

FORSYTH CO, NC 100 FEE: \$ 54.00  
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DICKIE C. WOOD REGISTER OF DEEDS BY: HODVA  
BK/2142 P 335 - P 358

Prepared by and return to: Brian W. Byrd, Smith Helms Mulliss & Moore, L.L.P.  
P.O. Box 21927, Greensboro, North Carolina 27420

**MASTER DECLARATION**  
**OF**  
**COVENANTS, CONDITIONS AND RESTRICTIONS**  
**FOR**  
**DEACON RIDGE**

THIS MASTER DECLARATION is made on the date hereinafter set forth by KAVANAGH ASSOCIATES, INC., a North Carolina corporation having an office in Guilford County, North Carolina, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the County of Forsyth, State of North Carolina, which is more particularly described as follows:

ALL of the land shown on the plat entitled "**Phase 1, Map 1, Deacon Ridge Condominiums**" recorded in Condominium Plat Book 5, Pages 106-110 in the Office of the Register of Deeds of Forsyth County, North Carolina.

WHEREAS, it is the intent of the Declarant hereby to cause the above-described property to be subjected to this Declaration of Covenants, Conditions and Restrictions.

NOW, THEREFORE, Declarant hereby declares that all of the property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, such real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof. It is the intent of Declarant that the provisions of this Declaration in all respects conform and comply to the requirements set forth in North Carolina Planned Community Act. To the extent any provision contained herein does not conform or comply with the North Carolina Planned Community Act, the provisions of the Act shall control.

ARTICLE I

DEFINITIONS

**SECTION 1.** "Additional Covenants" shall mean and refer to any covenants, conditions or restrictions now or hereafter recorded and imposed by Declarant on portions of the Properties.

SECTION 2. "Additional Property" shall mean and refer to the property described in Schedule "A," attached hereto and incorporated herein by this reference, together with any other property located adjacent to the Properties. For the purpose of determining whether property is adjacent to the Properties, the rights of way of public roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise adjacent property.

SECTION 3. "Appropriate Local Governmental Authority" shall mean and refer to the City of Winston Salem, Forsyth County or other appropriate local governmental authority having jurisdiction over the Properties.

SECTION 4. "Association" shall mean and refer to Deacon Ridge Master Homeowners Association, Inc., its successors and assigns.

SECTION 5. "Common Elements" or "Common Area" shall mean all real property owned (whether in fee or by way of license or easement) or leased by the Association, other than a Lot. The Common Elements to be owned by the Association at the time of the conveyance of the first Lot is described as follows:

All of the land designated "Master Association Common Elements" as shown on the plat entitled "**Phase 1, Map 1, Deacon Ridge Condominiums**" recorded in Condominium Plat Book 5, Pages 10-11, in the Office of the Register of Deeds of Forsyth County, North Carolina.

Declarant reserves the right, in its sole discretion, to convey or cause to be conveyed to the Association from time to time and without the consent of the Association or its Members, any portion of the Properties, including any Additional Property annexed by Declarant pursuant to Article VIII, Section 4 hereof. In addition, any Secondary Association, with the consent of Declarant during Declarant's Development Period, as hereinafter defined, and thereafter with the consent of the Association, in the discretion of its Executive Board, may convey additional property to the Association. The Association shall accept any such conveyance of property and thereafter such property shall be held and maintained by the Association as Common Elements. Declarant may construct or cause to be constructed (**BUT SHALL NOT BE OBLIGATED TO CONSTRUCT**) a club house and related walkways, driveways, parking and other facilities on any such Common Elements. Other improvements, which may include, but shall not be limited to, roadways, retention or detention ponds or erosion control devices, may be located on any such Common Elements. Other than the club house which Declarant may construct (**BUT SHALL NOT BE OBLIGATED TO CONSTRUCT**), Declarant does not contemplate the construction of any recreational improvements or amenities within any Common Elements (i.e., swimming pool, tennis courts, etc.). Except as otherwise provided in Section 47E-3-113 of the Planned Community Act, the Association shall be required to promptly repair and replace any portion of any Common Elements for which the Association is required to maintain casualty insurance pursuant to the Bylaws of the Association which is damaged or destroyed.

The Association also may acquire additional Common Elements with the consent of the Members of the Association entitled to cast at least two-thirds (2/3) of the votes of each class of Members of the Association, who are voting, in person or by proxy, at a meeting duly called for such

purpose; provided, however, during Declarant's Development Period no such action shall be effective without Declarant's consent and approval. For such a conveyance to be effective, the deed or instrument conveying to the Association additional Common Elements must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by the officers executing the instrument on behalf of the Association that the requisite owner and Declarant approval has been obtained and is evidenced by written acknowledgments signed by the owners approving the amendment and if required, Declarant, and that such acknowledgments are made a part of the minute book of the Association; and (3) be properly recorded in the Forsyth County Registry.

SECTION 6. "Declarant" shall mean and refer to KAVANAGH ASSOCIATES, INC., as well as its successors and assigns, pursuant to an express assignment or conveyance of any special declarant rights hereunder to such successor or assign, all of which rights, including Declarant's voting, easement and development rights, shall be assignable and may be apportioned on a lot-by-lot basis.

SECTION 7. "Declarant's Development Period" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Office of the Register of Deeds, Forsyth County, North Carolina, and continuing for so long as Declarant shall have the right to annex any portion of the Additional Property pursuant to the provisions of Article VIII, Section 4 hereof or Declarant or any affiliate of Declarant, including, without limitation, John Kavanagh Company, shall own any portion of the Properties.

SECTION 8. "FHA" shall mean and refer to the Federal Housing Administration of the Department of Housing and Urban Development.

SECTION 9. "Lot" shall mean and refer to any separately numbered lot intended for single family residential purposes, any townhome lot or any condominium unit shown on any now or subsequently recorded subdivision plat of the Properties and shall include any improvements constructed thereon and "Lots" shall refer to all such lots and units collectively. Declarant hereby reserves the right to reconfigure, from time to time and without the consent of the Owners or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant and to thereby create additional Lots, eliminate existing Lots or create additional Common Elements; provided, however, in no event shall the Properties contain a greater number of Lots than the number from time to time permitted by the Appropriate Local Governmental Authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by Declarant, Declarant shall record a revised plat of the affected Lot or Lots. Upon the recording by Declarant of such a revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a "Lot" as defined in this Declaration and each newly configured lot shown on the revised plat shall be a "Lot" as defined in this Declaration.

SECTION 10. "Master Plan" shall mean and refer to the plan(s) for the Properties and the Additional Property now or hereafter approved by the Appropriate Local Governmental Authority, as such plan(s) may be from time to time amended and approved.

SECTION 11. "Member" shall mean and refer to every person or entity who holds Membership with voting rights in the Association.

SECTION 12. "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, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 13. "Period of Declarant Control" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Office of the Register of Deeds, Forsyth County, North Carolina, and continuing until the earlier of: (i) ten years from the date this Declaration is recorded in the Office of the Register of Deeds, Forsyth County, North Carolina; or (ii) such time as seventy-five percent (75%) of the lots shown on the Master Plan have been conveyed by Declarant, a successor declarant or an affiliate of Declarant, including without limitation John Kavanagh Company, to an Owner other than Declarant, a successor declarant or an affiliate of Declarant; provided, however, if after the expiration of such period of time, the Master Plan is amended to add additional lots and fewer than seventy-five percent (75%) of the lots shown on the Master Plan have been conveyed by Declarant, a successor declarant or an affiliate of Declarant, including without limitation John Kavanagh Company, to an Owner other than Declarant, a successor declarant or an affiliate of Declarant, such period of time shall be reinstated and shall continue until the earlier of: (i) ten years from the date this Declaration is recorded in the Office of the Register of Deeds, Forsyth County, North Carolina; or (ii) such time as seventy-five percent (75%) of the lots shown on the Master Plan have been conveyed by Declarant, a successor declarant or an affiliate of Declarant, including without limitation John Kavanagh Company, to an Owner other than Declarant, a successor declarant or an affiliate of Declarant.

SECTION 14. "Planned Community Act" shall mean and refer to the provisions of Chapter 47E of the General Statutes of North Carolina.

SECTION 15. "Properties" shall mean and refer to all of the property hereby or hereafter made subject to the terms, covenants and conditions of this Declaration, as amended from time to time.

SECTION 16. "Secondary Association" shall mean and refer to any homeowners association, including, without limitation, any townhome association or any condominium association, formed pursuant to additional covenants, conditions and restrictions of record imposed by Declarant on portions of the Property for the purpose of providing for the further administration, protection, maintenance and control of the Lots subject to such additional covenants and related property to be maintained for the benefit of the Owners of such Lots.

SECTION 17. "VA" shall mean and refer to the Department of Veterans Affairs.

## ARTICLE II

### PROPERTY RIGHTS

SECTION 1. RECREATIONAL AMENITIES WHICH MAY BE LOCATED IN THE COMMON ELEMENTS. Declarant hereafter may construct or cause to be constructed (**BUT SHALL NOT BE OBLIGATED TO CONSTRUCT**) a club house and related walkways,

driveways, parking and other facilities on a portion of the Common Elements. Declarant does not contemplate the construction of any other recreational improvements or amenities within the Common Elements. Any club house and related facilities constructed by Declarant shall become part of the Common Elements to be maintained by the Association.

During Declarant's Development Period, Declarant and any affiliated entity shall have the right to require the exclusive use of such portions of any club house now or hereafter constructed on the Common Elements as Declarant or its affiliate, in their respective sole discretion, shall designate, for its sales office. In addition, during such period of time, Declarant or its affiliate shall have the right to require the exclusive (or, at the discretion of Declarant or its affiliate, non-exclusive) use of all or certain portions of any Common Elements, including the club house, for events promoting the sale of lots or homes in Deacon Ridge; provided, however, no such use by Declarant or its affiliate shall unreasonably interfere with or obstruct ingress, egress and regress to or from the Lots. Notice of any such exclusive promotional event in the club house shall be posted at least twenty-four hours prior to the event.

Pursuant to rules and regulations from time to time promulgated by the Association, upon request and after such notice as the rules and regulations may require, the Association, in the sole discretion of the Association's Executive Board or its designee, may allow a Member of the Association exclusive use of all or certain portions of any Common Elements, including any club house, for private events for a period not to exceed twenty-four (24) hours. Such rules and regulations may require that fees and/or deposits be paid to the Association in connection with such exclusive private use. Any damage to the Common Elements or any improvements located thereon during any such private event and any liability incurred by the Association as a result thereof not covered by insurance maintained by the Association (including any deductible) shall be the personal obligation of the Member or Members (joint and several) reserving the Common Elements and if not paid within thirty (30) days of written demand therefor shall be subject to collection by the Association in accordance with the provisions of Article VIII hereof.

**SECTION 2. MAINTENANCE OF WATERSHED IMPROVEMENTS.** The Association shall maintain any lake and any retention or detention ponds, rip rap and other drainage or erosion control devices located on the Common Elements now or hereafter conveyed to the Association by Declarant that are required to be maintained by the governmental office(s) having jurisdiction for watershed protection as directed by such governmental office(s). In the event the Association is dissolved or otherwise defaults on its obligation to maintain any such drainage or erosion control device, Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of such pond or erosion control device.

**SECTION 3. RULES AND REGULATIONS.** The Executive Board of the Association may establish reasonable rules and regulations concerning the use of any Common Elements and improvements located thereon. Such rules and regulations may prohibit or restrict the use of any lake or pond which is a part of or adjacent to any Common Elements for boating, fishing and swimming and/or may provide for access to any such lake or pond only through designated portions of the Common Elements. The Association may impose reasonable monetary fines and other sanctions for the violation established rules and regulations and for the violation of any of the

covenants and conditions contained in this Declaration, which monetary fines and sanctions shall be assessed and collected pursuant to the provisions of Article VIII hereof. Copies of such rules and regulations and the amendments thereto shall be furnished by the Association to all owners prior to the effective date thereof. All such rules and regulations shall be binding upon the owners, their families, tenants, guests, invitees and agents until and unless such regulation, rule or requirement shall be specifically overruled, canceled, or modified by the Executive Board of the Association or by the Members of the Association entitled to cast at least two-thirds (2/3) of the votes of the Association, who are voting, in person or by proxy, at a meeting duly called for such purpose; provided, however, during any Period of Declarant Control, Declarant must also consent to such action.

SECTION 4. OWNERS EASEMENTS OF ENJOYMENT. Every Owner shall have a right and easement of enjoyment in and to any Common Elements which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the easements herein reserved by Declarant or created in favor of the Association, including, without limitation the easements set forth in Article VI hereof;

(b) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Elements;

(c) the right of the Association to suspend the voting rights by the Owner(s) of any Lot for any period during which any assessment against such Lot remains unpaid and for any period during which such Lot or any Owner or occupant thereof is in violation of the terms of this Declaration or the published rules and regulations of the Association and for a period not to exceed sixty (60) days after any such violation;

(d) the right of the Association to dedicate or transfer non-exclusive easements on, over and upon all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Association's Executive Board; provided, however, no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded;

(e) the right of the Association, pursuant to Section 47E-3-112 of the Planned Community Act and with the consent of the Members entitled to cast at least eighty percent (80%) of the votes of each class of Members of the Association, to dedicate or transfer fee title to all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer; provided, however, during Declarant's Development Period, Declarant must also consent to such action and, further provided that no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances;

(f) the right of the Association to impose rules and regulations for the use and enjoyment of the Common Elements and improvements thereon, which regulations may further restrict the use of the Common Elements, and specifically including the right to establish rules and regulations concerning parking and vehicular traffic flow on and along the streets and roadways, whether public or private, within or abutting the Properties, which rules and regulations may restrict or prohibit on-

street parking and may be enforced by towing at the expense of the vehicle's owner, by reasonable fine levied against the vehicle's owner and/or any Owner of a Lot to which such violation reasonably may be attributed, or by any other reasonable method of enforcement established by the Association's Executive Board;

(g) the right of the Association to borrow money for the purpose of improving the Common Elements and facilities thereon and, with the assent of the Members entitled to cast at eighty percent (80%) of the votes of each class of Members of the Association, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred (any such mortgage shall be effective if it is executed on behalf of the Association by its duly authorized officers and recites that the requisite consent of Members has been obtained and documented in the Minute Book of the Association); provided, however, during Declarant's Development Period, Declarant must also consent to such action, and further provided that no such mortgage, encumbrance or hypothecation or foreclosure of the lien thereby created shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances; and

(h) subject to the prior written consent of FHA or VA, in the event FHA or VA insured loans have been obtained secured by Lots, the right of the Association to convey to Declarant or any Secondary Association portions of the Common Elements for the purpose of correcting conveyances of Common Elements or eliminating unintentional encroachments of dwellings or other improvements onto portions of the Common Elements or for the purpose of enhancing the utility of the Common Elements to be retained by the Association; provided, however, no such conveyance shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances.

SECTION 5. DELEGATION OF USE. Any Owner may delegate, in accordance with the By-Laws, his rights of enjoyment of the Common Elements and facilities to the members of his family, his tenants or contract purchasers who reside on the Lot of such Owner.

SECTION 6. LEASES OF LOTS. Any Lease Agreement between an Owner and a lessee for the lease of such Owner's Lot shall provide that the terms of the Lease shall be subject in all respects to the provisions of this Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation and By-Laws of the Association and that any failure by the lessee to comply with the terms of such document shall be a default under the terms of the lease. All leases of Lots shall be in writing and shall have a term of not less than one (1) month. Other than the foregoing there is no restriction on the right of any Owner to lease his Lot.

### ARTICLE III

#### MEMBERSHIP AND VOTING RIGHTS

SECTION 1. MEMBERSHIP. Every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including Declarant and any affiliated entity, including, without limitation, John

Kavanagh Company, shall be a voting Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. Such Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Except as otherwise provided in Section 2 below, on all matters which the Membership shall be entitled to vote, the Member(s) owning each Lot shall be entitled to one (1) vote. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

SECTION 2. CLASSES OF MEMBERSHIP. The Association shall have two classes of voting membership:

Class A The Class A Members shall be every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, except for Declarant or any affiliated entity, including, without limitation, John Kavanagh Company, during any Period of Declarant Control. Class A Members shall be entitled to one (1) vote for each Lot owned.

Class B Declarant shall be the Class B Member and Declarant shall be entitled to three (3) votes for each separately numbered lot intended for single family residential purposes, any townhome lot or any condominium unit shown on the Master Plan which has not been conveyed by Declarant or any affiliated entity, including John Kavanagh Company, to a Class A Member. 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:

(i) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; however, the Class B membership shall be reinstated if thereafter, and before the time stated in subparagraph (b) below, the Master Plan is amended to add additional lots sufficient to give the Class B membership a total number of votes (with the Class B membership entitled to three (3) votes for each separately numbered lot intended for single family residential purposes, any townhome lot or any condominium unit shown on the Master Plan and not previously conveyed by Declarant or any affiliate of Declarant to a Class A Member) which exceed those of the Class A membership; or,

(ii) ten (10) years from the date this Declaration is recorded in the Office of the Register of Deeds, Forsyth County, North Carolina.

SECTION 3. DECLARANT RIGHT TO REPRESENTATION ON THE EXECUTIVE BOARD OF THE ASSOCIATION. During any Period of Declarant Control, Declarant shall have the right to designate and select all of the Members of each Executive Board of the Association. Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Executive Board of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Executive Board and to replace such person or persons with another person or other persons to act and serve in the place of any member or members of the Executive Board so removed for the remainder of the unexpired term of any member



or members of the Executive Board so removed. Any Executive Board member designated and selected by Declarant need not be a resident of the Properties. Except as otherwise provided in the Bylaws with respect to the filling of vacancies, any members of the Executive Board which Declarant is not entitled to designate or select shall be elected by the Members of the Association.

## ARTICLE IV

### COVENANT FOR MAINTENANCE AND ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay: (a) to the Association: (i) annual and other assessments and charges provided for herein, together with interest, and late fees, costs and reasonable attorney's fees; (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and (b) to the appropriate governmental taxing authority: (i) a pro rata share of any ad valorem taxes levied against the Common Elements; and (ii) a pro rata share of any assessments for public improvements to or for the benefit of the Common Elements if the Association shall default in the payment of either or both for a period of six (6) months. All assessments and charges provided for herein, together with interest, and late fees, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made when a claim of lien is filed of record in the Office of the Clerk of Superior Court, Forsyth County, North Carolina. Each such assessment and charge, together with interest, any late fees, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

### SECTION 2. PURPOSE OF ASSESSMENTS.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Elements or the Lots, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of any taxes assessed against the Common Elements; the maintenance of open spaces and streets within the Common Elements which have not been accepted for dedication by a public authority, roadway medians and islands (including medians and islands located in dedicated rights-of-way within the Properties), drives and parking areas within the Common Elements; the procurement and maintenance of insurance in accordance with the By-Laws; the maintenance of dams and ponds, including retention or detention ponds, or other bodies of water, if any, located within the Common Elements; the erection, maintenance and repair of signs, entranceways, landscaping and lighting within the Common Elements; the cost of operating, maintaining and repairing any street lights erected by the Association or the Declarant in the rights-of-way of streets (whether public or private) or in any other easement provided therefor within the Properties, the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Elements; the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of capital

improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and such other needs as may arise.

(b) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Elements and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

(c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Properties, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the By-Laws of the Association. As monies for any assessment are paid to the Association by any Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom shall be held for the benefit of the Members of the Association, no Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his Membership interest therein, except as an appurtenance to his Lot. When any Owner shall cease to be a Member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Properties.

SECTION 3. ADOPTION OF BUDGET AND FIXING OF ANNUAL ASSESSMENTS;  
MAXIMUM ANNUAL ASSESSMENT.

(a) At least thirty (30) days in advance of each annual assessment period, the Executive Board shall establish an annual budget and fix the amount of the annual assessments in advance for the following year. Within thirty (30) days of the adoption of any proposed budget, the Executive Board shall provide to all of the Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Executive Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than 10 nor more than 60 days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting the Owners of a majority of the Lots reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

(b) Until December 31 of the year of the conveyance of the first Lot to an Owner, the maximum annual assessment (exclusive of assessments which may be levied by any Secondary Association) shall be ----- ONE HUNDRED FIFTY SIX and No/100 Dollars (\$156.00) ----- per Lot, and may be collected in monthly installments of -----THIRTEEN and No/100 Dollars (\$13.00) ----- per Lot. The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall be established by the Executive Board and may be increased by the Executive Board without approval by the Membership by an amount not to exceed ten percent (10%) of the maximum annual

assessment of the previous year. The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter may be increased without limit by a vote of the Members entitled to cast at least two-thirds (2/3) of the votes of each class of Members of the Association who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, during any Period of Declarant Control, Declarant must also consent to such action.

(c) The Executive Board may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

SECTION 4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of the Members entitled to cast at least two-thirds (2/3) of the votes of each class of Members of the Association who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, during any Period of Declarant Control, Declarant must also consent to such action. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

SECTION 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 AND 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 of this Article shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast twenty percent (20%) of all the votes of each class of Members of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) 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 6. RATE OF ANNUAL ASSESSMENT. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly or annual basis; provided, however, that so long as the dwelling on any Lot owned by Declarant or any affiliated entity, including, without limitation, John Kavanagh Company, is unoccupied as a residence, the amount of the assessment for each such Lot shall be an amount equal to twenty-five percent (25%) of the regular assessments fixed for each Lot.

SECTION 7. DATE AND COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATES. The annual assessments provided for herein shall commence as to a Lot on the first day of the month following the date such Lot is made subject to this Declaration. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The due dates shall be established by the Executive Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

**SECTION 8. WORKING CAPITAL ASSESSMENTS.** In addition to the annual assessments authorized above, at the time of the closing of the first sale of each Lot to a purchaser other than Declarant, the purchaser(s) thereof shall pay to the Association an amount equal to two-twelfths (2/12ths) of the then current annual assessment established by the Association. Such funds shall be used by the Association to establish a Working Capital Fund, the purpose of which is to help insure that the Association will have sufficient monies available to meet its initial operational needs, unforeseen expenditures or long-term capital improvements and repairs to the Common Elements. No such payments made into the Working Capital Fund shall be considered advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of the Declaration and these Bylaws.

**SECTION 9. EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION.** Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a rate from time-to-time established by the Association not to exceed eighteen percent (18%) per annum. In addition, the Association may charge a reasonable late fee, the amount of which shall be established from time to time by the Executive Board of the Association, for assessments not paid within thirty (30) days after the due date and after notice and an opportunity to be heard, the Association may suspend privileges or services provided by the Association (except rights of access to Lots during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer, which suspension may continue without further hearing until the delinquency is cured. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosure of a mortgage or deed of trust on real estate under power of sale, and interest, any late fees, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Elements or abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

**SECTION 10. EFFECT OF DEFAULT IN PAYMENT OF AD VALOREM TAXES OR ASSESSMENTS FOR PUBLIC IMPROVEMENTS BY ASSOCIATION.** Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Elements or assessments for public improvements to the Common Elements, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

**SECTION 11. SUBORDINATION OF THE LIEN FOR ASSESSMENTS TO THE LIEN OF FIRST MORTGAGES.** When the holder of a first mortgage or first deed of trust of record, or other purchaser of a lot obtains title to the lot as a result of foreclosure of a first mortgage or first deed of

trust or deed in lieu of foreclosure, such purchaser and its heirs, successors, and assigns, shall not be liable for the assessments against such Lot which become due prior to the acquisition of title to such Lot by such purchaser. Such unpaid assessments shall be deemed to be common expenses collectible from all Owners including such purchaser, its heirs, successors, and assigns. Such sale or transfer of any Lot which is subject to any such first mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale or transfer; provided, however, no such sale or transfer shall relieve such Lot or the Owner thereof from liability for any assessments thereafter becoming due or from the lien thereof.

**SECTION 12. EXEMPT PROPERTY.** All property dedicated to, and accepted by, a public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

## ARTICLE V

### PROPERTY SUBJECT TO ADDITIONAL COVENANTS

Declarant, in its sole discretion, may subject portions of the Properties to Additional Covenants. Any such Additional Covenants may provide for the creation of a Secondary Association and may provide that such Secondary Association may collect the assessments levied hereunder with respect to that portion of the Properties subject to such Additional Covenants. In addition, any such Additional Covenants may provide that, at the request of the Association, in the sole discretion of its Executive Board, the Secondary Association may enforce the lien of the Association securing the Association's assessments; provided, however, no such Additional Covenants shall in any way modify, diminish, annul or cancel the personal liability of any Owner for the payment of assessments hereunder or the Association's lien against each Lot which secures such payment.

## ARTICLE VI

### EASEMENTS

**SECTION 1. UTILITY AND DRAINAGE EASEMENTS.** An easement is hereby established for the benefit of the appropriate governmental authority over all Common Elements as may be reasonably necessary for the maintenance and replacement of water, sewer, power, cable, drainage and other facilities to serve the Common Elements or other portions of Properties (including the setting, removal and reading of water meters) and for the fighting of fires and the collection of garbage from the Common Elements or other portions of the Properties. The Association shall have the power and authority to grant and establish upon, over and across the Common Elements such additional easements as are necessary or desirable for the providing of service or utilities to the Common Elements or other portions of the Properties.

**SECTION 2. SIGN EASEMENTS.** Declarant and any affiliated entity, including, without limitation, John Kavanagh Company, for so long as Declarant or any affiliated entity, including, without limitation, John Kavanagh Company, owns any lot shown on the Master Plan, and thereafter the Association, shall each have the right to erect within the Common Elements subdivision signs and

landscaping and lighting surrounding same. The costs of all maintenance, repair and replacement of such signs, landscaping and lighting shall be part of the common expenses of the Association, payable by the Owners as set out Article IV hereof. In addition, Declarant and any affiliated entity, including, without limitation, John Kavanagh Company, for so long as Declarant or any affiliated entity, including, without limitation, John Kavanagh Company, owns any lot shown on the Master Plan, shall each have the right to erect within the Common Elements signs advertising the sale and promotion of Lots or any portion of the Additional Property. The cost of all maintenance, repair and replacement of such signs shall be the responsibility of the party erecting such signs. The easements hereby granted shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or a part of the Property.

SECTION 3. EASEMENT RESERVED BY DECLARANT. Declarant, for and on behalf of itself, any affiliated entity, including, without limitation, John Kavanagh Company, and its successors and assigns, hereby reserves such easements on, across and over the Common Elements as shall be reasonably necessary for (i) the exercise by Declarant, any affiliated entity, including, without limitation, John Kavanagh Company or its successors or assigns, of any right herein reserved, including, without limitation, the right (**BUT NOT THE OBLIGATION**) to construct within the Common Elements a club house, signs and other improvements and (ii) the development by Declarant, any affiliate of Declarant, including, without limitation John Kavanagh Company or its successors or assigns, of the Additional Property, should Declarant elect not to annex the Additional Property, including without limitation easements for ingress, egress and regress over private roads and streets now or hereafter erected within the Common Elements and easements for the use and extension of all utility lines, fixtures and/or their connections located within the Common Elements for the purpose of providing water, sewer, light, power, telephone, cable and other services to the Additional Property.

## ARTICLE VII

### RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

SECTION 1. ENTITIES CONSTITUTING INSTITUTIONAL LENDERS. "Institutional Lender" as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies or other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors.

SECTION 2. OBLIGATION OF ASSOCIATION TO INSTITUTIONAL LENDERS. So long as any Institutional Lender shall hold any first lien upon any Lot and shall have given notice to the Association as set forth in Section 3 of this Article, or shall be the Owner of any Lot, such Institutional Lender shall have the following rights:

(a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Executive Board of the Association, such financial statement or report to be furnished by April 15 of each calendar year.

(b) To be given notice by the Association of the call of any meeting of the Membership to be held for the purpose of considering any proposed amendment to this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or By-Laws of the Association or of any

proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association.

(c) To receive notice of any condemnation or casualty loss affecting the Common Elements or any portion thereof.

(d) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(e) To be given notice by the Association of the call of any meeting of the Membership to be held for the purpose of considering any proposed alienation, release, transfer, hypothecation or other encumbrance of the Common Elements, other than those specific rights vested in the Association under Article II hereof.

(f) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Lot encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

SECTION 3. REQUIREMENTS OF INSTITUTIONAL LENDER. Whenever any Institutional Lender desires to avail itself of the provisions of this Declaration, it shall furnish written notice thereof to the Association by CERTIFIED MAIL at the address shown in the Articles of Incorporation identifying the Lot or Lots upon which any such Institutional Lender holds any first lien or identifying any Lot or Lots owned by such Institutional Lender and such notice shall designate the place to which notices, reports or information are to be given by the Association to such Institutional Lender.

## ARTICLE VIII

### GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. The Owner(s) of each Lot shall be governed by and shall comply with the provisions of this Declaration, the Bylaws of the Association and all rules and regulations of the Association adopted pursuant thereto, as any of the same are now constituted or as they may be amended from time to time. A default by any Owner shall entitle the Association or the Owner(s) of any of the other Lots to the following relief:

(a) 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, the Bylaws of the Association and all rules and regulations of the Association adopted pursuant thereto. Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the Bylaws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. The Association shall have the right to request that law enforcement, public safety and animal

control officers come on the Properties to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

(b) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to assess reasonable fines against an Owner for violations of this Declaration the Bylaws of the Association or the Association's published rules and regulations by such Owner, or such Owner's family, guests, invitees and lessees in an amount not to exceed \$150.00 for each violation, and without further hearing, for each day after the decision that the violation occurs. Such fines shall be deemed to be assessments as set forth in Article IV of the Declaration and if not paid within thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in the Declaration for the enforcement and collection of delinquent assessments.

(c) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to suspend privileges or services provided by the Association (except rights of access to Lots) for reasonable periods for violations of this Declaration or the Bylaws, Articles or rules and regulations of the Association. If it is decided that a suspension of privileges or services provided by the Association should be imposed, the suspension may be continued without further hearing until the violation is cured.

(d) If an Owner is legally responsible for damage inflicted on any Common Elements, the Association may direct such Owner to repair such damage, or the Association may itself cause the repairs to be made and recover damages from the responsible Owner. If damage is inflicted on any Lot by an agent of the Association in the scope of the agent's activities as such agent, the Association is liable to repair such damage or to reimburse the Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Owner. When any such claim for damages against an Owner or the Association is less than or equal to the jurisdictional amount established for small claims by North Carolina General Statute 7A-210, any aggrieved party may request that a hearing be held before an adjudicatory panel appointed by the Executive Board of the Association to determine if an Owner is responsible for damages to any Common Elements or the Association is responsible for damages to any Lot. If the Executive Board fails to appoint an adjudicatory panel to hear such matters, such hearings shall be held before the Executive Board. Such panel shall accord to the party charged with causing damages notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. This panel may assess liability for each damage incident against each Owner charged or against the Association not in excess of the jurisdictional amount established for small claims by North Carolina General Statute 7A-210. When the such claim exceeds the jurisdictional amount established for small claims by North Carolina General Statute 7A-210, liability of any Owner charged or the Association shall be determined as otherwise provided by law. Liabilities of Owners determined by adjudicatory hearing or as otherwise provided by law shall be assessments secured by lien under Section 47E-3-116 of the Planned Community Act. Liabilities of the Association determined by adjudicatory hearing or as otherwise provided by law may be offset by the Owner against sums owing to the Association and if so offset, shall reduce the amount of any lien of the Association against the Lot at issue.

(e) In any proceeding arising because of an alleged default by a Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.



(f) The failure of the Association or any Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration or the other above mentioned documents shall not constitute a waiver of the right of the Association or of the Owner to enforce such right, provision, covenant or condition in the future.

(g) All rights, remedies and privileges granted to the Association or the Owners, pursuant to any terms, provisions, covenants or conditions of the Declaration or other above mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

(h) The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration or other above mentioned document shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

**SECTION 2. SEVERABILITY.** Invalidation of any one of the covenants or restrictions by judgment or court order shall in no wise affect any other provision which shall remain in full force and effect.

**SECTION 3. AMENDMENT.** The covenants and restrictions of this Declaration shall run and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated as hereinafter provided. This Declaration may be terminated or amended with the consent of the Owners entitled to cast at least eighty percent (80%) of the votes of the Association; provided, however, during Declarant's Development Period, this Declaration may not be amended or terminated without Declarant's consent; no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant; and no amendment relating to the maintenance or ownership of any permanent detention or retention pond shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection. Any amendment must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by the officers executing the amendment on behalf of the Association that the requisite Owner and Declarant approval has been obtained and is evidenced by written acknowledgment(s) signed by the Owners approving the amendment and, if required, Declarant, and that such acknowledgments have been made a part of the Minute Book of the Association; and (3) be properly recorded in the Office of the Register of Deeds, Forsyth County, North Carolina. For the purpose of this section, additions to existing property by Declarant pursuant to Section 4 of this Article shall not constitute an "amendment." In the event this Declaration is terminated in accordance with the provisions hereinabove provided, Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of all permanent retention or detention ponds. Notwithstanding the foregoing, Declarant may at anytime unilaterally amend this Declaration to terminate or restrict any right reserved hereunder by Declarant and Declarant, during Declarant's Development Period, may amend this Declaration to make any changes required by the Veterans Administration ("VA"), the Department of Housing and Urban Development ("HUD"), or the Federal National Mortgage Association

("FNMA") in order to obtain the approvals necessary for purchasers of Lots to obtain VA, HUD or FNMA financing.

#### SECTION 4. ANNEXATION.

(a) Except as provided in Subsection (b) of this Section 4, Article VII, additional residential property and Common Elements may be annexed to the Properties only with the consent of the Members entitled to cast two-thirds (2/3) of the votes each class of Members of the Association, who are voting, in person or by proxy, at a meeting duly called for such purpose; provided, however, during Declarant's Development Period, Declarant must also consent to such action.

(b) All or any portion of the Additional Property may be annexed by the Declarant without the consent of Members within ten (10) years of the date of this instrument, provided that, in the event FHA or VA insured loans have been obtained to purchase Lots, FHA and VA determine that the annexation is in accord with the general plan from time to time approved by them. Declarant shall have no obligation of any kind to annex any or all of the Additional Property and, should Declarant elect to annex all or any portion of the Additional Property, Declarant shall have no obligation of any kind to annex the Additional Property in any particular sequential order. Should Declarant elect to annex all or any portion of the Additional Property and accordingly to subject such property to the terms and conditions of this Declaration, with regard to all or any part of the Additional Property annexed by Declarant, Declarant reserves the right to make such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to and reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such additions and/or modifications shall have no effect upon the properties previously subjected to this Declaration. With regard to any portion of the Additional Property not annexed by Declarant, Declarant makes no representations with regard to the use of such property or the exterior appearance, design, size or intended purpose of any improvements now or hereafter erected on such property.

SECTION 5. FHA/VA APPROVAL. During any Period of Declarant Control, the following actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs provided that FHA or VA loans have been obtained to purchase Lots: annexation of additional properties, dedication of Common Elements and amendment of this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or the Bylaws for the Association.

SECTION 6. AMPLIFICATION. The Provisions of this Declaration are amplified by the Articles of Incorporation and Bylaws of the Association; but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration on the one hand, and the Articles of Incorporation and Bylaws of the Association on the other be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything contained in the Articles of Incorporation or Bylaws of the Association.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed in its name and its corporate seal hereto affixed as of the 31st day of October, 2000.

**KAVANAGH ASSOCIATES, INC.**  
a North Carolina corporation

Attest:

By: *[Signature]*  
\_\_\_\_\_  
President

*[Signature]*  
\_\_\_\_\_  
Asst. Secretary



NORTH CAROLINA

Guilford COUNTY

I, the undersigned Notary Public, do hereby certify that Lisa N Whitaker  
\_\_\_\_\_ personally appeared before me this day and acknowledged that he/she  
is the asst Secretary of **KAVANAGH ASSOCIATES, INC.**, a North Carolina corporation, and  
that by authority duly given, and as the act of the corporation, the foregoing instrument was signed  
in its name by its \_\_\_\_\_ President, sealed with its corporate seal, and attested by him/herself as its  
asst Secretary.

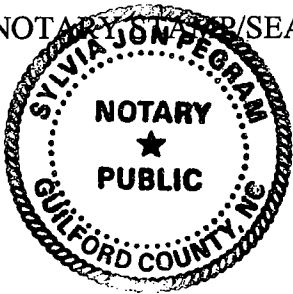
WITNESS my hand and official seal this 31 day of October, 2000.

Sylvia J. Ingram  
Notary Public

My Commission Expires:

4-19-02

[NOTARY SIGNATURE/SEAL]




BRANCH BANKING AND TRUST COMPANY, as the holder of an existing loan secured by the Deed of Trust recorded in Book 2067, Page 3370, in the Office of the Register of Deeds, Forsyth County, North Carolina, as amended by instruments entitled "Amendment to Deed of Trust" recorded in Book 2076, Page 1300 and Book 2117, Page 1656, in said Registry (the "Deed of Trust"), and LARS C. ANDERSON, as Trustee under the Deed of Trust, join in the execution of this instrument for the purpose of subjecting the aforesaid Deed of Trust to the terms and provisions of this Master Declaration of Covenants, Conditions and Restrictions for Deacon Ridge.

**BRANCH BANKING AND TRUST COMPANY**

BY:   
J M MORROW JR                      VICE President

ATTEST:

  
STANLEY P GUNTER ASST Secretary

(Corporate Seal)



  
LARS C. ANDERSON  
Trustee

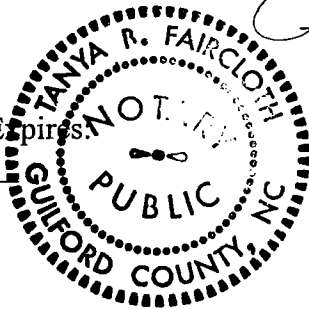
NORTH CAROLINA  
GUILFORD COUNTY

I, THE UNDERSIGNED, a Notary Public, do hereby certify that STANLEY P GUNTER personally came before me this day and acknowledged that he/she is the ASST Secretary of **BRANCH BANKING AND TRUST COMPANY**, and that by authority duly given, and as the act of the corporation, the foregoing instrument was signed in its name by its VICE President, sealed with its corporate seal, and attested by him/herself as its ASST Secretary.

WITNESS my hand and official seal this 24TH day of OCTOBER, 2000.

Tanya B. Faircloth  
Notary Public

My Commission Expires  
6-18-02



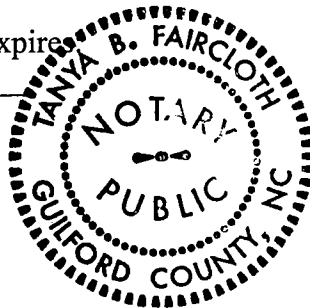
NORTH CAROLINA  
GUILFORD COUNTY

I, THE UNDERSIGNED, a Notary Public, do hereby certify that **LARS C. ANDERSON**, Trustee, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official seal this 24TH day of OCTOBER, 2000.

Tanya B. Faircloth  
Notary Public

My Commission Expires  
6-18-02



STATE OF NC - FORSYTH CO

The foregoing certificate(s) of:

Sylvia Jean Peterson & Tanya B. Faircloth NP(s)

is/are certified to be correct at the date of recordation shown on the first page thereof.

Dickie C. Wood, Register of Deeds by: [Signature] Deputy/ASST

## SCHEDULE A

### **TRACT I**

### **Triplette Property**

BEGINNING at an E.I.P. in the northern margin of the right-of-way of Bethabara Road, said E.I.P. being located North 19° 17' 44" West 60.78 feet from a PK Nail (said PK Nail being located N 5008.6118 and E 5478.7335) in the CL intersection of Bethabara Road and Ranch Drive (unimproved), thence with the northern margin of the right-of-way of Bethabara Road North 50° 19' 56" West 428.94 feet to an E.I.P., said E.I.P. being located North 54° 05' 12" East 30.01 feet from a PK Nail (said PK Nail being located N 5322.1877 and E 5104.1644) in the CL intersection of Bethabara Road and Jimmy James Drive, said E.I.P. also being the southeast corner of property now or formerly owned by Frank & Joan Pribuzio as recorded in Book 1704 at Page 784; thence with the eastern line of Pribuzio the following four bearing breaks: North 06° 19' 06" East 272.81 feet to an E.I.P., North 27° 02' 24" East 128.90 feet to an E.I.P., North 10° 00' 56" West 161.05 feet to an E.I.P., and North 06° 21' 28" East 168.06 feet to an E.I.P. in the northeast corner of the property of Pribuzio and the southeast corner of property now or formerly owned by Gray Lumber Co. as recorded in Book 1792 at Page 2026; thence with the line of Gray Lumber Co. North 06° 23' 51" East 492.65 feet to an E.I.P. in the northeast corner of Gray Lumber Co. and in the southern line of property now or formerly owned by M. M. Fowler, Inc. as recorded in Book 1930 at Page 2123; thence with the southern line of Fowler South 73° 25' 44" East 101.60 feet to a N.I.P. in the southeast corner of Fowler and the southwest corner of property now or formerly owned by Timothy D. Terrell as recorded in Book 1762 at Page 4469; thence with the southern line of Terrell South 81° 03' 30" East 100.09 feet to an E.I.P. (old axle); thence continuing with the line of Terrell North 05° 38' 30" East 40.80 feet to an E.I.P. and continuing with the line of Terrell South 76° 19' 34" East 45.55 feet to an E.I.P. in the southeast corner of Terrell and the southwest corner of property now or formerly owned by Forsyth Veterinary After Hours Emergency as recorded in Book 1755 at Page 1713; thence with the southern line of Forsyth Veterinary South 76° 19' 34" East 144.38 feet to a N.I.P. in the southeast corner of Forsyth Veterinary and the southwest corner of property now or formerly owned by Burger King Corp. as recorded in Book 1282 at Page 154; thence with the line of Burger King South 76° 19' 34" East 47.11 feet to a point; thence South 76° 19' 34" East 56.35 feet to a N.I.P.; thence South 06° 07' 18" West 62.00 feet to a R/W monument; thence South 80° 43' 38" East 25.81 feet to a R/W monument in the margin of the right-of-way of University Parkway (State Project 9.8091830); thence with the western margin of the right-of-way of University Parkway (State Project 9.8091830) the following four bearing breaks: South 06° 10' 20" West 734.86 feet to a N.I.P., South 06° 10' 20" West 72.14 feet to a N.I.P., along a curve to the left having a radius of 1512.39 feet and a chord bearing and distance of South 04° 22' 15" West 87.67 feet to a N.I.P., and along a curve to the left having a radius of 1512.39 feet and a chord bearing and distance of South 01° 24' 02" East 216.82 feet to a N.I.P. in the northern margin of the right-of-way of Ranch Drive (unimproved); thence with the northern margin of the right-of-way of Ranch Drive the following four bearing breaks: along a curve to the left having a radius of 476.90 feet and a chord bearing and distance of South 45° 14' 55" West 22.67 feet to a N.I.P., South 40° 51' 00" West 115.00 feet to an E.I.P., South 40° 51' 00" West 165.11 feet to an E.I.P., and along a curve to the right having a radius of 14.68 feet and a chord bearing and distance of South 85° 43' 19" West 20.72 feet to an E.I.P., the point and place of BEGINNING, containing 15.71 acres according to a Boundary Survey of Triplette Property for Kavanagh Associates, Inc. (Buyer) prepared by Evans Engineering, Inc. denoted as PROJ: 605-176 and dated 2-11-1999.

### **TRACT II**

### **Tribuzio Property**

BEGINNING at an EIP Control Corner, said EIP Control Corner being located in the southeast corner of property now or formerly owned by Gray Lumber Co. et. al as recorded in Deed Book 1792 at Page 2026 and said EIP Control Corner being located North 50° 29' 34" West 361.05 feet from a PK nail

in CL intersection (N 5322.1877 and E 5104.1644); thence with the northern margin of the right-of-way of Bethabara Road the following two bearing breaks: South 56° 14' 35" East 166.80 feet to an EIP and South 53° 58' 26" East 203.02 feet to an EIP Control Corner, said EIP Control Corner being located North 54° 05' 12" East 30.01 feet from a PK nail in CL intersection (N 5322.1877 and E 5104.1644), and said EIP being located in the southwest corner of property now or formerly owned by Kavanagh Associates, Inc. as recorded in Deed Book 2055 at Page 1474-1477; thence with the western line of Kavanagh Associates, Inc. the following four bearing breaks: North 06° 19' 06" East 272.81 feet to an EIP, North 27° 02' 24" East 128.90 feet to an EIP, North 10° 00' 66" West 161.05 feet to an EIP, and North 06° 21' 28" East 168.06 feet to an EIP, said EIP being located in the southeast corner of property now or formerly owned by Gray Lumber Co. et. al as recorded in Deed Book 1792 at Page 2026; thence with the line of Gray Lumber Co. North 79° 58' 47" West 388.89 feet to an EIP; thence continuing with the line of Gray Lumber Co. the following three bearing breaks: South 06° 23' 55" West 60.38 feet to an EIP, South 13° 41' 37" East 260.89 feet to an EIP, and South 12° 03' 08" West 259.41 feet to an EIP Control Corner in the northern margin of the right-of-way of Bethabara Road, the point and place of BEGINNING, containing 5.00 acres according to a Boundary Survey of the Tribuzio Property prepared for Kavanagh Associates, Inc. by Evans Engineering, Inc. denoted as PROJ: 605-176, and dated 6-7-99. Being the same property conveyed to Grantor by deeds recorded in Deed Book 1459, Page 1242 and Deed Book 1704, Page 784, Forsyth County Registry.



*Prepared by and Mail to: Brian W. Byrd, SMITH MOORE LLP, P.O. Box 21927, Greensboro, NC 27420*

**NORTH CAROLINA  
FORSYTH COUNTY**

**SUPPLEMENT TO MASTER DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR DEACON RIDGE**

THIS SUPPLEMENT TO MASTER DECLARATION FOR DEACON RIDGE made this 20th day of June, 2002, by KAVANAGH ASSOCIATES, INC., a North Carolina corporation with its principal place of business in Greensboro, Guilford County, North Carolina, hereinafter referred to as "Declarant."

**WITNESSETH THAT:**

WHEREAS, Declarant caused the Master Declaration of Covenants, Conditions and Restrictions for Deacon Ridge to be recorded in Book 2142, Page 335 of the Forsyth County Registry (the "Master Declaration") and thereby subjected certain real property to the covenants, conditions, restrictions and easements therein contained; and

WHEREAS, Article VIII, Section 4(b), of the Master Declaration provides that the Declarant may annex certain additional property into Deacon Ridge without the consent of the owners of property previously subjected to the Master Declaration; and

WHEREAS, the land described in **Exhibit "A"** attached hereto and incorporated herein

by reference and shown on a plat entitled “**Deacon Ridge Townhomes, Phase 3, Map 1**” which is to be duly recorded in the Office of the Register of Deeds, Forsyth County, North Carolina (the “Annexation Property”) is part of the additional property which pursuant to Article VIII, Section 4(b) of the Master Declaration may be annexed into Deacon Ridge without the consent of property owners; and

WHEREAS, pursuant to the provisions of Article VIII, Section 4(b) of the Master Declaration, Declarant desires to exercise its right to annex the Annexation Property into Deacon Ridge and to subject all of the Annexation Property to the covenants, conditions, restrictions and easements contained in the Master Declaration.

NOW, THEREFORE, Declarant hereby supplements and amends the Master Declaration annexing the Annexation Property into Deacon Ridge and declares that all of the Annexation Property shall be held, sold and conveyed subject to the covenants, conditions, restrictions and easements contained in the Master Declaration, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in said property, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof. By accepting a deed to any portion of the Annexation Property, the owners thereof agree to abide by all of the covenants, conditions, restrictions and easements contained in the Master Declaration, including the covenants to pay any assessments levied pursuant thereto and to be subject to the liens for such assessments imposed therein.

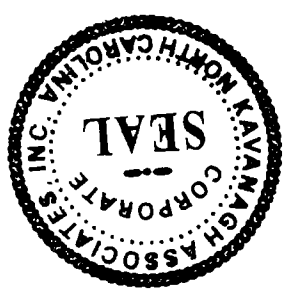
IN WITNESS WHEREOF, Kavanagh Associates, Inc. has caused this Supplement to be executed, under seal, in its corporate name by its duly authorized officers.

KAVANAGH ASSOCIATES, INC.  
By: [Signature]  
President

ATTEST:

Lisa N. Whitaker  
Asst- Secretary

[Corporate Seal]



STATE OF NORTH CAROLINA  
COUNTY OF Guilford

I, the undersigned, a Notary Public of said County and State, do hereby certify that Lisa N Whitaker personally appeared before me this day and acknowledged that he/she is the asst Secretary of KAVANAGH ASSOCIATES, INC., a North Carolina corporation, and that by authority duly given, and as the act of the corporation, the foregoing instrument was signed in its name by its \_\_\_\_\_ President, sealed with its corporate seal and attested by him/herself as its asst Secretary.

WITNESS my hand and official seal or stamp, this the 20 day of June, 2002.

[Signature]  
Notary Public

My Commission Expires:  
4-19-07

[NOTARYSEAL/STAMP]

SYLVIA JON PEGRAM  
NOTARY PUBLIC  
GUILFORD COUNTY, NC

BRANCH BANKING AND TRUST COMPANY, as the holder of an existing loan secured by the Deed of Trust recorded in Book 2067, Page 3370, in the Office of the Register of Deeds, Forsyth County, North Carolina, as amended by instruments entitled "Amendment to Deed of Trust" recorded in Book 2076, Page 1300 and Book 2117, Page 1656, in said Registry (the "Deed of Trust"), and BB&T Collateral Service Corp., as Substitute Trustee under the Deed of Trust, join in the execution of this instrument for the purpose of subjecting the aforesaid Deed of Trust to the terms and provisions of this Supplement to Master Declaration of Covenants, Conditions and Restrictions for Deacon Ridge.

**BRANCH BANKING AND TRUST COMPANY**

BY: *J M Morrow Jr*  
 J M MORROW JR. VICE President

ATTEST:

*Stanley P Gunter*  
 STANLEY P GUNTER ASST Secretary

(Corporate Seal)

**BB&T COLLATERAL SERVICE CORP.  
 Substitute Trustee**

BY: *J L B Bonham*  
VICE President

ATTEST:

*Stanley P Gunter*  
 STANLEY P GUNTER ASST. Secretary

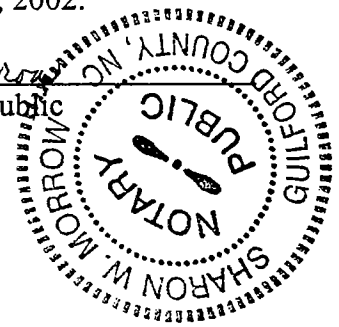
(Corporate Seal)

NORTH CAROLINA  
COUNTY OF GUILFORD

I, THE UNDERSIGNED, a Notary Public, do hereby certify that  
STANLEY P GUNTER personally appeared before me this day and acknowledged that  
he/she is the ASST Secretary of **BRANCH BANKING AND TRUST COMPANY**, and  
that by authority duly given and as the act of the corporation, the foregoing instrument was  
signed in its name by its VICE President, sealed with its corporate seal and attested by  
him/herself as its ASST Secretary.

WITNESS my hand and official seal this 24TH day of June, 2002.

Sharon W. Morrow  
Notary Public



My Commission Expires:

06/17/2007

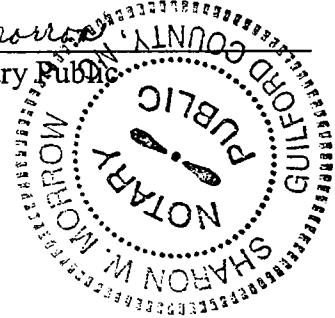
[NOTARY STAMP/SEAL]

NORTH CAROLINA  
COUNTY OF GUILFORD

I, THE UNDERSIGNED, a Notary Public, do hereby certify that  
STANLEY P GUNTER personally appeared before me this day and acknowledged that  
he/she is the ASST Secretary of **BB&T COLLATERAL SERVICE CORP.**, Substitute  
Trustee, and that by authority duly given and as the act of the corporation, the foregoing  
instrument was signed in its name by its VICE President, sealed with its corporate seal and  
attested by him/herself as its ASST Secretary.

WITNESS my hand and official seal this 24 day of June, 2002.

Sharon W. Morrow  
Notary Public



My Commission Expires:

06/17/2007

[NOTARY STAMP/SEAL]

STATE OF NC - FORSYTH CO      The foregoing certificate(s) of:  
Sharon W. Morrow, NP  
NP(s)

is/are certified to be correct at the date of recordation shown on the first page thereof.  
Dickie C. Wood, Register of Deeds by: [Signature] Deputy Asst

## **EXHIBIT A**

BEGINNING at a Control Corner, said Control Corner being located north 84°20'29" west 125.33 feet from the northeastern corner of Deacon Ridge Condominiums Phase 2, Map 1, as recorded in Condominium Book 5 at Page 169, thence from said Control Corner north 84°20'29" west 367.21 feet to a point; thence south 61°16'24" west 29.67 feet to a point; thence north 22°03'39" west 32.83 feet to a point; thence north 56°34'36" east 125.37 feet to a Control Corner; thence north 36°08'18" east 54.05 feet to a point; thence along a curve to the left having a radius of 183.0 feet and a chord bearing and distance of south 69°15'57" east 92.05 feet to a point; thence south 83°49'55" east 59.04 feet to point; thence south 06°10'05" west 113.46 feet to a Control Corner, the point and place of BEGINNING containing a lot area of 0.063 acres and common elements of 0.532 acres for a total area of 0.595 acres according to a Final Plat and "As Built", Phase 3, Map 1 (Building #1) (Lots 1 & 2) Deacon Ridge Townhomes prepared for John Kavanagh Company (Owner & Developer) by Evans Engineering, Inc. and denoted PROJ:605-200 and dated April 12, 2002.