

Prepared by and return to: Robert Epting, Post Office Drawer 1329
Chapel Hill, North Carolina 27514

STATE OF NORTH CAROLINA

COUNTY OF ORANGE

BOOK 342 PAGE 148

DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS FOR
FRANKLIN HILLS TOWNHOUSES

THIS DECLARATION, made on the date hereinafter set forth,
by LANDWORKS, INC., a North Carolina Corporation, hereinafter re-
ferred to as "Declarant",

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in Chapel
Hill Township, County of Orange, State of North Carolina, which is
more particularly described in Exhibit A attached hereto and here-
by incorporated.

AND, WHEREAS, Declarant will convey lots from its said pro-
perty subject to certain protective covenants, conditions, restric-
tions, reservations, and charges as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares all of the property
described in Exhibit A to be held, sold, and conveyed subject to
the following easements, restrictions, covenants, and conditions,
all of which are for the purpose of enhancing and protecting the
value, desirability, and attractiveness of the real property, and
which shall run with the real property and shall be binding on all
parties having or acquiring any right, title, or interest in the
described properties or any part thereof, and shall inure to the
benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Franklin
Hills Homeowners Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain
real property hereinbefore described, any subdivided parcels thereof,
and such additions thereto as may hereafter be brought within the
jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned
by the Association for the common use and enjoyment of all members
or designated classes of members of the Association.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to LANDWORKS, INC., and its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purposes of development.

ARTICLE II

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation of additional property shall require the assent of two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting. The presence of members or of written proxies entitled to cast sixty percent (60%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be one-half of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

Section 2. If, within (5) years of the date of incorporation

of this Association, the Declarant should develop additional lands within the boundaries shown on the general plan of Franklin Hills Townhouses heretofore submitted to the Town of Chapel Hill and approved by said Town by issuance of a Special Use permit dated July 23, 1979, such additional lands may be annexed to said properties without the assent of the Class A members, provided however, the development of the additional lands described in this section shall be in accordance with a general plan submitted to the Veterans Administration with the processing papers for Phase One. Detailed plans for the development of additional lands must be submitted to the Veterans Administration prior to such development. If the Veterans Administration determines that such detailed plans are not in accordance with the general plan on file and so advises the Association and the Declarant, the development of additional lands must have the assent of two-thirds (2/3) of the Class A membership who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting. At this meeting, the presence of members or of proxies entitled to cast sixty percent (60%) of all of the votes of the Class A membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

ARTICLE III

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessments by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership. Membership shall be appurtenant to and may not

be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors may make reasonable rules relating to the proof of ownership of a Lot in this Subdivision.

A copy of the proposed Articles of Incorporation of the Association is attached hereto as Exhibit B.

ARTICLE IV
VOTING RIGHTS

Section 1. The Association shall have two classes of voting membership:

Class A. Class A members shall be all those Owners as defined in Article III with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article III. When more than one person holds such interest in any Lot, all such persons shall be members. The one vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Article III, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in subparagraph (b) below, such additional lands are annexed to the Properties without the assent of Class A members on account of the development of such additional lands by the Declarant, all as provided for in Article II, Section 2 above.

(b) On January 1, 1984.

Section 2. The right of any member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and according to the provisions of Article V, Section 1(d).

ARTICLE V

PROPERTY RIGHTS

Section 1. Members' Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Common Area, and such easement shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

- (a) The right of the Association to limit the number of guests of members;
- (b) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility upon the Common Area;
- (c) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property, and the rights of such mortgagee in said Properties shall be subordinate to the rights of the homeowners hereunder;
- (d) The right of the Association to suspend the voting rights and right to use of the recreational facilities by a member for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;
- (e) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the members.
- (f) The right of the individual members to the exclusive use of parking spaces as provided in this Article.

Section 2. Delegation of Use. Any member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

Section 3. Title to the Common Area. The Delarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the Common Area to the Association, free and clear of all encumbrances and liens, except street rights of way, easements for driveways, walkways, parking and utility easements prior to the conveyance of the first Lot.

Section 4. Parking Rights. Ownership of each Lot shall entitle the owner or owners thereof to the use of not more than two automobile parking spaces, which shall be as near and convenient to said Lot as reasonably possible, together with the right of ingress and egress in and upon said parking areas. The Association shall permanently assign one vehicular parking space for each dwelling, such space to be as near the dwelling to which it is assigned as is reasonably possible. The Association may regulate the parking of boats, trailers, and other such items on the Common Area. Boats, campers, trailers and commercial vehicles shall be parked only in the Common Area in spaces designated by the Homeowners Association.

Section 5. TV Antennas, Cablevision, and Piped-In Music. The Association may, in its discretion, provide one or more central television antennas for the convenience of the members and may supply piped-in music and/or cablevision and the cost of these may be included in annual or special assessments. The Association may regulate or prohibit the erection of television antennas on individual lots.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS, INSURANCE

Section 1. Creation of the Lien and Personal Obligation Of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided. All assessments relating to Common Areas and the main-

tenance of the exterior shall be shared equally by the owners of each lot. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees necessary for the collection thereof shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of insuring the properties as hereafter provided and for the purpose of promoting the beautification of the Properties, recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area, and of those homes situated upon the Properties. The Homeowners Association shall be responsible for the payment of premiums for liability insurance, payment of local ad valorem taxes if any, on common areas, payment of assessments for public and private capital improvements made to or for the benefit of the Common Area and maintenance of recreational and other facilities located on the Common Areas.

Section 3. Basis and Maximum of Annual Assessments. Until December 31, 1980, the maximum annual assessment shall be Eight Hundred Dollars (\$800.00).

(a) From and after December 31, 1980, the maximum annual assessment may be increased effective January 1 of each year without a vote of the membership, provided the increase is not more than five percent (5%) above the maximum assessment for the previous year. Annual assessments shall not be increased in any year by more than One Hundred Dollars (\$100.00) over the previous year's assessment.

(b) From and after December 31, 1980, the maximum annual assessments may be increased above five percent (5%) by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy at a meeting called for this purpose.

(c) After consideration of the current maintenance costs and future needs of the Association, the Board of Directors may fix the annual assessments at an amount not in excess of the maximums.

(d) In lieu of regular assessments, Declarant shall pay 60% of the annual assessment for any units it owns and which are substantially complete and ready for occupancy. Such assessments shall be paid for every month following 30 days from their substantial completion.

Section 4. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that, any such assessment shall have the assent of two-thirds of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting.

Section 5. Uniform Rate of Assessment. Except as provided in Section 3(d) above, annual assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis. Special assessments shall be fixed in the same manner except Declarant shall not be entitled to a reduction in amount.

Section 6. Quorum for any Action Authorized Under Section 4.

At the first meeting called, as provided in Section 4 hereof, the presence at the meeting of members or of proxies entitled to cast sixty (60%) percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in Section 4, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessments:

Due Dates. The annual assessments provided for herein shall commence as to all Lots in Use on the first day of the month following the conveyance of the Common Areas. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall upon demand at any time furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been made.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association, Lien. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six percent (6%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, and interest costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage, pursuant to a decree of foreclosure under such mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer.

No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein:

(a) All properties dedicated to and accepted by a local public authority;

(b) The common area.

However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 11. Responsibility for Maintenance. Unless the same are dedicated to and accepted by the Town of Chapel Hill, the maintenance responsibility of the private streets and driveways as shown on the aforesaid recorded map shall rest with the Homeowners Association.

ARTICLE VII

INSURANCE

Section 1. Ownership of Policies. Insurance policies upon the properties shall be purchased by the Homeowners Association for the benefit of the Homeowners Association and the townhouse owners and their mortgagees as their interests may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of townhouse owners. Townhouse owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire. The Homeowners Association may re-evaluate the insurance coverage from time to time and may provide for such insurance coverage as it deems appropriate.

Section 2. Coverage. All buildings and improvements upon the land and all personal property included in the common areas and facilities shall be insured in an amount equal to at least one hundred (100%) percent insurable replacement value as determined annually by the Homeowners Association with the assistance of the insurance company providing the coverage. Such coverage shall provide protection against:

(a) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement;

(b) Such other risks as from time to time shall be customarily covered with respect to buildings on the land;

(c) All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Homeowners Association shall first be bonded by fidelity insurance to indemnify the Homeowners Association from any loss by reason of default in the performance of their duties. Such fidelity insurance shall be procured at the expense of the Homeowners Association.

(d) Said policies shall contain clauses providing for waiver of subrogation, if possible. Public liability insurance shall be secured by the Homeowners Association with limits of liability of no less than One Million Dollars (\$1,000,000) per occurrence and shall include an endorsement to cover liability of the townhouse owners as a group to a single townhouse owner. There shall also be obtained such other insurance coverage as the Homeowners Association shall determine from time to time to be desirable and necessary.

Section 3. Premiums. Premiums upon insurance policies purchased by the Homeowners Association shall be paid by the Homeowners Association and charged ratably to the townhouse owners as an assessment according to the provisions of Article VI above.

Section 4. Proceeds. All insurance policies purchased by the Homeowners Association shall be for the benefit of the Homeowners Association and the townhouse owners and their mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Homeowners Association as insurance trustees under this Declaration. The sole duty of the Homeowners Association as insurance trustees shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein or stated in the By-laws and for the benefit of the townhouse owners and their mortgagees in the following shares:

(a) Proceeds on account of damage to common areas and facilities held for the Homeowners Association.

(b) Proceeds on account of damage to common areas and facilities held for the Homeowners Association.

(c) Proceeds on account of damage to townhouses shall be held in undivided shares for the owners of damaged townhouses in proportion to the cost of repairing the damage suffered by each townhouse owner, which cost shall be determined by the Homeowners Association.

(d) In the event of a mortgagee endorsement has been issued to a townhouse, the share of the townhouse owner shall be held in trust for the mortgagee and the townhouse owner as their interest may appear.

Section 5. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Homeowners Association as insurance trustee shall be distributed to or for the benefit of the beneficial owner in the following manner:

(a) Reconstruction or Repair. The proceeds shall be paid first to defray the cost of reconstruction and repair of damages so covered.

(b) Expense of the Trust. Any expenses of the insurance trustee may be paid from proceeds after payment of reconstruction or repair expenses. Any proceeds remaining thereafter shall be distributed to the beneficial owners.

ARTICLE VIII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the properties and placed on the dividing line between the lots and all reconstruction or extensions of such walls shall constitute party walls, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support in below-ground construction and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a partywall shall be shared by the Owners who make use of the wall or benefit therefrom in proportion to such use and benefit.

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PTING, HACKNEY
& LONG
ATTORNEYS AT LAW
HAPEL HILL, N. C.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Reconstruction of Party Wall. The owner of any Lot may construct, reconstruct, or extend a party wall in any direction (subject to and within the limitation of architectural control and other limitations of these Covenants) with the right to go upon the adjoining Lot to the extent necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article an Owner who, by his negligence or willful act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6. Right to Contribution Runs with Land. The right of any owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7. Certification by Adjoining Property Owner that No Contribution is Due. If any Owner desires to sell his property, he may, in order to assure a prospective purchaser that no adjoining property owner has a right of contribution as provided in this Article VIII, request of the adjoining property owner or property owners a certification that no right of contribution exists, whereupon it shall be the duty of each adjoining property owner to make such certification immediately upon request and without charges; provided however that where the adjoining property owner claims a right of contribution, the certification shall contain a recital of the amount claimed..

Section 8. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided by the laws of North Carolina, relating to arbitration as then existing.

ARTICLE IX

ARCHITECTURAL CONTROL

No building, fence, wall, or other structure or devise shall be commenced, erected, attached or maintained upon the properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an Architectural Committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE X

EXTERIOR MAINTENANCE

In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior buildings surfaces, trees, shrubs, grass, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article. The owner of any Lot may, at his election, plant harmonious trees, shrubs, flowers and grass in his rear yard, and may also maintain portions or all of his rear yard provided that such maintenance by the owner does not hinder the Association in performing its maintenance of the exterior of the house and the remaining yard spaces. No such maintenance by a Lot owner shall reduce the assessment payable by him to the Association. If, in

the opinion of the Association, any such owner fails to maintain his rear yard in a neat and orderly manner, the Association may revoke the owner's maintenance rights for a period of not more than one year. The owner of a Lot shall not plant any vegetation in the front yard except with the prior written approval of the Association.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family or guests, or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, air-crafts, vehicles, and smoke as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage Insurance Policies, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject.

ARTICLE XI

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each Lot and the Common Areas.

Section 2. Use of Properties. No portion of the Properties (except for temporary office of the Declarant and/or model used by Declarant) shall be used except for residential purposes incidental or accessory thereto.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Properties, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood.

ARTICLE XII

EASEMENTS

All of the Properties, including Lots and Common Areas, shall be subject to such easement for driveways, walkways, water lines, parking areas, sanitary sewers, storm drainage facilities, gas line, telephone and electric power lines and other public utilities as shall be established by the Declarant or by his predecessors

in title, prior to the subjecting of the Properties to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under and across the Common Areas conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Properties.

All Lots shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots by the Declarant to the extent that such initial improvements actually encroach including, but not limited to, such items as fireplaces, overhanging eaves, gutters, and downspouts and walls.

An easement is hereby established for the benefit of the Town of Chapel Hill and Orange Water and Sewer Authority over all Common Areas hereby or hereafter established for the setting, removal, and reading of water meters, the maintenance and replacement of water, sewer and drainage facilities, the fighting of fires and collection of garbage.

ARTICLE XIII

GENERAL PROVISIONS

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

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Mandatory Membership. Membership in the Homeowners Association shall be mandatory for each original purchaser and each successive purchaser of a residential site.

Section 4. Amendment. The covenants, conditions, and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Asso-

ciation, or the owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said Covenants shall be automatically extended for successive periods of ten (10) years. The covenants, conditions and restrictions of this Declaration may be amended during the first thirty (30) year period by an instrument signed by not less than the Owners of ninety percent (90%) of the Lots, and thereafter by an instrument signed by not less than the Owners of seventy-five percent (75%) of the Lots.

Section 5. If any amendment to these covenants, conditions and restrictions is executed, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors shall, within thirty (30) days do the following:

(a) Reasonably assure itself that the amendment has been executed by the Owners of the required number of lots. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any Lot to be examined).

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS,
CONDITIONS AND RESTRICTIONS OF FRANKLIN HILLS
HOMEOWNERS ASSOCIATION

By authority of its Board of Directors, Franklin Hills Homeowners Association, Inc., hereby certifies that the foregoing instrument has been duly executed by the Owners of _____ percent of the Lots of Franklin Hills Townhouses and is, therefore, a valid amendment to the existing covenants, conditions, and restrictions of Franklin Hills Townhouses.

FRANKLIN HILLS TOWNHOUSES

President

ATTEST:

Secretary

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Orange County Registry.

All amendments shall be effective from the date of recordation in the Orange County Registry, provided, however, that no such instrument shall be valid until it has been indexed in the name of this Association. When any instrument purporting to amend the covenants, conditions, and restrictions has been certified by the Board of Directors, recorded, and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots in Franklin Hills Townhouses.

Section 6. Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of members.

Section 7. VA/FHA/FNMA Approval. As long as there is Class B membership, the following actions will require the prior approval of the Veterans Administration, Federal Housing Administration, and the Federal National Mortgage Association: annexation of additional properties, dedication of Common Area and the amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 8. Rights of Noteholders. Any institutional holder of a first mortgage on a unit in the project will, upon request, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of its fiscal year, and (c) receive written notice of all meetings of the Association and the right to designate a representative to attend all such meetings.

Section 9. Prior Consent of Noteholders. The prior written approval of the institutional holders of first mortgages on sixty percent (60%) of the lots will be required for the following:

- (a) Abandonment or termination of the duties and responsibilities of the Association, or
- (b) Effectuation of any decision by the Association to

terminate professional management and assume self-management.

Section 10. Association Management. Any Management Agreement for the Association will be terminable by the Association for cause upon thirty (30) days written notice thereof and the terms of such agreement may not exceed one year, renewable by the parties for successive one-year periods.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this instrument this 9th day of July 1980, by authority of its Board of Directors.
LANDWORKS, INC.

Roger F. Baker
Roger F. Baker, President

ATTEST:

Ronald G. Wells
Ronald G. Wells, Secretary

STATE OF NORTH CAROLINA
COUNTY OF Durham

I, a Notary Public for the aforesaid County and State do hereby certify that personally came before me, Roger F. Baker, who, being by me duly sworn, says that he is the President of LANDWORKS, INC., and that the seal affixed to the foregoing instrument in writing is the corporate seal of the said LANDWORKS, INC., and that said writing was signed and sealed by him in behalf of the said corporation, by its authority duly given; and the said Secretary acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and notarial seal this the 9th day of July, 1980.

Bonnie McKnight
Notary Public

My commission expires: 2/6/85



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EPTING, HACKNEY

STATE OF NORTH CAROLINA—ORANGE COUNTY
THE FOREGOING CERTIFICATE IS OF Bonnie McKnight

A NOTARY PUBLIC OF THE DESIGNATED GOVERNMENTAL UNITS IS ~~NOT~~ CERTIFIED TO BE CORRECT

THIS THE 23rd DAY OF July A.D. 1980

BETTY JUNE HAYES, REGISTER OF DEEDS

BY: Betty June Hayes
REGISTER OF DEEDS

RETURN:

FILED
BOOK/PAGE 342 PAGE # 148
JUL 23 1 26 PM '80
BETTY JUNE HAYES
REGISTER OF DEEDS
ORANGE COUNTY, N.C.

EXHIBIT A

DECLARATION OF RESTRICTIONS

FRANKLIN HILLS TOWNHOUSES

PHASE ONE

BEGINNING at an iron stake located in the Eastern margin of the property of E. M. Tenney, Jr., and in the Southwestern corner of the Property of George W. Kane, Inc. (also known as Village Green Condominium) according to plat book 21 at page 201, Orange County Registry; running thence from said beginning point along the Southern margin of the George W. Kane, Inc. property South 66° 54' 17" East 549.17 feet to an iron stake; running thence South 09° 03' 17" West 108.75 feet to an iron stake, running thence South 62° 04' 57" West 11.32 feet; running thence along the arc of a circle having a radius of 141.18 feet in a westerly direction a distance of 250.91 feet; running thence South 37° 16' 58" West 74.48 feet to an iron stake; running thence South 04° 36' 45" West 409.41 feet to an iron stake; running thence North 85° 36' 04" West 259.00 feet to an iron stake; running thence a line North 04° 23' 56" East 468.57 feet to an iron stake; running thence a line North 04° 59' 26" East 281.43 feet to an iron stake; the point and place of beginning, and excluding that 0.52 acres lying under Elizabeth Street as that street crosses the property hereby described, and containing less the property within the boundaries of said street a total of 5.08 acres. See plat of William O. Yates entitled "Phase One, Franklin Hills Townhouses" at Plat Book 32, page 70, Orange County Registry.