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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
SIMEON PLACE

Return to: KEZIAH, GATES & SAMET (High Point)

KGS-tlp

Prepared by: Steven H. Bouldin

**THIS DECLARATION** is made this 2<sup>nd</sup> day of December, 2003, by GADDY CONSTRUCTION CO., L.L.C., a North Carolina limited liability company, (the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the real property shown on a map of Simeon Place recorded in Plat Book 155 at page 34 in the Guilford County Public Registry, which property is more particularly described in Section 1 of Article II below; and

WHEREAS, Declarant desires to create a townhome planned community to be named Simeon Place;

WHEREAS, Declarant desires to insure the attractiveness of the community, to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the community; to provide for the maintenance and upkeep of the Common Elements, as hereinafter defined, and certain exterior portions of the improvements on the Lots; and to this end desire to subject the real property described in Section 1 of Article II to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property described below and each owner thereof, and

WHEREAS, to achieve the above objectives, Declarant has deemed it desirable to create an organization to which will be delegated and assigned the power of owning, maintaining and administering the Common Elements, maintaining and repairing certain exterior improvements on the Lots, administering and enforcing the covenants and restrictions applicable to the community and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated under North Carolina law Simeon Place Townhome Association, Inc. as a non-profit corporation for the purpose of exercising and performing the functions described above;

NOW, THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does declare that portions of the properties shown on the map of Simeon Place, referred to above and more particularly described in Section 1 of Article II below, and such additions thereto as may be hereafter made pursuant to Article II hereof, is and shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions, charges and liens set forth in this Declaration, which are for the purpose of protecting the value and desirability of the properties, and which shall run with the title to the real property, shall 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.

ARTICLE I  
DEFINITIONS

Section 1. "Association" shall mean and refer to Simeon Place Townhome Association, Inc., a North Carolina non-profit corporation, its successors and/or assigns.

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Section 2. "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 buyers, but excluding those having an interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to the "Existing Property" described in Article II, Section 1, hereof, and such additions thereto as are or shall become subject to this Declaration and brought within the jurisdiction of the Association under the provisions of Article II hereof.

Section 4. "Lot" shall mean and refer to any numbered plot of land, with delineated boundary lines appearing on any recorded subdivision map of the Properties (with the exception of Common Elements), and shall include all improvements thereon.

Section 5. "Declarant" shall mean and refer to Gaddy Construction Co., L.L.C., a North Carolina limited liability company.

Section 6. "Common Elements" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners. Common Elements, with respect to the property subject to this Declaration, shall be shown on the various plat or plats of Simeon Place, recorded or to be recorded in the Guilford County Public Registry and designated thereon as "Common Elements", "Open Space", or other similar designations, but shall exclude all Lots as hereinabove defined which are shown thereon. The Common Elements to be owned by the Association at the time of the conveyance of the first Lot is shown as such on the plat of the Properties identified in Section 1 of Article II.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8. "Act" shall mean and refer to the North Carolina Planned Community Act, Chapter 47F, North Carolina General Statutes. The Act shall apply to the Properties including all Lots and to the Association.

Section 9. "Special Declarant Rights" shall mean the rights as defined in Section 47F-1-103(28) of the Act for the benefit of a Declarant, including, but not limited to the following: to complete improvements indicated on plats or plans filed with or referenced in the Declaration; to exercise any development right as defined in the Act; to maintain sales offices, management offices, models and signs advertising Simeon Place; to use easements through the Common Elements for the purpose of making improvements within Simeon Place or within real estate which may be added to Simeon Place; and to elect, appoint or remove any officer or Board member of the Association during any period of Declarant control.

ARTICLE II  
PROPERTIES SUBJECT TO THIS DECLARATION

Section 1. Existing Property. The property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration and within the jurisdiction of the Association is located in Guilford County, North Carolina, and is described as follows:

BEING ALL OF THE PROPERTY shown on the Final Plat of Simeon Place which is recorded with the Register of Deeds for Guilford County, North Carolina in Plat Book 155, at Page 34.

Section 2. Additions to Existing Property. Additional property may be brought within the scheme of this Declaration and the jurisdiction of the Association as follows:

(a) Additional residential property (and common elements) may be annexed to the Properties and brought within the scheme of this Declaration and the jurisdiction of the Association with the consent of the members entitled to at least two-thirds (2/3) of the votes appurtenant to all Class A lots and at least two-thirds (2/3) of the votes appurtenant to all Class B lots, if any, as hereinafter defined in Article III, Section 2. The Association may participate in mergers or consolidations with other non-profit corporations organized for the same or similar purposes as the Association, thereby adding to the Association, or to a surviving homeowners association, the properties, rights and obligations of the non-profit corporation with which it merges or consolidates. Any such merger or consolidation shall have the assent of, the members as provided above in this subsection (a), and no such merger or consolidation shall revoke, change or add to any of the provisions of this Declaration except as herein provided.

(b) The additions authorized under Subsection (a) shall be made by filing of record Supplementary Declarations of Covenants, Conditions and Restrictions with respect to the additional properties, which Supplementary Declarations of Covenants, Conditions and Restrictions shall extend the scheme of this Declaration and the jurisdiction of the Association to such properties and thereby subject such additions to assessment for their just share of the Association's expenses. A Supplementary Declaration may contain such complementary additions and modifications

of the covenants, conditions and restrictions contained in this Declaration as may be deemed by Declarant to be necessary or desirable with respect to the Properties which will be subject to the proposed Supplementary Declaration but unless approved by written and recorded agreement of sixty-seven percent (67%) of the Owners of the Lots which are then subject to this Declaration, the provisions of the proposed Supplementary Declaration may not amend or modify the provisions of this Declaration (as previously amended, if amended) insofar as it applies to Lots which are shown on maps recorded prior to recordation of the newly proposed Supplementary Declaration.

ARTICLE III  
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership Interest. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lots. The Association shall have two (2) classes of voting membership.

(a) Class A. Except as provided below, Class A Members shall be all Lot Owners except the Declarant; and Class A Members shall be entitled to one (1) vote for each Lot (Class A Lot) owned. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the vote appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. Class B Member shall be the Declarant (as defined in this Declaration) and such Member shall be entitled to three (3) votes for each Lot (Class B Lot) owned.

The Class B membership shall cease to exist and shall be converted to Class A membership with one vote for each Lot owned, on the happening of either of the following events, whichever occurs earlier:

(1) When the total number of votes appurtenant to the Class A Lots equals the total number of votes appurtenant to the Class B Lots; provided, that the Class B Lots shall be reinstated with all rights, privileges and responsibilities of such Class, if, after conversion of the Class B Lots to Class A Lots hereunder, additional land containing Lots is annexed to the Existing Property pursuant to Article II above, thus making Declarant the owner, by virtue of the newly created Lots and of other Lots owned by Declarant, of a sufficient number of Class B Lots to cast a majority of votes (it being hereby stipulated that the conversion and re-conversion shall occur automatically as often as the foregoing facts shall occur); or

(2) On December 31, 2005.

When the Class B Lots cease to exist and are converted to Class A Lots, Declarant shall have the same voting rights as other Owners of Class A Lots.

Provided, further, that nothing herein shall be construed to prohibit Declarant from converting all or part of the Class B membership to Class A membership, with the results set forth above at any time earlier than the alternative events referred to above, by written statement executed by the Declarant and delivered to the Association.

Section 3. Control by Declaration During Development Phase. Notwithstanding anything to the contrary in this Declaration, during the Development Phase (as defined herein), the Declarant shall have the right to designate and select the Board of Directors of the Association. For purposes of this section the "Development Phase" shall mean the period beginning on the date of incorporation of the Association and continuing until the earlier of (a) December 31, 2005, (b) the date when the Declarant has conveyed each and every Lot within the Properties, and (c) the date when the Declarant notifies the Association in writing that the Declarant has waived its right to designate and select the Board of Directors. Whenever the Declarant shall be entitled to designate and select any person or persons to serve on any Board of Directors of the Association, the manner in which such person or persons shall be designated as provided in the Articles of Incorporation and/or Bylaws of the Association. The Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person and persons to act and serve in the place of any Director or Directors so removed for the remainder of the unexpired term of any Director or Directors so removed. Any Director designated and selected by Declarant need not be the Owner of a Lot. Any representative of Declarant serving on the Board of Directors of Association shall not be required to disqualify himself from any vote upon any contract or matter between Declarant and the Association where Declarant may have pecuniary or other interest. Similarly, Declarant, as a Member of the Association, shall not be required to disqualify itself upon any contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest.

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Section 4. Suspension of Voting Rights. Voting rights attributable to an ownership interest in a Lot shall, as permitted by the Act, be suspended throughout the term for any default by an Owner of a Lot under the Bylaws or of this Declaration of Covenants, Conditions and Restrictions or of rules and regulations adopted and published by the Association.

ARTICLE IV  
PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement to use and enjoy the Common Elements, which rights and easements shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions, in addition to other restrictions in this Declaration:

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facilities situated upon the Common Elements, to limit the use of said facilities to Owners who occupy a residence on the Properties as their principal residence in Guilford County, North Carolina, and to their families, tenants, contract purchasers and guests as provided in Section 3 of this Article IV; and to adopt and publish rules and regulations governing the use of the Common Elements, including such recreational facilities;

(b) The right of the Association, as permitted by the Act, to suspend the voting rights and right of use of any recreational facilities by an Owner and the Owner's family, tenants, contract purchasers and guests for any period during which any assessment against the Owner's Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the Bylaws, this Declaration and published rules and regulations, if any;

(c) The right of the Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least eighty percent (80%) of the votes appurtenant to each Class of Lots (Class A and Class B) agree to such dedication or transfer and signify their agreement by a signed and recorded written document; provided that the foregoing shall not preclude the Association or Declarant, without such agreement by the Members, from granting easements to public authorities, utilities, or to others for the installation and maintenance of electrical, telephone, cable television, water and sewerage service and drainage facilities and other utilities upon, over, under and across the Common Elements, without the assent of the membership when, in the sole opinion of the Board of Directors or Declarant, such easements do not interfere with the use and enjoyment of the Properties or are necessary for the convenient use and enjoyment of the Properties;

(d) The right of the Association to limit the number of guests of Members;

(e) The right of the Association, with the written assent of Members entitled to at least two-thirds (2/3) of the votes appurtenant to each Class of Lots (Class A and Class B) to mortgage, pledge and deed in trust any and all of its real or personal property as security for money borrowed or debts incurred for the purpose of improving the Common Elements and facilities, with the rights of such creditors to be subordinate to the rights of the Owners hereunder; and

(f) The right of the Association to adopt, publish, and enforce rules and regulations as provided in Article X.

Section 2. Sign Easements. The Association may maintain within the Common Elements, neighborhood signs and landscaping and lighting surrounding such signs. The costs of all such maintenance, repair and replacements of the signs, landscaping and lighting shall be part of the common expenses of the Association, payable by the Owners as set out in Article V of this Declaration. In addition, easements for the maintenance of subdivision signs and landscaping and lighting surrounding the signs are reserved as indicated on recorded plats.

Section 3. Delegation of Use.

(a) Family. The rights and easement of enjoyment granted to every Owner in Section of this Article IV may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Guilford County, North Carolina.

(b) Tenants or Contract Purchasers. The right and easement of enjoyment granted to every Owner in Section 1 of this Article IV may be delegated by the Owner to his or her tenants or contract purchasers who occupy a residence within the Properties as their principal residence in Guilford County, North Carolina.

(c) Guests. Common Elements may be utilized by guests of Owners, tenants or contract purchasers subject to the rules and regulations of the Association governing said use, as established by the Board of Directors.

ARTICLE V  
COVENANT FOR MAINTENANCE ASSESSMENTS

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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 such deed, is deemed to covenant and agree to pay to the Association (a) annual assessments or charges and (b) special assessments for capital improvements; such assessments to be established and collected as hereinafter provided. In addition, the Association may establish an initiation fee to be assessed against each new Owner who acquires title to a Lot in order to defray certain administrative costs, including for example only, providing copies of the bylaws, declaration, rules and regulations, budget, assessment schedule, and other pertinent information. The charge for the new member initiation fee shall be collectible as an additional assessment against the applicable Lot. The annual and special assessments (including the new member initiation fee), together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment fell due, but not of an Owner's successors in title unless expressly assumed by such successor.

Section 2. Purpose of Assessments. 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 improvement and maintenance of the Common Elements and those exterior portions of the improvements on the Lots over which the Association has repair and maintenance responsibility, walks, street lights (if not maintained by a governmental entity or utility), all for the use and enjoyment of the Common Elements, including, but not limited to, the cost of repairs, replacements, and additions; the cost of labor, equipment, materials, management, and supervision; the payment of local taxes and payment of assessments for public and private improvements made to or for the benefit of the Common Elements assessed against the Common Elements, if any. In addition, the assessments may be used for the procurement and maintenance of insurance in accordance with this Declaration; the employment of attorneys 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, and any other major expense for which the Association is responsible; and such other needs as may arise.

Section 3. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Elements and other exterior improvements on the Lots which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

Section 4. Adoption of Budget and Fixing of Annual Assessments, Maximum Annual Assessment.

(a) Adoption of Budget. At least thirty (30) days in advance of each annual assessment period, the board of directors 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 board of directors 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 board of directors shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than the (10) nor more than sixty (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 board of directors.

(b) Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$900.00 per Lot, which assessments shall be payable annually or in installments, as determined by the Board of Directors. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased by the Board of Directors, effective January 1 of each year, without a vote of membership, but subject to the limitation that any such increase shall not exceed ten percent (10%) of the annual assessment of the preceding year. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the maximum increase stated above if such increase is approved by a majority of the Members 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 ten (10) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 5. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment or assessments ("Special Assessments") for the purpose of defraying, in whole or in part, any costs incurred by the Association which are not paid for out of funds on hand in the Association or out of the annual assessments collected by the Association. Such costs may include, but shall not be limited to, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements or exterior portions of the Lots over which the Association has repair and maintenance responsibility,

including fixtures and personal property related thereto. Any Special Assessment shall have the same assent of a majority of the Members 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 ten (10) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 6. Notice and Quorum for any Action Authorized Under Section 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 or 5 shall be sent to all Members no less than ten (10) 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 five-ninths (5/9) percent of all the votes appurtenant to Class A lots and Class B lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice or requirement, and if the same is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments shall, except as otherwise specifically provided for in this Declaration, be fixed at a uniform rate for all Lots and shall be collected on a schedule established by the Board of Directors.

Section 8. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to each Lot beginning with the month following the conveyance of the Lot by the Declarant to an Owner other than the Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot and in the event the Board elects not to affix such assessment as herein provided, the amount of the prior year's annual assessment shall be the fixed amount. Written notice of any change in the assessment rate shall be sent to every Owner. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. 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 9. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment not paid within fifteen (15) days after the due date shall be assessed a late charge in the amount of Fifteen and No/100 Dollars (\$15.00) or in an amount to be determined from time to time by the Board of Directors, and the assessment and late charge shall bear interest from the due date at an annual rate equal to the lesser of (a) twelve percent (12%) per annum or (b) the maximum rate allowed by law. The Association, or its agent or representative, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien as provided in Section 47F-3-116 of the Act against the Lot to which the assessment related; and, in either event interest, costs and reasonable attorney's fees of any such action shall be added to the assessment to the extent allowed by law. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of such Owner's Lot. In the event of a default for a period of thirty (30) days by any Owner in the payment of any assessment levied against the Owner's unit, the Board of Directors shall have the right, after notice and hearing, to declare all unpaid assessments for the then current fiscal year to be immediately due and payable.

Section 10. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust on a Lot and to any ad valorem taxes on such Lot. Sale or transfer of any Lot shall not affect any assessment lien. However, the sale or transfer of any Lot which is subject to any 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 payments thereof which became due prior to such sale or transfer (but shall not affect the personal liability of the Owner for payment of such assessments). No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Default of Owners' Association. Upon default by the Owners' Association in the payment to the jurisdiction entitled thereto of any assessments for public improvements or ad valorem taxes levied against 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 jurisdiction a portion of the taxes or assessments in an amount determined by dividing the total taxes and/or assessments due to the jurisdiction by the total number of lots in the development. If the sum is not paid by the owner within thirty (30) days following receipt of notice of the amount due; the sum shall become a continuing lien on the property of the owner, his heirs, devisees, personal representatives and assigns. The taxing or assessing jurisdiction may either bring an action at law against the owner personally obligated to pay the same, or may elect to foreclose the lien against the property of the owner.

## ARTICLE VI ARCHITECTURAL CONTROL

Section 1. Improvements. No improvements, alteration, repair, change in paint color, excavation, change in grade, planting, landscaping, or other work which in any way alters the exterior of any Lot or the

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improvements located thereon from their natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant to an Owner other than Declarant, shall be commenced, erected or maintained upon any Lot and no building, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered or removed, 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 representatives appointed by the board (the "Architectural Control Committee"). Temporary seasonal exterior decorations shall not require the prior approval of the board of directors or the Architectural Control Committee, but if any such decorations are determined, in the sole discretion of the board of directors or the Architectural Control Committee, to be distasteful or otherwise disruptive of the aesthetics or visual harmony of the community, the board of directors or the Architectural Control Committee may require that such decorations promptly and permanently be removed. In the event that an Owner neglects or fails to remove any such decorations at the request of the board of directors or the Architectural Control Committee, the Association may provide such removal in its discretion. 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 for such purpose and the cost of such removal shall be added to and become a part of the assessment to which such Lot is subject. Notwithstanding the foregoing, nothing herein contained shall prevent or interfere with the right of the Declarant to improve and develop the Properties, including the Lots, as Declarant chooses, so long as the development follows the general plan of development of the Properties from time to time approved by the appropriate local governmental authority. Accordingly, nothing herein shall require that the Declarant seek or obtain the approval of the Architectural Control Committee for improvements erected on the Properties by or at the direction of Declarant.

Section 2. Procedures.

(a) Any person desiring to make any improvement, alteration or change described in Section 1 above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the board of directors of the Association or the Architectural Control Committee which shall evaluate such plans and specification in light of the purposes of this Article. The board of directors or the Architectural Control Committee shall promptly act upon all submitted plans and specifications and in any event within forty five (45) days after receipt of such plans and specifications; provided, however, that failure to act upon any submitted plans and specifications shall not constitute an approval or waiver.

(b) Upon approval by the board of directors or the Architectural Control Committee of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specification, as approved, shall be deposited for permanent record with the board or Architectural Control Committee and a copy of such plans and specification bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot of any plans and specification shall not be deemed a waiver of the board's or Architectural Control Committee's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot. Approval of any such plans and specification relating to any Lot, however, shall be final as to that Lot and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval. As a condition to the granting of approval of any request made under this Article, the Association may require that the Owner(s) requesting such change be liable for any cost of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Owner(s) shall evidence consent thereto by a written document in recordable form satisfactory to the Association. Thereafter, the Owner(s), and any subsequent Owner(s) of the Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, are deemed to covenant and agree that the cost of maintaining, repairing and insuring such alteration shall be a part of the annual assessment or charge set forth herein, and subject to the lien rights described herein.

(c) Neither Declarant, nor any other member of the Association's board of directors or Architectural Control Committee, shall be responsible or liable in any way for any defects in any plans or specification approved by them, nor for any structural defects in any work done according to such plans and specifications. Further, neither Declarant, nor any member of the Association's board of directors or Architectural Control Committee, shall be liable in damages to anyone by reason of mistake in judgment, negligence, misfeasance, malfeasance or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specification or the exercise of any other power or right provided for in this Declaration. Every person who submits plans or specifications for approval agrees, by submission of such plans and specifications, and every owner of any Lot agrees, that he or she will not bring any action or suit against Declarant, or any member of the Association's board of directors or Architectural Control Committee, to recover any such damage.

ARTICLE VII  
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 Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence, or willful acts or omissions shall apply thereto.

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

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. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent 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 and repairing any damage resulting from such exposure.

Section 5. 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 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VIII  
EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance To Be Performed By The Association. The Association shall maintain the Common Elements and shall maintain the grounds of each Lot which is subject to assessments hereunder, in such manner as reasonably determined by the board of directors, as follows:

(a) Landscaping. The Association shall mow, seed and fertilize all grassed areas, mulch, remove dead or diseased plants, trees or shrubs if such plants, trees or shrubs existed at the time Declarant initially conveyed the Common Elements, or the Lot on which the plant, tree or shrub is located, to the Association or any Owner other than Declarant; replace dead or diseased plants, trees or shrubs planted by the Declarant or the Association; and prune all plants, trees or shrubs planted by the Declarant or the Association.

(b) Exterior Dwelling Maintenance. The Association shall provide exterior maintenance for the dwelling located on each Lot which is subject to assessments hereunder, as follows: paint, repair, replace and care of roofs (including sheathing, rubber roofing on flat roof areas, shingles, air vents, gas vent and cap, plumbing vent, and flashings for roof penetrations), exterior building surfaces (including brick and mortar, eaves cladding, window frames, lighting for Common Elements, gutters and downspouts, house numbers mounted on front door, iron railings for steps, and the routine maintenance, but not replacement, of front doors but excluding front door hardware).

(c) Exterior Lot Maintenance. The Association shall provide the following maintenance on exterior lot improvements: patio wooden fencing, Common Elements fencing, concrete walkways, retaining walls, and water, sewer, telephone, electric, natural gas and cable TV lines up to the point of entry into the dwelling.

Such exterior maintenance shall not include the exterior maintenance to be performed by the Owners as provided in Section 3 below. In the event that the need for any maintenance, repair or replacement required hereunder to be performed by the Association is caused through the willful or negligent act of the Owner, his family, guests or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending strike, civil commotion, aircraft, vehicles or smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage insurance policies, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject.

Section 2. Limitations on Association's Repair and Maintenance Responsibility. Notwithstanding the responsibilities imposed on the Association by Section 1 above, the Association is not an insurer and the Association's responsibility to maintain and repair as stated above is confined to making the proper repairs (a) within a reasonable time after the Association has received notice of the necessity, nature and, if known, location of the repairs, and (b) within the financial budgetary limitations of the Association. Each Owner shall have the obligation to carry adequate insurance

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on all improvements on the Owner's Lot and on all personal property located within the Lot in the amount of the full insurable replacement cost of such property. Upon request of the board of directors of the Association, each Owner shall submit written evidence that all required insurance is in place.

Section 3. Exterior Maintenance To Be Performed By The Owners. Each Owner shall be liable and responsible for maintenance, repair and replacement, as the case may be, of all glass surfaces, window or door screens, any storm doors installed by Owner (any such installation being subject to Article VI hereof), air conditioning and heating equipment and all other equipment required to provide water, light, power, telephone, sewage and sanitary service to the Owner's Lot which are not publicly maintained. In the event that the Owner neglects or fails to maintain his or her Lot and/or the exterior of his or her dwelling in a manner consistent with other Lots and dwellings within the Properties, the Association may provide such exterior maintenance and all costs incurred by the Association in providing such exterior maintenance shall be added to the annual assessment for such Lot and subject to the lien rights described in Article V; provided, however, that the Association shall first give written notice to the Owner of the specific items of exterior maintenance or repair the Association intends to perform and the Owner shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance himself or herself. The determination as to whether an Owner has neglected or failed to maintain his or her Lot and/or dwelling in a manner consistent with other Lots and dwellings within the Properties shall be made by the board of directors of the Association, in its sole discretion.

Section 4. Easement To Perform Exterior Maintenance. 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. In addition, the Association shall have the right to enter any dwelling if necessary to accomplish the Association's repair and maintenance responsibilities; provided, however, that the Association may enter a dwelling only with the Owner's permission except in cases of emergency in which case the Association shall promptly inform the Owners after such entry.

## ARTICLE IX INSURANCE

Section 1. By the Association: The Association shall procure and maintain insurance coverage as follows:

(a) Common Elements. All insurance policies upon the Common Elements shall be purchased by the Association for the benefit of the Association and the Owners and their mortgagees, as their interests may appear, and provisions shall be made where available for the issuance for certificates or mortgagee endorsements to the mortgagees of Owners upon request therefor by any Owner.

(b) Coverage. All insurable improvements upon the Common Elements and all personal property of the Association included in the Common Elements and facilities shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against: (i) loss or damage by fire and other hazards, including extended coverage, vandalism and malicious mischief, and (ii) such other risks as the Association may from time to time elect to protect against.

(c) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million and No/100 (\$1,000,000.00) Dollars per occurrence and may include an endorsement to cover liability of the Owners, as a group, to a single Owner.

(d) Board and Officers. If available at a reasonable cost, liability insurance on each officer and director of the Association shall be secured by the Association.

(e) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and shall be included as part of the annual assessment described in Article V above.

(f) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and shall provide that all proceeds thereof shall be payable to the Association.

Section 2. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise execute control over the assets of the Association or those held in trust, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to six (6) months' assessments, plus reserves accumulated at the time of the bonding. This requirement may be waived by the Board of Directors if the Association has engaged the services of a property management firm who shall have the responsibility for receiving, depositing, and disbursing monies of the Association.

Section 3. By the Owners. Each Owner shall have the obligation to carry adequate insurance on all improvements on the Owner's Lot and on all personal property located within the Lot in the amount of the full insurable replacement cost of such property. Upon a casualty, the Owner shall promptly restore the improvements upon a Lot as close as possible to its original condition.

## ARTICLE X USE RESTRICTIONS

Section 1. Rules and Regulations. Use and enjoyment of the Properties shall be governed and regulated by the rules and regulations set out in this Article X, which may be amended or abrogated only by amendment to this Declaration, as provided in Article XIII, Section 3. However, the Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable supplemental rules and regulations and may provide for imposition of fines and other penalties for the violation thereof or for the violation of any of the covenants and conditions contained in this Declaration.

Section 2. Residential Use. Except as may be otherwise expressly provided in this Declaration, each Lot shall be used for residential purposes only. Lease or rental of a house for residential purposes shall not be considered to be a violation of this Covenant, so long as the lease is in compliance with the provisions of this Declaration, the Bylaws and reasonable rules and regulations adopted by the Board.

Section 3. Prohibition of Renting for Transient or Hotel Purposes. No Owner shall rent his Lot for transient or hotel purposes, which, for the purposes of this Declaration shall be defined as either a rental for any period less than one hundred eighty (180) days or any rental if the lessee of the Lot is provided customary hotel services; provided, however, an Owner may rent his Lot for a shorter term, not less than five (5) days for up to two times within a calendar year. Each permitted lease shall be in writing and shall be subject to this Declaration, the Bylaws, and the Rules and Regulations adopted hereunder and any failure of the lessee to comply with the terms of such documents shall be a default under the lease. Other than the foregoing restrictions, each Owner shall have the full right to lease all or any portion of his Lot.

Section 4. Antennas/Satellite Dishes. Except for "dish" antennas designed to receive direct broadcast satellite service, including direct-to-home satellite service, one meter (39") or less in diameter, antennas designed to receive video programming services via MMDS (wireless cable) and antennas designed to receive television broadcast signals, no outside antennas or satellite dishes and no free standing transmission or receiving towers shall be erected on any Lot within the Properties without the prior written permission of the board of directors or Architectural Review Committee. Except as otherwise reasonably required in order to receive the intended signal, any antenna or satellite dish erected on any Lot within the Properties shall be affixed to the dwelling, shall be a color which blends with its surrounds, shall have a mast only as high as reasonably necessary to receive the intended signal and shall not be visible from any street. The board of directors may adopt rules and regulations regarding the placement and installation of satellite dishes and other receivers consistent with the requirements of the Telecommunications Act of 1996, as amended.

Section 5. Nuisances. No activity deemed noxious or offensive by the Board of Directors or the Architectural Control Committee, if any, shall be carried on upon any Lot or within the Common Elements, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood as determined by said Board or Committee. Examples of such offensive activities shall include, but not be limited to, the origination or emission of any loud or disturbing noise or vibrations; the maintenance of an auto repair site; the maintenance of unsightly outdoor storage of personal property (including toys, motorcycles or other motor vehicles, tricycles, bicycles, wood piles or other miscellaneous items) on porches, patios, terraces or yards; and similar unsightly activity (such as use of outdoor clothes drying lines) not in keeping with the aesthetic character and high level of appearance of the community.

No potentially hazardous or toxic materials or substances shall be used or stored on any Lot other than normal household, lawn and garden products which shall be used by Owner in a manner that will not permit spills or runoff of such materials anywhere within the Properties. No activity shall be allowed which violates local, state or federal laws or regulations and the Board shall have the right, but not the obligation, to take enforcement action in the event of a violation.

Section 6. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes. The number of household pets generally considered to be outdoor pets, such as dogs and cats, shall not exceed two (2) in number, except for newborn offspring of such household pets which are under six (6) months in age. Notwithstanding the foregoing, pitbulls and rottweilers, are expressly prohibited, and the Association shall have the right to prohibit, or require the removal of, any dog or other animal which the Association, in its sole discretion, deems to be undesirable, a nuisance or a safety hazard after consideration of factors such as size, breed and disposition of the animal, likely interference by the animal with the peaceful enjoyment of the Properties by Owners and the security measures taken by the Owner with respect to such animal.

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Section 7. Vehicles. Except during construction or for temporary loading and unloading of household goods, no truck or commercial vehicle in excess of one ton load capacity may be parked on or permitted to remain on any Lot or the Common Elements.

No vehicle of any type which is abandoned, inoperative, wrecked, or lacking of a current license tag and inspection sticker shall be stored, parked or kept in the Common Elements. No vehicles of any type shall be parked on the sidewalk or within a street right-of-way, nor shall vehicles of any type be parked or stored on any part of a Lot or Common Elements approved for that purpose (driveway or parking pad). This prohibition shall not preclude occasional, overnight or temporary daytime overflow parking within the street right-of-way by guests of an Owner, or tenant of an Owner, as long as no inconvenience is imposed upon one or more Owners of other Lot(s).

The provisions of this Article shall not preclude the parking of construction trailers within the Properties or the construction, maintenance and use by a builder of temporary buildings and other structures while there is new construction and/or sales activities within the Properties. Daytime and overnight parking of trucks and other construction vehicles shall also be permitted throughout the Lot development and construction periods.

No trailers of any type, mobile house trailers, on or off wheels, recreational vehicles ("RVs"), motorcycles, scooters, motor homes, vehicles or enclosed bodies of the type which may be placed on or attached to a vehicle (known generally as "campers"), commercial vehicles of any kind (including buses) or boats or boat trailers shall be permitted, parked or stored in the Common Elements, or on any street; provided that the temporary parking of commercial vehicles will be permitted while the driver thereof is on business delivering goods or services to a customer within the Properties.

Mini-bikes, go-carts, ATVs and similar vehicles are prohibited from being used or operated on or with the Properties.

Section 8. Signs. No signs or other advertising devices shall be erected upon or displayed or otherwise exposed to view on any Lot, or any improvement thereon, without the prior written consent of the Association, except that "For Sale" signs not exceeding 20" x 35" may be displayed from inside a dwelling but may not be placed on the exterior of any Lot or on the Common Elements and provided, however, that Declarant may post temporary "For Sale" and other advertising signs anywhere on the Properties until such time as all Lots owned by Declarant have been sold and conveyed.

Section 9. Control of Dogs. Every person owning or having possession, charge, care, custody or control of a dog shall keep such dog exclusively upon his or her Lot; provided, that such dog may be off premises if it is under the control of a competent person and restrained by a chain, leash or other means of adequate physical control.

Section 10. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish, and all trash, garbage and other waste shall be stored in sanitary containers in accordance with the rules and regulations of the Association and of any health or public safety authority having jurisdiction over the Properties. No trash, garbage or other waste may be placed within the Common Elements, except in containers approved by the Association.

Section 11. Subdivision of Lots. No Lot shall be subdivided into a lot smaller than or different from the Lot shown on the recorded plat.

Section 12. Waiver. Declarant reserves the right to waive, in whole or in part, minor violations of any of the foregoing restrictions and Declarant may appoint a successor by an instrument filed in the Guilford County Registry who shall also have the right during such period to waive, in whole or in part, any minor violations of the foregoing restrictions. After the period of Declarant control has ceased (that is, when Class B membership has ceased), minor violations of the restrictive covenants contained herein may be waived by the Board of Directors (or the Architectural Control Committee, if established) and immediately adjacent Lot owners by an instrument signed by those parties.

ARTICLE XI  
EASEMENTS

Section 1. General. All of the Properties, including Lots and Common Elements, shall be subject to easements for water lines, septic lines, storm drainage facilities, gas lines, telephone lines, electric power lines and other private and public utilities in order to provide such services to the Lots and to the Properties. In addition, the Association, after conveyance of the Common Elements to the Association, shall have the power and authority to grant and establish upon, over, under, and across the Common Elements such further easements as are in the opinion of the Association, requisite for the convenient use, development and enjoyment of the Properties. In addition, there is hereby reserved in the Declarant and its agents and employees an easement and right of ingress, egress, and regress across all Common Elements now or hereafter owned by the Association, for the purpose of development of the Properties and construction of improvements within the Properties.

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Section 2. Encroachments. In the event that any improvements on a Lot shall encroach upon any Common Elements or upon any other Lot as a result of the initial improvements constructed by the Declarant or for any reason not caused by the purposeful or negligent act of the Owner or agents of such Owner, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the Common Elements or other Lot for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Elements shall encroach upon any Lot, then an easement shall exist for the continuance of such encroachment of the Common Elements into any such Lot for so long as such encroachment shall naturally exist.

ARTICLE XII  
INDEMNIFICATION OF DIRECTORS AND OFFICERS

Neither Declarant, nor any member of Declarant, nor any Member, nor the Board of Directors (individually or collectively), nor any officers, directors, agents or employees of the Association, shall be personally liable for debts contracted for, or otherwise incurred by, the Association or for a tort of a Member, whether such Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor their directors, officers, agents, members or employees, shall be liable for any incidental or consequential damages for failure to inspect the Lots, the Common Elements or any other portion of the Properties, or any improvements thereon, or for failure to repair or maintain the same. Neither Declarant, the Association nor any other person, firm or entity making such repairs or maintenance shall be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any Properties or improvements.

The Association shall, to the extent permitted by applicable law, indemnify, defend and save harmless all members of the Board from and against any and all loss, cost, expense, damage, liability, claim, action or cause of action arising from or relating to the performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified.

The Association shall indemnify every director, officer, former director and former officer of the Association and any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not-for-profit, against expenses (including attorneys' fees) and liabilities actually and reasonably incurred by him or her in connection with the defense of, or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he or she is made a party or was (or is threatened to be made) a party by reason of being, or having been, such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of a duty.

The indemnifications provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, by-law, agreement, vote of members or of disinterested directors, or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association shall undertake to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him or her and incurred by him or her in such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability.

The Association's indemnity of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his or her behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article XII, or in the by-laws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

ARTICLE XIII  
GENERAL PROVISIONS

Section 1. Enforcement. The Association, and each Owner, shall have the right to enforce by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions for this Declaration. Failure by the Association or by 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 judgement or court order shall in no way affect any other provisions which shall remain in full force and effect.

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Section 3. Amendment and Termination. The covenants and restrictions of this Declaration shall run with 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 abrogated by a written termination agreement signed by seventy-five (75) percent of the Members and filed in the Register of Deeds of Guilford County within sixty (60) days prior to the beginning of a ten (10) year extension period. This Declaration may also be amended by an instrument signed by the Owners entitled to not less than sixty-seven (67) percent of the votes eligible to be cast at the time of the amendment. In addition, this Declaration may also be amended, altered, provisions waived or otherwise changed by the Declarant, its successors and assigns. Any such amendment shall not be effective until such amendment has been filed for record in the Guilford County Public Registry.

Section 4. Management and Contract Rights of Association. Declarant may enter into a contract with a management company or manager for the purpose of providing professional services in the operation, care, supervision, maintenance, and management of the Properties. However, no such contract shall be binding upon the Association except through express adoption or ratification of the terms and conditions of such contract by the Board of Directors of the Association. Any management contract entered into by Declarant, or by the Association while Declarant is in control thereof, shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer of control by Declarant to the Association.

Section 5. Rights of Noteholders. Any institutional holder of a first mortgage on a Lot will, upon written request therefor (acknowledged by the Association), be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and the right to designate a representative to attend all such meetings, (d) receive written notice of any condemnation or casualty loss that affects either a material portion of the Properties or the Lot securing its mortgage, (e) receive written notice of any sixty (60) day delinquency in the payment of dues, assessments or charges owed by the Owner of the Lot on which it holds the mortgage, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, (g) receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, and (h) be furnished with a copy of the master insurance policy.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed this 20 day of May, 2004.

GADDY CONSTRUCTION CO., L.L.C. (SEAL)  
By: Sim Gaddy  
Manager

NORTH CAROLINA  
GUILFORD COUNTY

I, Steven H Bouldin, a Notary Public of said county and state, hereby certify that Sim Gaddy personally appeared before me and acknowledged that he or she is manager of GADDY CONSTRUCTION CO., L.L.C., a limited liability company, and that by authority duly given and as the act of the limited liability company, the foregoing instrument was signed in its name by its manager.

WITNESS my hand and notarial seal this the 20 day of May, 2004.

Steven H Bouldin  
Notary Public

My Commission Expires:  
4-26-05

STEVEN H. BOULDIN  
Notary Public  
Guilford County, NC

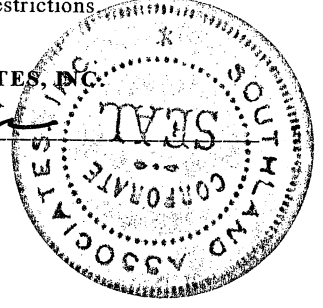
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CENTRAL CAROLINA BANK, a division of National Bank of Commerce, as the holder of a promissory note secured by a deed of trust recorded in Deed Book 5613, at Page 673 and an assignment of leases, rents and profits recorded in Deed Book 5613, at Page 681, Guilford County Registry, and SOUTHLAND ASSOCIATES, INC., as Trustee under said deed of trust, join in the execution hereof for the purpose of subjecting the aforesaid deed of trust and assignment to the terms and provisions of this Declaration of Covenants, Conditions and Restrictions

CENTRAL CAROLINA BANK, a division of National Bank of Commerce

By: *Thomas G. Nisbet Jr*  
Vice President  
CENTRAL CAROLINA BANK  
NORTH CAROLINA  
GUILFORD COUNTY

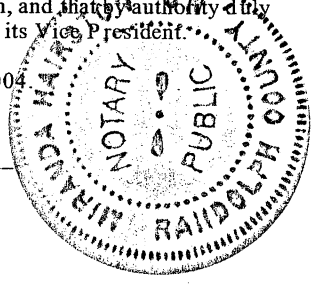
Trustee:  
SOUTHLAND ASSOCIATES, INC.  
By: *Omig S. Sims*  
Vice President



I, *Miranda Hairston*, a Notary Public of said county and state, hereby certify that *Thomas G. Nisbet Jr* personally came before me this day and acknowledged that he is Vice President of CENTRAL CAROLINA BANK, a division of National Bank of Commerce, a corporation, 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.

WITNESS my hand and notarial seal this the *12* day of *March*, 2004

*Miranda Hairston*  
Notary Public



My Commission Expires:  
*1-28-06*

\*\*\*\*\*

NORTH CAROLINA  
GUILFORD COUNTY

I, *Miranda Hairston*, a Notary Public of said county and state, hereby certify that *Jeffrey S. Sims* personally came before me this day and acknowledged that he is Vice President of SOUTHLAND ASSOCIATES, INC., a corporation, 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.

WITNESS my hand and notarial seal this the *12* day of *March*, 2004

*Miranda Hairston*  
Notary Public



My Commission Expires:  
*1-28-06*



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KATHERINE LEE PAYNE, REGISTER OF DEEDS  
GUILFORD COUNTY  
201 SOUTH EUGENE STREET  
GREENSBORO, NC 27402

\* \* \* \* \*

State of North Carolina, County of Guilford

The foregoing certificate of Steven H Bouldin  
Miranda Houston

A Notary (Notaries) Public is/are certified to be correct. This instrument and this certificate are duly registered at the date and time shown herein.

KATHERINE LEE PAYNE, REGISTER OF DEEDS

By: Jane Schultz  
Deputy - Assistant Register of Deeds

\* \* \* \* \*

**This certification sheet is a vital part of your recorded document.  
Please retain with original document and submit when re-recording.**