparation. Subsequent alterations or additions, which change the exterior appearance of a house, must also be approved by the CHARC before work commences. If plans for new construction change or are modified during the construction installation, the changes must be submitted to and approved by the CHARC prior to implementation if such changes alter the exterior appearance of the house.

Applications - Only completed applications will be reviewed.

A. PRELIMINARY APPLICATION

Prior to the preparation of construction drawings, it is recommended that the Owner or architect submit a **PRELIMINARY PLAN**. This will allow conceptual ideas to be communicated and should simplify the review process. This preliminary application should include:

Preliminary Floor Plan and Exterior Elevation Requirements – (one copy)

1. Preliminary floor plan schematically indicating rooms, arrangements, and

square footage on each level (minimum scale: 1/4" = 1.0').

2. All (4) preliminary elevations schematically indicating exterior style, materials, accurate finish grades and roof ridge height above main level finished floor elevation, (minimum scale: 1/4" = 1.0').

Site Plan Requirements – (two copies)

1. ☐ Professionally drawn topography survey by a registered surveyor (minimum scale: 1" = 20'), specifying Owner's name, lot number and street name. They must also show the following:

a. ☐ Property lines, easements and building setback lines.
b. ☐ House location.
c. ☐ Existing trees over 8" diameter (specifying size and species), all mountain laurel and natural rhododendrons. This should be done for the entire property. All trees, laurel and rhododendrons to be removed for the house, driveway, cart path and utilities routing must be identified on the plan and marked with ribbons on the site. The CHARC Representative must be notified to approve all removals on site before any removals take place.

d. ☐ Existing and proposed contours at 2' elevations.
e. ☐ Finished floor elevations.
f. ☐ All site improvements and accessories (e.g., walks, driveway, parking, etc.), and specifying their proposed materials.
g. ☐ Layout dimensions and elevations of driveway width, width of sidewalks and parking.
h. ☐ Erosion control measures (e.g., silt fence locations, etc.)
i. ☐ Drainage structures and surface water drainage management, including points of discharge. Under no circumstances may the natural flow of water be artificially concentrated to create erosion or additional flow on adjoining property.
j. ☐ Culvert location and headwall material.
k. ☐ Identify sewer tap location.

B. FINAL APPLICATION

Final Applications that do not substantially satisfy the checklist requirements will **not** be reviewed until all required information is available. The Owner or the Owner's representative should make final applications in person, if possible, to a representative of the CHARC. The Final Application Submittal Checklist will be reviewed at that time.

General Requirements:

Completed Final Application Forms shall be submitted with:

1. One set of construction plans and specifications. Lot number, Owner's name, street address, architect or designer, and date shall identify each drawing sheet.

2. Names, brands, descriptions, and/or samples of proposed exterior material. Samples are required only when materials cannot be described otherwise and are to specifically include; roofing, siding, (12" in minimum length with color applied), and paint chips of any exterior color not on list of Exterior Colors provided in these Design Guidelines, i.e., siding - trim - doors - foundation.

Floor Plan Requirements:

1. Floor plans of all levels, with calculated square footage's indicated (minimum scale: 1/4" = 1.0') and showing:
 - a. Exterior elevations of all sides accurately depicting grades, and exterior materials (minimum scale: 1/4" = 1.0').
 - b. Method of screening utility connections, exterior HVAC equipment, and garbage collection areas.

Site Plan Requirements: See Page 12

Landscape Plan Requirements:

Note: Landscape plans may be submitted after construction has begun, but no later than 90 days prior to completion of the residence.

1. Professionally drawn plan (two copies - minimum scale: 1" = 20'), specifying Owner's name, lot number and street name. They must also show the following:
 - a. Property lines, easements and setbacks.
 - b. House location.
 - c. Existing trees over 8" diameter plus mountain laurel, natural rhododendrons, woodland edges and any additional trees, mountain laurel and natural rhododendrons to be removed.
 - d. Existing and proposed contours at 2' elevations (or overlay on site plan)
 - e. All site improvements and accessories (e.g., walks, driveway, parking, lighting, etc.).
 - f. Location, size, quantity and species of all proposed plant materials.
 - g. All lawn areas, plant beds, and areas to remain natural.

C. FEES

Champion Hills Construction Fee Schedule

Fee	New Homes	Remodel/Addition ⁴	Maintenance ⁵
Application Fee¹	\$600.00	\$300.00	NA
Owner Compliance Deposit²	\$2,000.00	\$1,000.00	\$1,000.00
Sewer Tap Fee³	\$2,000.00	N/A	NA
Road & Road Side Maintenance Fee³	\$2,250.00	\$1,000.00	NA
Contractor Performance Bond³	\$7,500.00	\$1,000.00	\$1,000.00

(see Appendix F for a complete list)

1. Application Fee is due with preliminary application
2. Compliance Deposit is due prior to construction start
3. Contractor Bond or Deposit is due Prior to construction start
4. These fees apply if the exterior of the home is being expanded or changed. The fees

- for any minor work will be up to the discretion of the CHARC.
5. Maintenance work that must be submitted to the CHARC for approval is paint color, window or door style and color, roof color, deck or rail style and color, paver color and gutter/downspout color. The Compliance Deposit or Contractor Bond will be up to the discretion of the CHARC based on the scope of work.

Individual checks are needed for each item, made out to the Champion Hills POA.

NOTE: The POA Board reserves the right to modify fees at any time.

D. COMMITTEE RESPONSE / APPROVAL TO COMMENCE CONSTRUCTION

At the Preliminary Application submittal, the CHARC shall either:

1. Accept a design in principle.
2. Offer suggestions for further study that will help resolve any design problems.
3. Reject the plan.

After permission is granted to proceed to the Final Application, the CHARC will subsequently review only details, colors, samples, or any departures from the Preliminary plans.

Note: Some homes were built in Champion Hills prior to the existence of the current Architectural Design Guidelines and the subsequent CHARC policies. Therefore, some of these homes, in part, or in total, do not conform to these guidelines and policies. Any non-conformance of previously built homes does not constitute a precedent or grounds for non-conformance in present-day applications to the CHARC.

When the final submittal has been approved, the compliance deposit has been received, the Agreement to Comply has been signed, and the sewer connection and road maintenance fees have been paid, the CHARC will issue written permission to proceed with staking and provide a letter to the Henderson County Health Department authorizing the Owner to connect to the sewer system. The Henderson County Inspection Department will not issue a building permit until this letter is received. An inspection of the field staking (clearing limits marked, trees to be removed tagged, house location staked), by at least one member of the Committee, will verify that the layout is according to plan and, if applicable, the applicant will receive immediate written permission to commence clearing and grading.

E. COMPLETION DEADLINE

Construction should be completed within 18 months of the actual commencement of construction. If this is not possible, the owner may appeal to the CHARC for an extension. The POA Board reserves the right to impose sanctions including, but not limited to, fines for failure to complete construction within the 18-month period.

F. SITE REGULATIONS

For site protection, the following guidelines shall be followed:

Construction of the residence must begin within twelve (12) months after final application approval. Clearing shall not begin earlier than thirty (30) days prior to the commencement of construction. Erosion control measures must be installed immediately after any clearing of vegetation. Approved landscaping must be in place within sixty (60) days of completion of construction of the building.

G. PERIODIC INSPECTIONS DURING CONSTRUCTION

After construction has commenced, the CHARC or its designated representative will conduct periodic unscheduled inspections of the work to ensure that there is compliance with the approved plans. These inspections will verify that erosion control measures such as silt fences are in place and working, building material waste, debris and litter are contained in an approved dumpster. Inspections will also check for the presence of a portable toilet, the provision of off-street parking for workers' vehicles, and evidence of open fires. Finally, the inspection will include a check for general compliance to the plans and adherence to the remainder of the Rules and Regulations for Contractors and Service Personnel working in Champion Hills.

H. RETURN OF THE COMPLIANCE DEPOSIT

Upon 100% completion of the residence, sitework and landscaping, the owner will notify the CHARC of this status and formally request a compliance inspection seeking return of the compliance deposit. The following items will be inspected at that time: landscape and driveway completed per plan, house design and colors per plan, proper drainage, roof vents and chimney caps painted, restoration of roadsides with sod in front of residence and other adjacent areas damaged by construction activity, construction debris removed and any damage to adjacent properties, including POA roads and drainage features, repaired. If there have been no fines, penalties, or necessary work performed using fund monies during construction and if the final inspection is acceptable, then the deposit monies will be returned to the party they were originally received from within 30 days.

IX. CONTRACTOR RULES AND REGULATIONS

The following rules and regulations shall apply to all contractors, their employees, sub-contractors, suppliers and all service personnel while on the premises of the Champion Hills Community. All applicable rules and regulations in the Champion Hills Architectural Design Guidelines, Declaration of Covenants, Conditions, and Restrictions for Champion Hills and By-laws of Champion Hills POA, but not listed in these rules and regulations, likewise apply to Contractors doing work within Champion Hills. Owners and their Contractors shall be responsible for the actions of their employees and sub-contractors while working within Champion Hills. The purpose of these rules is to provide a safe and professional work environment at Champion Hills, while still allowing for the efficient completion of work by authorized personnel. (Throughout these rules the term “Contractor” shall mean contractors, their employees, sub-contractors, suppliers and all service personnel.)

A. CONSTRUCTION WORK SCHEDULE

Construction will be allowed from **7:00 am to 6:30 pm** Monday through Friday and from **8:00 am to 4:30 pm** Saturday. No construction activity will be allowed on Sundays or Holidays (New Years, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas) without the written permission from Champion Hills Security or Champion Hills Architectural Review Committee (CHARC) and then only quiet work will be allowed. All requests for Sunday work must be received no later than noon Friday for approval and all Holiday work must be received no later than noon two days before the Holiday.

B. CONSTRUCTION ACCESS, VEHICLES AND PARKING AREA

The approved access drive will be the only construction access to any lot.

All construction equipment, vehicles and materials shall be parked within the property line of the lot but may not be left on any street, roadside or other private property after working hours, weekends or holidays. Any construction equipment, vehicle and materials left after hours will be towed or removed at the owner’s expense. During very busy construction periods, the overflow vehicles may be temporarily parked along the construction side of the roadway. During these occurrences, vehicles must be off of the paved surface of the roadway or cul-de-sac to allow continual unconstrained access by normal traffic and emergency vehicles, including fire trucks. Vehicles may not be parked on neighboring lots, in nearby driveways or on open space.

Changing oil or other vehicle maintenance is prohibited.

C. ROADWAY DAMAGE

In an effort to minimize damage to the edge of the roadway pavement, each Contractor shall install an approved size culvert. Such culvert shall be covered by compacted crushed stone, which shall be **flush** with the pavement and extended to at least one lot line. This culvert and stonework shall be in place during the entire construction period. In the event that a culvert is not required, the Contractor shall be required to lay the crushed stone as stated above. All vehicular crossings over the grass swales are prohibited.

All access to the lot shall be over the approved driveway. In addition driveways must be graded or trapped so that there is no runoff from the driveway onto the road. Dirt, mud, gravel or debris resulting from activity on each construction site shall be promptly removed from public or private roads, open spaces and driveways or other portions of Champion Hills.

All roadside damage, including all adjacent roadsides, due to construction shall be repaired and re-sodded at the completion of construction and be approved by a member of the CHARC or other representative. All repairs will be made prior to the reimbursement of the construction deposit and if not repaired to the satisfaction of the CHARC, the amount for repairs will be deducted from such deposit.

D. DAMAGE DURING CONSTRUCTION

Any damage to the golf course, roadways, curbs, roadsides, drainage ditches, drainage structures and culverts, street lights, street markers, mail boxes, walls, etc., shall be the responsibility of the Contractor. Damage would also include any spillage from Contractor's delivery, employee vehicles, paint or stain buckets, solvent buckets, or from the cleaning of any tools, brushes, etc. of any kind.

All current EPA Rules and Regulations shall be followed at all times during the construction period.

Any violations or repairs not corrected within 10 days after receiving notice, or sooner if deemed necessary by the CHARC, will be corrected or repaired by the Champion Hills POA. The cost for the violation or repair will be deducted from the Contractor's Performance Bond and/or billed to the Owner at the cost of the repair plus 20%.

E. DUST AND NOISE CONTROL

The contractor shall be responsible for controlling dust and noise from the construction site, including the removal of dirt and mud from public or private roads that is the result of construction activity on the site. The sounds of radios or any other audio equipment used by construction personnel must not be audible beyond the property perimeter of any lot. Repeated violations of this provision will precipitate a total prohibition of any on-site use of radios or audio equipment during construction and may result in shut down of all construction activity or other remedies and/or fines.

F. TRASH RECEPTACLES AND DEBRIS REMOVAL

Contractors shall be responsible for the clean up of all trash and debris at the end of each day. An approved trash receptacle must remain on the site at all times to contain all lightweight materials or packaging. The receptacle must be positioned on the site alongside the access drive, clear of side and rear setbacks, adjacent road right(s)-of-way and neighboring properties. Trash receptacles must be emptied on a timely basis to avoid overflow of refuse; disposal shall be at a suitable off-site facility. Owners and builders are prohibited from dumping, burying, or burning trash anywhere on the lot or in Champion Hills. Heavy debris, such as broken stone, wood scrap, or the like must be removed from the site immediately upon completion of the work of each trade that has generated the

debris.

All concrete washouts, from both trucks and mixers, must occur in a location where it will be ultimately concealed by structure or covered by backfill. Washout in road rights-of-way, setbacks or on adjacent properties is strictly prohibited.

During the construction period, each construction site shall be kept neat and shall be properly policed to prevent it from becoming a public eyesore or detriment to other lots or open space. Any cleanup costs incurred by the Champion Hills POA in enforcing these requirements shall be payable by the Contractor and will be deducted from the Construction Deposit.

The CHARC has the right to suspend construction until the site is brought up to the standards set forth by the CHARC.

G. SANITARY FACILITIES

The Contractor shall be responsible for providing adequate sanitary facilities for his construction workers. Portable toilets should be located within the building envelope, where and as out of sight as possible.

H. SITE UTILITIES

The contractors shall only use the utilities provided for them on the immediate building site on which they are working.

I. IN-GROUND SERVICES

Contractors are responsible for locating all in-ground service lines prior to any digging, trenching or excavation. (Call ULOCO at 1-800-632-4949) The contractor will be responsible for the cost of any repairs for damage to existing service lines. If any existing service lines are damaged or cut (phone, cable, electric, sewer, etc.) it is the Contractor's responsibility to immediately notify the utility company whose lines have been damaged or cut. The Contractor must also report what service line has been cut or damaged, and that the utility has been notified, to Champion Hills Security immediately by calling **234-1515**.

J. TREE REMOVAL

No removal of trees, native plants or shrubs shall take place until final written approval of CHARC has been obtained and proposed clearing approved on site by a member of the CHARC. This includes removal of trees, native plants, laurel and rhododendrons to be removed for utilities installation of power, sewer, etc. Contacting the CHARC is the sole responsibility of the Contractor. The unauthorized removal of trees, before, during or after construction may result in penalties being assessed against the Contractor.

K. CONSTRUCTION SIGNAGE

Temporary construction signs shall be limited to one sign per site not to exceed six square feet of total surface area. This sign is intended for job site identification only, shall be free standing and not to exceed six feet in height above natural grade. It may identify the general contractor and designer by name with address, license number and telephone number(s) and it may identify the job site by lot number or owner's name, but it may not include marketing related terminology such as "for sale", "available", or "offered by".

Placement shall be parallel to the street in a location within the Building Envelope and approved in advance of installation by the CHARC. The construction sign may not be erected on a site earlier than two weeks prior to the onset of continuing construction activity and must be removed within two weeks of the issuance of a certificate of occupancy by the County, or immediately upon the passage of 30 calendar days without significant construction activity.

Individual signs, or construction sign attachments, identifying individual subcontractors, tradesmen, or suppliers are prohibited. Identification of licensed tradesmen, when required by state or county statutes, shall be confined to the posting location of the building permit.

Attachment of signs or similar material to trees is strictly prohibited.

L. FIRE SAFETY

Under **NO CIRCUMSTANCES** is burning of **ANY** materials (cleaning debris, construction material, etc.) be allowed on the jobsite at any time. Careless disposition of cigarettes and other flammable materials, as well as the build-up of potentially flammable materials constituting a fire hazard, are prohibited. Champion Hills POA **REQUIRES** all Contractors to have fire containment **ON SITE** in case of an Accidental fire. At least two 20-pound ABC Rated Dry Chemical Fire Extinguishers shall be present and available in a conspicuous place on the construction site at all times.

M. SITE VISITATIONS

Due to the inherent danger associated with an active construction site, visitors to any site should be limited to those persons with official business relating to the construction activity, such as construction workers and tradesmen, building officials, security staff, CHARC observers, sales personnel, and the owner. Construction personnel should not invite or bring family members or friends, especially children, to the job site.

N. PETS

A member of any construction crew may bring no pets of any kind, into the Champion Hills Community.

O. FIREARMS

The possession or discharge of any firearms by construction personnel on any construction site, lot, roads, golf course or right-of-way at Champion Hills is prohibited.

P. ALCOHOL AND CONTROLLED SUBSTANCES

The consumption of alcohol or use of any controlled substances by construction personnel on any construction site, lot, roads, golf course or right-of-way at Champion Hills is prohibited.

Q. SPEED LIMIT

The posted speed limit within Campion Hills SHALL BE obeyed at all times. The CHARC reserves the right to suspend access to the Champion Hills Community by any Contractor who repeatedly ignores the posted speed limit. Contractors shall use the Champion Hills entrance from Willow Road that is closest to the construction site.

R. SECURITY

All of Champion Hills is private property. All persons working within Champion Hills may be asked to produce proper identification, including a valid drivers license and vehicle registration if requested by Champion Hills Security. Failure to provide proper identification, may result in the suspension of access to the Champion Hills Community.

S. SEWER SYSTEM

The connection to the Central Sewer System in Champion Hills must be under the oversight of the POA. (Call Eric Stoneman, Director of Grounds and Facilities Maintenance, at 696-8923)

A sewer hookup fee and a road maintenance fee must be paid for each new construction site prior to the approval of construction.

A monthly sewer fee will be charged for each construction site as soon as a water meter is installed.

T. OSHA COMPLIANCE

The Contractor is required to follow all applicable Occupational Safety and Health Act (OSHA) regulations and guidelines at all times.

U. CONSTRUCTION INSURANCE REQUIREMENTS

All general contractors must post evidence of insurance with their lot owner, prior to entering the construction premises. Confirmation shall be evidenced in the form of a valid Certificate of Insurance naming both the lot owner and Champion Hills POA as the certificate holders. The required insurance must provide coverage not less than the applicable limits of coverage relating to comprehensive general liability, automobile

liability and workmen's compensation. The minimum limits of liability shall not be less than \$1,000,000 each for general liability and automobile liability. General liability coverage shall contain provisions for contractual liability and broad form property damage. The certificate shall provide for 30-day notice to the certificate holders in the event of cancellation or material change in the limits of coverage. A copy of the Certificate of Insurance shall be provided to the CHARC prior to the start of construction.

The Certificate of Insurance shall list Champion Hills POA as an additional insured.

V. CHAMPION HILLS FACILITIES

The Champion Hills Club is for the use of members only. Any use of or trespassing on the Club's facilities by Contractors is prohibited. This includes but is not limited to:

- A. Use of the golf course or trails.
- B. Any restroom located on the club's facilities.
- C. The pool/tennis/fitness area, including restrooms, phones, vending machines and parking lot.
- D. The Club House area and parking lot.

W. CONSTRUCTION VIOLATIONS AND FINES

Under the direction of the General Manager and CHARC, the Security Department will be enforcing all contractor rules and regulations. The following is the list of fines that will be issued for any violations. All violations will be per jobsite.

First Violation:	Warning
Second Violation:	\$250.00
Third Violation:	\$500.00
Fourth Violation:	\$1,000.00
Fifth Violation:	Dismissal from Champion Hills Property

X. SOURCES OF FURTHER INFORMATION

- A. PLAN REVIEW:** Champion Hills POA
Architectural Review Committee
15 Club View Drive
Hendersonville, NC 28739
Phone (828) 692-7422
- B. BUILDING PERMIT:** Henderson County Inspections Department
101 E. Allen Street
Hendersonville, NC 28792
Phone (828) 697-4830
- C. SEWER:** Champion Hills POA
1 Hagen Drive
Hendersonville, NC 28739
Phone (828) 696-0928
- D. WATER:** City of Hendersonville Water Department
318 4th Avenue East
P.O. Box 1760
Hendersonville, NC 28793
Phone (828) 697-3052
- E. ELECTRICITY:** Duke Power Company
165 Coolridge Street
Hendersonville, NC 28793
Phone (800) 777-9898
- F. TELEPHONE:** AT&T/BellSouth Telephone Company
79 Woodfin Place
Asheville, NC 28801
In NC (888) 757-6500 Outside NC (800) 767-2355
- G. NATURAL GAS:** Public Service Company
130 Main Street
Hendersonville, NC 28739
Toll Free (877) 776-2427
- H. CABLE T.V.:** MORRIS BROADBAND
719 Old Spartanburg Hwy.
Hendersonville, NC 28739
Phone (828) 692-2083
- I. REFUSE REMOVAL:** Republic Services (formerly GDS)
1070 Riverside Drive
Asheville, NC 28804
Phone (828) 253-3929

XI. CHAMPION HILLS BUILDING CONTRACTORS LIST

Black Hawk Construction

Ken Gaylord
109 South Main Street
Hendersonville, NC 28792
828-692-4550
828-243-4915 cell
www.kengaylord.com
info@kengaylord.com

Buchanan Construction

Rick Buchanan
44 Buck Shoals Road, Suite B-7
Arden, NC 28704
828-650-6565
828-551-5381 cell
www.buchananconstruction.com
info@buchananconstruction.com

Heatherly Construction

Butch Heatherly
P.O. Box 323
Etowah, NC 28729
828-694-1343
828-243-1190 cell
www.heatherlyconstruction.com
info@heatherlyconstruction.com

Nilsson Construction

John Nilsson
413 Kanuga Road
Hendersonville, NC 28739
828-697-1122
828-243-0623 cell
www.nilssonconstruction.com
jonnilsson@charter.net

Aspen Builders

Matt Holloway
P.O. Box 246
Horseshoe, NC 28742
828-890-3358
www.aspen-builders.com
information@aspen-builders.com

Bluestone Construction

Kevin Reed
1421 Solomon Circle
Hendersonville, NC 28739
828-693-4484
828-290-9899 cell
www.bluestoneconstruction.com
info@bluestoneconstruction.com

Doebler Homes

Larry Doebler
60 Brookfield Lane
Hendersonville, NC 28739
828-694-1343
828-230-8432

Morgan-Keefe Builders

6 Legends Drive
Arden, NC 28704

888-446-4491
www.morgankeefe.com
info@morgankeefe.com

Paul Taylor Jr. Construction LLC

Paul Taylor
P.O. Box 626
Hendersonville, NC 28703
828-696-5421

paultaylorjrconstruction@yahoo.com

HomeSource Builders

172 Charlotte Street
Asheville, NC 28801

828-252-1022
www.homesourcebuilders.com

Tinsley Construction

Scott Tinsley
P.O. Box 6218
Hendersonville, NC 28793
828-698-7500
828-388-2110 cell
tinsleybuilders@yahoo.com

Wilkie Construction

Ken Wilkie
231 South Rugby Road
Hendersonville, NC 28791
828-891-3690

XII. CHAMPION HILLS ARCHITECTS LIST

Architectural Practice

Conway Dameron
56 College Street, Suite #204B
Asheville, NC 28801
258-9118
255-1142 fax
www.thearchitecturalpractice.com

Alice F. Dodson, AIA

45 Lula Cove Road
Weaverville, NC 28787-8707
505-2212
712-9326 cell
www.alicedodsonarchitect.com
alice@alicedodsonarchitect.com

Christopher Jones

258 Lake Rugby Drive
Hendersonville, NC 28791
890-1191

Farrell & Hargrove

17 Zillicoa Street
Asheville, NC 28801-1038
252-3002

Jan Grierson, AIA

19 Bradford Vistas Drive
Fletcher, NC 28732
628-6201
www.griersonarchitect.com
grierson_architech@yahoo.com

Ken Gaylord Architects

Ken Gaylord
109 South Main Street
Hendersonville, NC 28792
692-4550
692-4577 fax
243-4915 cell
www.kengaylord.com
info@kengaylord.com

O'Cain Design Group

118 Fifth Avenue West
Hendersonville, NC 28792
692-4991
698-8058 fax
674-4992 cell
www.ocaindesign.com
bill@ocaindesign.com

Platt Architecture

33 West Main Street
Brevard, NC 28712
884-2393
885-8398 fax
www.plattarchitecture.com
info@plattarchitecture.com

Samsel Architects

60 Biltmore Avenue
Asheville, NC 28801-3643
253-1124
www.samselarchitects.com
info@samselarchitects.com

Shamburger Design Studio

421 5th Avenue West
Hendersonville, NC 28739-4201
694-0737
692-2737 cell
www.shamburgerdesignstudio.com
wayland@sdsaia.com

Mark Sinsky, AIA
80 Kimberly Knoll
Asheville, NC 28804
259-2288
712-2288 cell
www.marksinskyarchitect.com
mark@marksinskyarchitect.com

WilsonCedarHomes/Wilson Architect
215 Pleasant Run
Hendersonville, NC 28739
693-1883
606-2266 cell
www.carolinamountaincedarhomes.com
dpwilsonaia@gmail.com

Petri Architecture
P.O. Box 550
Fletcher, NC 28704
699-2449
www.petriarchitecture.com
john@petriarchitecture.com

[NOTE: All phone numbers have an 828 area code.]

APPENDIX A – COMPLIANCE AGREEMENT

CHAMPION HILLS COMPLIANCE AGREEMENT FORM

☐ New Construction

☐ Remodel

Prior to the start of construction and as a condition of final design review approval, the following information is required to be on file at Champion Hills.

Lot # _____

Final approval letter date: _____

Owner: _____ Contractor: _____

Construction Start date: _____ Completion date no later than: _____

- 1. Provide a schedule indicating the completion dates of major trades and activities during construction, which should be within eighteen months after commencing construction thereof, unless otherwise approved.**
- 2. Provide proof of insurance per Section IX, Paragraph U of the Champion Hills Design Guidelines naming Champion Hills POA as an additional insured. The insurance form must be returned with this form and shall be in place prior to the commencement of construction.**
- 3. Provisions for a Radon Mitigation System shall be considered for all new home construction.**

As Owner of the residence and Contractor for the construction work we agree to abide by:

1. All Construction Regulations of the Champion Hills Design Guidelines.
2. Section VIII, Paragraph C of the Design Guidelines requires a schedule of fees that are required prior to the start of construction.
3. All conditions of the Champion Hills POA Rules and Regulations.
4. All Henderson County Building Department Rules and Regulations.
5. All conditions of the Champion Hills Design Guidelines.

Owner's Signature

Date

Contractor's Signature

Date

Return to: Champion Hills Architectural Review Committee
1 Hagen Drive
Hendersonville, NC 28739

APPENDIX B –NEW CONSTRUCTION APPLICATION

CHAMPION HILLS APPLICATION FOR ARCHITECTURAL REVIEW

Lot No.: _____

Application Received on: _____ By: _____

ALL FEES ARE DUE BEFORE ANY ACTIVITY ON THE SITE CAN START.

APPLICATION FEE (\$600).	<input type="checkbox"/> RECEIVED _____ Date
OWNER COMPLIANCE DEPOSIT (\$2,000)	<input type="checkbox"/> RECEIVED _____ Date
SEWER TAP FEE (\$2,000)	<input type="checkbox"/> RECEIVED _____ Date
ROAD & ROAD SIDE MAINTENANCE FEE (\$2,250)	<input type="checkbox"/> RECEIVED _____ Date
CONTRACTOR BOND (\$7,500)	<input type="checkbox"/> RECEIVED _____ Date
SIGNED AGREEMENT TO COMPLY	<input type="checkbox"/> RECEIVED _____ Date

Individual Checks are needed for each item made out to the “Champion Hills POA”

Preliminary Review ☐ Final Application ☐ Landscape Plan Review ☐

Address of Construction (Street Address): _____

Owner: _____

Current Address: _____

_____ Current Phone: _____

Area Covered by All Structures: _____ Sq. Ft.
Divided by Total Lot Area: _____ Sq. Ft. = _____ % Lot Coverage
HEATED AREA - Lower Fl.: _____ Sq. Ft. 1st Fl.: _____ Sq. Ft.
2nd Fl.: _____ Sq. Ft. **Total:** _____ **Sq. Ft.**

PRELIMINARY APPLICATION

Prior to the preparation of construction drawings, it is recommended that the Owner or architect submit a **PRELIMINARY PLAN**. This will allow conceptual ideas to be communicated and should simplify the review process. This preliminary application should include:

Preliminary Floor Plan & Exterior Elevation Requirements – (one copy)

1. Preliminary floor plan schematically indicating rooms, arrangements, and square footage on each level (minimum scale: $\frac{1}{4}'' = 1.0'$).
2. All (4) preliminary elevations schematically indicating exterior style, materials, accurate finish grades and roof ridge height above main level finished floor elevation (minimum scale: $\frac{1}{4}'' = 1.0'$)

Site Plan Requirements – (two copies)

1. ☐ Professionally drawn topography survey by a registered surveyor (minimum scale: $1'' = 20'$), specifying Owner's name, lot number and street name. They must also show the following:
 - a. ☐ Property lines, easements and building setback lines.
 - b. ☐ House location.
 - c. ☐ Existing trees over 8" diameter (specifying size and species), all mountain laurel and natural rhododendrons. This should be done for the entire property. All trees, laurel and rhododendrons to be removed for the house, driveway, cart path and utilities routing must be identified on the plan and marked with ribbons on the site. The ARC Representative must be notified to approve all removals on site before any removals take place.
 - d. ☐ Existing and proposed contours at 2' elevations.
 - e. ☐ Finished floor elevations.
 - f. ☐ All site improvements and accessories (e.g., walks, driveway, parking, etc.), and specifying their proposed materials.
 - g. ☐ Layout dimensions and elevations of driveway width, width of sidewalks and parking.
 - h. ☐ Erosion control measures (e.g., silt fence locations, etc.)
 - i. ☐ Drainage structures and surface water drainage management, including points of discharge. Under no circumstances may the natural flow of water be artificially concentrated to create erosion or additional flow on adjoining property.
 - j. ☐ Culvert location and headwall material.
 - k. ☐ Identify sewer tap location.

FINAL APPLICATION SUBMITTAL CHECKLIST

Final applications that do not substantially satisfy this Checklist will not be reviewed until all required information is available. The Owner or the Owner's representative should make all final applications in person to a representative of the committee. This Final Approval Submittal Checklist will be reviewed at that time.

General Requirements:

Completed Final Application Form shall be submitted with:

1. ☐ **One set** of construction plans and specifications. Lot number, Owners name, street address, architect or designer and date shall identify each drawing sheet.
2. ☐ Names, brands, descriptions, and/or samples of proposed exterior material must accompany the Final Application. Samples are required only when materials cannot be described otherwise and are to specifically include roofing, siding, and paint chips of any exterior color; onsite mockup of colors is normally required, e.g., siding - trim - doors - foundation.

BUILDER: _____
Mailing Address _____
Telephone Number _____
LANDSCAPE ARCHITECT OR DESIGNER: _____
Mailing Address _____
Telephone Number _____

To be reviewed by CHARC on: _____

Application for Architectural Review – Revised April 2015

**APPENDIX C – APPLICATION FOR ADDITION OR EXTERIOR
MODIFICATION**

CHAMPION HILLS APPLICATION FOR ARCHITECTURAL REVIEW

Lot No.: _____

Owner: _____ Phone: _____

Address: _____

Brief description of proposed modification:

Application Received on: _____ By: _____

ALL FEES ARE DUE BEFORE ANY ACTIVITY ON THE SITE CAN START.

APPLICATION FEE (\$300)	<input type="checkbox"/>	RECEIVED	_____	Date
OWNER COMPLIANCE DEPOSIT (\$1,000)	<input type="checkbox"/>	RECEIVED	_____	Date
ROAD & ROAD SIDE MAINTENANCE FEE (\$1,000)	<input type="checkbox"/>	RECEIVED	_____	Date
CONTRACTOR BOND (up to \$1,000)	<input type="checkbox"/>	RECEIVED	_____	Date

Individual Checks are needed for each item made out to the “Champion Hills POA”

Information and documents required would vary depending on type and scope of the project – please provide all applicable information

Addition: _____ Sq. Ft.
Area Covered by All Structures: _____ Sq. Ft.
Divided by Total Lot Area: _____ Sq. Ft. = _____ % Lot Coverage

APPLICATION SUBMITTAL CHECKLIST

General Requirements:

Completed Application Form shall be submitted with:

1. ☐ **One set** of construction plans and specifications.
2. ☐ Names, brands, descriptions, and/or samples of proposed exterior material must accompany the Application. Samples are required only when materials cannot be described otherwise or paint chips of any exterior color not on list of Exterior Colors provided in the Design Guidelines.

<u>AREA</u>	<u>MATERIAL</u>	<u>COLOR</u>	<u>MANUFACTURER</u>
Roof	_____	_____	_____
Siding	_____	_____	_____
Trim	_____	_____	_____
Garage/Cart Door	_____	_____	_____
Front Door	_____	_____	_____
Windows	_____	_____	_____
Foundation	_____	_____	_____
Chimney(s)	_____	_____	_____

Floor Plan Requirements: (two copies)

1. ☐ Floor plans of addition, with calculated square footage indicated (minimum scale: $\frac{1}{4}" = 1.0"$) and showing:
 - a. ☐ Exterior elevations of all sides modified by the addition, accurately depicting grades, roof ridge height and exterior materials (minimum scale: $\frac{1}{4}" = 1.0"$).

Site Plan Requirements:

1. ☐ Professionally drawn topography survey by a registered surveyor (minimum scale: $1" = 20'$), specifying Owner's name, lot number and street name. They must also show the following:
 - a. ☐ Property lines, easements and building setback lines.
 - b. ☐ House location.
 - c. ☐ Existing trees over 8" diameter (specifying size and species), all mountain laurel and natural rhododendrons to be removed for the addition must be identified on the plan and marked with ribbons on the site. The ARC Representative must be notified to approve all removals on site before any removals take place.
 - d. ☐ Existing and proposed contours at 2' elevations.
 - e. ☐ Finished floor elevations.
 - f. ☐ Site improvements and accessories (e.g., walks, driveway, parking, etc.), and specifying their proposed materials.
 - g. ☐ Layout dimensions and elevations of driveway width, width of sidewalks and parking.

- h. ☐ Erosion control measures (e.g., silt fence locations, etc.)
- i. ☐ Drainage structures and surface water drainage management, including points of discharge. Under no circumstances may the natural flow of water be artificially concentrated to create erosion or additional flow on adjoining property.

In Owner's absence, Owner authorizes _____ to submit plans or changes to the Committee for approval.

ARCHITECT OR DESIGNER: _____

Mailing Address _____

Telephone Number _____

BUILDER: _____

Mailing Address _____

Telephone Number _____

APPENDIX D –LANDSCAPING APPLICATION

CHAMPION HILLS APPLICATION FOR ARCHITECTURAL REVIEW

Lot No.: _____

Landscape Review – New Construction ☐

Landscape Revision ☐

Address (Street Address): _____

Owner: _____

Current Address: _____

_____ Current Phone: _____

Landscape Plan Requirements: (For New Construction, Plan may be submitted after construction has begun, but no later than 90 days prior to completion of the residence.)

1. ☐ Professionally drawn plans (**two copies** – minimum scale: 1" = 20') specifying Owner's name, lot number and street name. Plan must also show the following:
 - a. ☐ Property lines, easements, and setbacks.
 - b. ☐ House location.
 - c. ☐ Existing trees over 6" diameter plus mountain laurel, natural rhododendrons, woodland edges, and any additional trees, mountain laurel and natural rhododendrons to be removed.
 - d. ☐ Existing and proposed contours at 2' elevations (or overlay on site plan.)
 - e. ☐ All site improvements and accessories (e.g., walks, driveway, parking, lighting, etc.)
 - f. ☐ **LOCATION, SIZE, QUANTITY and SPECIES** of all proposed plant materials.
 - g. ☐ All lawn areas, plant beds, and areas to remain natural.

In Owner's absence, Owner authorizes _____ to submit plans or changes to the Committee for approval.

OWNER: _____ DATE: _____
Print Name Signature

LANDSCAPE ARCHITECT OR DESIGNER: _____

Mailing Address: _____

Telephone Number: _____

To be reviewed by CHARC on: _____

Please describe the changes and enclose a drawing or sketch to further clarify your plans.

[illegible]

APPENDIX E – YARD ART APPLICATION

CHAMPION HILLS APPLICATION FOR ARCHITECTURAL REVIEW

Lot No.: _____

Address (Street Address): _____

Owner: _____

Phone: _____ E-mail: _____

Brief Description of Yard Art (Include size, color, materials, support structure & photograph)

Location on Property (Where art is to be displayed, distance from house, street, neighbor's, etc.)

(A sketch of the location **must** be attached to this application.)

Describe Any Unusual Features (Lights, moving parts, sounds, reflections supports.)

Owner _____ Date _____
Print Name Signature

To be reviewed by CHARC on: _____ **Approved/Disapproved**

Signature: _____

APPENDIX F – FEE SCHEDULE

CHAMPION HILLS CONSTRUCTION FEE SCHEDULE

Effective May 1, 2015*

Application Fee	\$ 600.00	due with Preliminary Application (New construction)
	\$ 300.00	due with Preliminary Application (Modifications)
Owner Compliance Deposit (Refundable)	\$2,000.00	due prior to construction start (New construction)
	\$1,000.00	due prior to construction start (Modifications)
Sewer Tap Fee	\$2,000.00	due prior to construction start (New construction only)
Road & Road Side Maintenance Fee	\$2,250.00	due prior to construction start (New construction)
	\$1,000.00	due prior to construction start (Modifications)
Contractors Performance Bond (Refundable)	\$7,500.00	due prior to construction start (New construction)
	\$1,000.00	due prior to construction start (Modifications)

Individual checks are needed for each item, made out to the “Champion Hills POA.”

*The POA Board reserves the right to modify fees at any time.