

Original Language in Article II Section 1

"Section 1. Lots Hereby Subjected to this Declaration. The Declarant, for themselves, and their successors and assigns, does hereby covenant that the all of those lots shown on the Subdivision Plat be, and the same hereby is subject to this Declaration as Lots.

The Declarant, for themselves, their successors and assigns, hereby further covenants that the above-described property shall hereafter be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in the Act and this Declaration as applicable to the Lots, including, but not limited to, the lien provisions set forth in Article V hereof. All of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration as applicable to the Lots shall be a permanent charge thereon, and shall run with the Lots."

Proposed Change to Article II Section 1

Article II, Section 1 is deleted in its entirety and replaced with the following:

"Section 1. Property Hereby Subjected to this Declaration. The Declarant, for themselves, and their successors and assigns, does hereby covenant that all of the Property is subject to this Declaration; and that the Property shall hereafter be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in the Act and this Declaration. All of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration shall be a permanent charge thereon and shall run with the Property."

Reasoning for change of Covenant Language

While there is no legal confusion on whether or not all the land subjected to this Declaration is a part of the neighborhood, re-wording of this paragraph removes any and all uncertainty. The original language states that the Declarant covenants that all "lots" shown on the Subdivision Plat are subject to the Declaration. Some of the Plat has not yet been subdivided into individual lots. The proposed new language confirms that all of the Subdivision Plat will be subjected to the Bethesda Oaks Declaration, whether or not certain areas have been subdivided into lots.

Original Language in Article II Section 3

"Section 3 No Effect on Balance of the Property. Notwithstanding anything contained in this Declaration which may be constructed to the contrary, this Declaration does not create any charge, lien, encumbrance, restriction, or limitation on any portion of the Property other than the Lots described in Section 1 of this Article II, unless and until any additional portion of the Property or the Contiguous Property is subjected to this Declaration as Lots or Common Elements in the manner set forth, respectively, in Section 2 of this Article II or in Section 1 of Article II, and then, only from that time forward."

Proposed Change to Article II Section 3

This paragraph will be deleted in its entirety.

Reasoning for change of Covenant Language

The original language in this paragraph describes the vacant property that has not been divided into lots as being unencumbered by the Restrictions of the Declaration. By taking this language out of the Declaration, all land (whether divided into lots or not) described as part of the Association in the Declaration, will be bound by the Covenants and Restrictions of Bethesda Oaks.

Original Language in Article V Section 4

"Section 4. Determination of Annual Assessment. Prior to the commencement of each fiscal year of the Association (said fiscal year being specified in the Bylaws), the Board of Directors shall estimate the total amount of the Annual Expenses which are anticipated to be incurred by the Association during such fiscal year and shall determine the amount which will be deposited during such fiscal year into reserve funds maintained by the Association. The Board of Directors shall formulate a budget, and so long as the Declarant is the sole Class B member, the Board of Directors shall thereupon adopt a budget for the Association's expenditures and reserve findings based upon such estimate and providing for the total annual assessment to be levied against the members of the Association for such fiscal year (the total assessment which shall be so determined and levied against all of the members of the Association for any fiscal year is herein referred to as the 'Annual Assessment'). The amounts so determined by the Board of Directors shall be levied against all of the members of the Association other than the Declarant and all Lots not owned by the Declarant. The amount of the Annual Assessment levied against each Lot shall be the same as the amount levied against every other Lot. Each Lot not owned by the Declarant shall be liable for that share of every Annual Assessment which is so determined by the Board of Directors. The Board of Directors shall send a copy of the budget so adopted by it, together with a written notice of the amount of the Annual Assessment which is so determined for such fiscal year and the amount of such Annual Assessment which shall be levied against each Lot, to the owner of every Lot prior to the commencement of the fiscal year during which such Annual Assessment is to be paid. The amount of such Annual Assessment which shall be levied against each Lot shall be due and payable to the Association in such installments the Board of Directors shall determine, and after notice of the same shall have been given to all of the members of the Association by the Board of Directors, and shall be paid to the Association when due without further notice."

Proposed Change to Article V Section 4

Article V Section 4 shall hereby be modified as follows: The following sentences shall be added at the end of the current section:

"Notwithstanding anything contained herein to the contrary, the Association or Board of Directors may not increase the Annual Assessments by more than ten percent (10%) from the amount charged the immediately preceding year without the approval of at least fifty-one percent (51%) of the lot owners."

Reasoning for Change of Covenant Language

With the current language in the Covenants for Bethesda Oaks, the Board of Directors does not have any restrictions on what amount the annual assessment for each lot may be. The proposed language addition will not allow the Board of Directors to increase the annual assessment each year by more than 10% from the amount charged the immediate preceding year. A 51% affirmative vote of all eligible members must be received in order for a larger increase to take effect.

Original Language in Article V Section 5

"Section 5, General Special Assessments. If for any reason, including non-payment of any assessments to the Association by the persons liable therefore, the budget adopted by the Board of Directors for any fiscal year shall prove to be inadequate to defray the Annual Expenses for such fiscal year, or if the Board of Directors shall determine that it is in the best interests of the Association to levy a general special assessment to pay the costs of any capital improvements or capital repairs, the Board of Directors shall have the authority to levy a general special assessment against the Lots and the owners thereof (other than the Declarant) to raise such needed funds. Any general special assessment levied by the Board of Directors pursuant to the provisions of this Section 5 shall be payable at such times and such installments as the Board of Directors shall determine. Each Lot not owned by the Declarant shall be liable for the payment of an equal share of every special assessment which shall be levied by the Association pursuant to the provisions of this Section 5. The general special assessment may be approved by the Board of Directors up to and including \$1,000.00 without the prior approval of the Associations' members. If a general special assessment is require in excess of \$1,000.00, the general special assessment must be voted on by the Associations' membership with no fewer than sixty-seven percent (67%) of the membership concurring to the general special assessment."

Proposed Change to Article V Section 5

Article V Section 5 shall hereby be deleted in its entirety and replaced with the following:

"Section 5. General Special Assessments. If for any reason, including non-payment of any assessments to the Association by the persons liable therefore, the budget adopted by the Board of Directors for any fiscal year shall prove to be inadequate to defray the Annual Expense for such fiscal year, or if the Board of Directors shall determine that it is in the best interests of the Association to levy a general special assessment to pay the costs of any capital improvements or capital repairs, the Board of Directors shall have the authority to propose to the members a general special assessment against the Lots and the owners thereof to raise such needed funds. Any general special assessment levied in accordance with these provisions shall be payable at such times and such installments as the Board of Directors shall determine. Each Lot shall be liable for the payment of an equal share of every special assessment which shall be levied by the Association pursuant to the provisions of this Section 5. The general special assessment must be brought before the members at either a general or special meeting called in accordance with the Bylaws. The general special assessment must be approved by at least fifty-one percent (51%) of the lot owners in order to become effective."

Reasoning for Change of Covenant Language

The Current language in the Covenants gives the Board of Directors the authority to approve a special assessment at any given time, up to a maximum of \$1,000, without the vote of all members in the development. The proposed language requires an affirmative vote of 51% of the eligible voters to approve any special assessment.

Original Language in Article VI Section 1(a)

"Section 1. Architectural Restrictions.

(a) No building shall be constructed on any Lot unless such building contains at least one thousand two hundred (1,200) square feet of interiors heated space."

Proposed Change to Article VI Section 1(a)

Article VI Section 1(a) shall be deleted in its entirety and replaced with the following:

"Section 1. Architectural Restrictions.

(a) No building shall be constructed on any lot unless such building contains at least one thousand six hundred (1,600) square feet of interior heated space."

Reasoning for Change of Covenant Language

The proposed change will insure that all homes constructed on infill lots in Phases I and II and the yet to be developed lots in Phases III and IV will be in keeping with the current homes in Bethesda Oaks.

Original Language in Article VI Section 4

"Section 4. Declarant Exemption. Notwithstanding anything stated to the contrary herein, nothing contained in this Article VI shall be construed as prohibiting any construction by the Declarant upon any Lot while such Lot is owned by the Declarant, provided, however, that such construction is in compliance with the requirements specified in Article VI, Section 1 of this Declaration. Any new construction performed by the Declarant upon any Lot while such Lot is owned by the Declarant shall be exempt from the provisions of Section 3 of this Article VI."

Proposed Change to Article VI Section 4

Article VI Section 4 shall be deleted in its entirety.

Reasoning for Change of Covenant Language

The original language in the Covenants gives the Declarant exemptions on any building that the Declarant constructs within the neighborhood. This means that the Declarant does not fall under the guidelines of what architectural controls are in place for all residents of the neighborhood. Because class B votes (Declarant votes) expired on April 1, 2011, any building or exterior alterations that take place within Bethesda Oaks requires the approval of the Board of Directors. Because the Declarant rights expired on April 1, 2011, this paragraph is null and void and should be removed from the Covenants.

Original Language in Article VII Section 13

"Section 13. Other Restrictions. In addition to the aforementioned restrictions, the Board of Directors shall have the authority to adopt, publish, and enforce rules and regulations governing all Common Elements and all Lots, except those Lots owned by the Declarant, and which are hereby subjected to this Declaration. The Declarant shall have the right in its sole discretion to agree to be bound by any additional rules and regulations promulgated by the Board of Directors pursuant to this Section 13."

Proposed Change to Article VII Section 13

Article VII Section 13 shall be deleted in its entirety and replaced with the following:

"Section 13. Other Restrictions. In addition to the aforementioned restrictions, the Board of Directors shall have the authority to adopt, publish, and enforce rules and regulations governing the Common Elements and all Lots."

Reasoning for Change of Covenant Language

The original language in the Covenants grants the Declarant the right, in its sole discretion, to agree to Rules and Regulations approved by the Association. Because the Declarant rights expired on April 1, 2011, this part of Section 13 is null and void and should be removed from the Covenants. No owner within the neighborhood is exempt from the Rules and Regulations for Bethesda Oaks at this time.

Original Language in Article IX

"The terms, provisions, covenants and restrictions of this Declaration may be amended upon the approval or written agreement of such amendment by (a) those members of the Association who own in the aggregate, no-fewer than sixty-seven percent (67%) of the Lots (including any Lots owned by the Declarant), (b) the Declarant, if the Declarant shall then own any Lot or any other portion of the Property and (c) so long as the Declarant is the sole Class B member. The approval of any such amendment by the members of the Association shall be given by each such member either casting a vote in favor of such amendment at a meeting of the members of the Association duly called for such purpose, or by such member signing a written agreement for such amendment. If any such amendment is required to be approved by the Declarant, such approval shall be given only by such Person executing a written approval of the same.

Declarant, or its successor or assigns, shall be allowed to (i) unilaterally amend this document as may become necessary or mandated by applicable state and governmental authorities, or utility agencies with easements, or (ii) minor (non-substantial) amendments to this Declaration, notwithstanding any other provision contained herein, and without joinder of any other party, for the purposes of correcting any discovered typographical error contained herein, clarifying any ambiguity contained here, or adding or deleting any incidental provisions deemed in the sole discretion of Declarant to be in the best interest of The Properties, and the Owners therein.

Any amendment to the terms, provisions, covenant or restrictions of this Declaration shall become effective only upon the recording in the Gaston County Public Registry, of an instrument certified by the incumbent President of the Association setting forth such amendment and stating that the approval of the members of the Association which, under the provisions of this Article IX, is required for such amendment to be effective, has been given and obtained; and containing the written approval of the Declarant, if the same is required (as hereinafter provided).

The matters set forth in such instrument shall be presumed to be true and accurate and **the** amendment which is set forth in such instrument shall be effective, unless it shall be determined by a court of competent jurisdiction that the matters certified to in such instrument are not true and accurate.

Each person who shall own any Lot, by acceptance of a deed or other conveyance thereto, and by acceptance of such ownership, and by taking record title thereto, and each holder of a Mortgage upon any portion of any Lot, by acceptance of such Mortgage, thereby agrees that the terms, provisions, covenants and restrictions of this Declaration may be amended as provided in this Article IX."

Proposed Change to Article IX

Article IX shall hereby be deleted in its entirety and replaced with the following:

"The terms, provisions, covenants and restrictions of this Declaration may be amended only by affirmative vote or written agreement signed by lot owners of lots to which at least sixty-seven percent (67%) of the votes in the association are allocated."

Reasoning for Change of Covenant Language

Because the Declarant rights expired on April 1, 2011, this language is null and void and should be removed from the Declaration. No amendments to any Declaration are valid until they are recorded at the Gaston County Courthouse. By virtue of accepting a deed to a property within Bethesda Oaks, all owners are bound by the recorded documents, including the Declaration of Covenants and Restrictions for the Bethesda Oaks Homeowners Association.