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Bk:RB5094 Pg:484  
01/12/2011 03:46:55 PM 1/34

FILED Deborah B. Brooks  
Register of Deeds, Orange Co., NC  
Recording Fee: \$113.00  
NC Real Estate TX: \$.00

9779-11-5 880msb DB

Prepared by and return to: Bagwell Holt Smith Jones & Crowson, P.A., 2000 Aerial Center Parkway, Suite 110BC, Morrisville, North Carolina

(4)

NORTH CAROLINA

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR LLOYD SQUARE SUBDIVISION**

ORANGE COUNTY

**THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR LLOYD SQUARE SUBDIVISION**, made and entered into this the 28th day of December, 2010, by EDWARD HAHN and JOANNE ROSSETTI, hereinafter referred to as "Declarant," whose address is 2023 Foxwood Farm Trail, Chapel Hill, North Carolina 27516.

WITNESSETH:

WHEREAS Declarant is the owner of 5.98 acres, more or less, of real property located in Orange County, North Carolina and being more described in a deed recorded in Book 3726, Page 53, Orange County Registry, North Carolina, to which deed reference is hereby made for a more particular description of same, said land being identified herein as the "Property;"

AND WHEREAS Declarant will convey lots from the Property subject to the terms and conditions of this Declaration.

NOW, THEREFORE, Declarant declares that the Property shall be held, sold and conveyed subject to the following restrictions, covenants and conditions. The purpose of these restrictions, covenants and conditions is to protect the value, desirability and attractiveness of the Property. These restrictions, covenants and conditions shall be appurtenant to and run with the land and shall be binding on all parties having any right, title or interest in the Property 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 LLOYD SQUARE HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 2: "Property" shall mean and refer to certain real property located in Carrboro, Orange County Registry, North Carolina, and as further described in Exhibit "A" attached hereto and incorporated herein.

Section 3: "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of all the Lot Owners, and all amenities, improvements and structures now or hereafter located thereon. The Common Area shall be identified upon all recorded subdivision plats of the Property. The Common Area shall include but not be limited to all of the open space, trails and pedestrian right of ways, storm water facilities and private storm water easement areas (and all facilities thereon), and dedicated public right-of-ways as shown on the plat of LLOYD SQUARE SUBDIVISION, as shown upon the recorded subdivision plat or plats of the Property.

Section 4: "Lot" shall mean and refer to any plot of land shown upon the recorded subdivision plat or plats of the Property with the exception of the Common Area.

Section 5: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title or of a ground lease interest under a ground lease for an original term of at least fifty (50) years to any Lot which is a part of the Property with the exception of the Common Area. "Owner" shall not include those who have an interest in the Lot merely as security for the performance of an obligation.

Section 6: "Declarant" shall refer to Edward Hahn and Joann Hahn, their heirs, successors and assigns.

Section 7: "Declaration" shall mean and refer to this instrument as executed, made applicable to the Property and recorded in the Office of the Register of Deeds of Orange County.

Section 8: "Member" shall mean and refer to those persons entitled to membership as provided in The Declaration.

Section 9: "Board of Directors" shall mean the Board of Directors of the Association.

Section 10: "Design Review Committee" shall mean the entity vested with the authority to promulgate and enforce architectural control standards.

**ARTICLE II**  
**HOMEOWNERS' ASSOCIATION**



Section 1: Declarant has created the LLOYD SQUARE HOMEOWNERS ASSOCIATION, INC., ("the Association") (See Exhibit "B"), to serve the purposes set forth herein and in its Articles of Incorporation and By-Laws, and thereby to promote and protect the enjoyment and beneficial use and ownership of the Property. The purposes of the Association shall be:

- (a) To own, maintain and preserve all open space and other tracts or easements and any amenities or structures located within the Common Area or other tracts or easements reserved or conveyed herein (including but not limited to private storm water drainage easements and facilities thereon), and to provide landscaping services for entry and open space including without limitation, all sodding and irrigation and the planting, preservation and care of trees and shrubbery located within the Common Area, and to repair and maintain the entry way improvements and all lighting installed in, on or about the entryway improvements;
- (b) To enforce the provisions of these Declarations, any amendments to this Declaration, and of any by-laws and rules and regulations promulgated by the Association; and
- (c) To promote and protect the enjoyment and beneficial use and ownership of the Lots.

Section 2: The members of the Association shall enact and adopt any by-laws, rules and regulations, subject, however, to the terms and conditions of the Declaration, that they deem necessary for the operation of the Association, which by-laws, rules and regulations shall be binding upon all members.

### **ARTICLE III** **COMMON AREA**

Section 1: Description/Maintenance:

- (a) Included among the amenities and structures located within the Common Area shall be landscaping, signs, entry way structures, storm water facilities (including all private storm water easement areas and facilities thereon), recreational and playground areas, and trails. The Association shall be responsible for the management, maintenance and operation of the Common Area and all structures located thereon and for the payment of all property taxes and other assessments which are liens against the Common Area and amenities, structures and other improvements thereon, from and after the date of recording of the Declaration.
- (b) As part of its storm water facilities maintenance responsibilities, the Association shall comply with Carrboro Land Use Ordinance § 15-263.1, a copy of which is attached hereto as Exhibit "D"; with requirements of any Operation and Maintenance Agreement entered into with the Town of Carrboro for said storm water facilities (including all private storm water easement areas and facilities thereon); and such other conditions that



pertain to storm water facilities that may be part of permit and/or approvals issued by the Town of Carrboro in connection with development of the Property.

Section 2: Conveyance of Common Area: Declarant shall, prior to the conveyance of the first Lot, convey fee simple title to the Common Area to the Association, Subject to Declarant's reserved rights as set forth herein, but free of all encumbrances except for street rights of way, sidewalks, parking areas, and utility easements.

Section 3: Owners' Easements of Enjoyment: Every Owner shall have a right and easement of enjoyment in and to the Common Area, subject however to any retained

rights of the Declarant or other limitations set forth in this Declaration, which easements shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) the right of the Association, as part of its homeowner's dues to charge reasonable admission and other fees for right to use or use of the Common Area and any amenities, structures and improvements located thereon;
- (b) the right of the Association to suspend the voting rights and the right to the use of the Common Area and amenities and structures by an Owner for any period during which any assessment against his Lot remains unpaid and for a period not to exceed sixty (60) days for any infraction of these covenants or its published rules and regulations;
- (c) the right of the Association to borrow money for the purpose of improving the Common Area and its amenities and structures and as security for such to impose upon the Common Area a mortgage, all in accordance with the Association's Articles of Incorporation and By-Laws;
- (d) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective prior to the conversion of Class B memberships to Class A memberships pursuant to Article IV hereinbelow unless an instrument agreeing to such dedication has been signed by the Declarant and recorded, or after said conversion of Class B to Class A memberships, unless an instrument agreeing to such dedication or transfer signed by a two-thirds(2/3) majority of the Class A members has been recorded;
- (e) the right of the Association to make and amend its By-Laws and make rules and regulations governing the use of the Common Area and amenities and structures located thereon;



- (f) the right of the Declarant to develop LLOYD SQUARE SUBDIVISION, including additional property, and to sell Lots to purchasers, and each Owner releases Declarant from any claim the Owner might have for interference with his quiet enjoyment of the Common Areas due to the development of LLOYD SQUARE SUBDIVISION, whether or not the construction operations are performed on the Common Area, additional property, or on any Lots owned by Declarant.

Section 5: Delegation of Use: Any Owner, provided that such Owner is current in the payment of his homeowner's dues as required hereinafter and is not in violation of any other covenants as are set forth herein or in any deed to a lot, may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and amenities, structures and improvements located thereon to the members of his family, his guests and invitees, and his tenants, or contract purchasers who reside on the property.

#### **ARTICLE IV** **MEMBERSHIP AND VOTING RIGHTS**

Section 1: Every Owner of a Lot which is subject to assessment shall be a Member of the Association, and shall be subject to the terms and conditions of these Covenants. Except as provided otherwise herein, membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2: The Association shall initially have two classes of voting members:

Class A: Class A members shall be all Owners, excepting Declarant, each of whom shall be entitled to one vote for each Lot owned. When more than one person holds an interest in a Lot, all such persons shall be members, subject, however, to the provision that only one vote may be cast per Lot.

Class B: The Class B member shall be the Declarant, its successor or assigns, who shall be entitled to ten (10) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events:

- (a) When the total number of votes of Class A members exceeds the total number of votes of Class B Members;
- (b) December 31, 2018, or
- (c) In Declarant's sole discretion, at any time prior to December 31, 2018, upon recording an instrument converting its Class B membership to Class A membership.

Section 3. Upon the cessation of Class B membership, the Members shall elect a Board of Directors consisting of at least three members.



Section 4. Nothing herein shall be construed to limit the right of the Association from creating additional membership classes in the future.

Section 5. Unless otherwise provided herein or in the by-laws or Articles of the Association, all voting matters shall be decided by a simple majority vote of those Members present or voting by proxy at a duly called meeting of the Members.

## **ARTICLE V**

### **COVENANT FOR MAINTENANCE ASSESSMENTS**

Section 1: Creation of the Lien and Personal Obligation of Assessments: Each Owner of a Lot, by acceptance of deed or ground lease, whether or not it shall be so expressed in such deed or ground lease, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land or ground leasehold, and shall be a continuing lien upon the property 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 person who was 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. Declarant shall not be liable for any annual assessments or special assessments for any lots owned by Declarant. One Hundred percent (100%) of the funds raised by annual assessments shall be allocated to a capital fund maintained in a separate account. The capital fund shall be used exclusively for the maintenance and upkeep of the Common Areas and the improvements and facilities located thereon.

Section 2: Purpose of Assessments: The assessments levied by the Association shall be used solely to promote the recreation, health, safety, and welfare of the residents of the Property, to purchase insurance policies as herein stipulated, and for the improvement and maintenance of the Common Area and any improvements located thereon or upon any easement reserved or conveyed herein, including, but not limited to, all pedestrian trails, entryways, recreational equipment, retaining walls, storm water facility or any other structure or improvement of whatsoever nature or kind, payment of premiums for hazard and liability insurance on the Common Area, payment of local ad valorem real property taxes, if any, on the Common Area, and the creation of adequate reserves for replacement of capital improvements located within the Common Area.

Section 3: Maximum Annual Assessment: The initial maximum annual assessment shall not exceed Six Hundred Dollars (\$600) per Lot, payable in annual installments. The initial payment shall be made on the day any lot is first transferred, and shall be pro-rated to reflect the ratio of the number of days the new owner will own the lot in such calendar year.



- (a) From and after January 1, 2010 the maximum annual assessment may be increased yearly by the Board of Directors without a vote of the membership by an amount no greater than necessary to cover all anticipated costs of the Association except for capital improvements. The maximum annual assessment may be increased by more than this amount only by a ballot of two thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose. All annual assessments shall be established by the Board of Directors as provided hereunder.
- (b) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4: Special Assessments for Capital Improvements: In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or upon any easement reserved or conveyed herein, including fixtures and personal property related thereto provided that any such assessment shall have the assent of two thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose.

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 Sections 3 or 4 shall be sent to all members not less than thirty (30) 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 sixty-six and two-thirds percent (66-2/3%) of all votes 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 (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6: Uniform Rate of Assessment: Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a quarterly basis.

Section 7: Date of Commencement of Annual Assessment: Due Dates. The annual assessment period shall be the calendar year. The initial annual assessments provided for herein shall commence as to all Lots on the first day of the first month following the recording of the subdivision plat to provide a working capital fund. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of the beginning of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. 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. A properly executed certificate of the Association as to the status of assessments on a specified Lot is binding upon the Association as of the date of its issuance.



Section 8: 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 the rate of eight percent (8%) per annum, and shall be subject to a late fee of fifty dollars (\$50.00). In addition, the right of any Owner and his family to use of the Common Area and amenities shall be suspended for a sixty (60) day period if any assessment is not paid within forty-five days after the due date. The sixty (60) day period must occur within twelve months of the initial due date of the assessment, and shall be selected by the Association, or any committee so authorized by the Association. The Association may also bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9: Subordination of the Lien to Mortgages: The Lien of the assessments provided or herein shall be subordinate to the lien of any first mortgage on the fee or on a ground leasehold. Sale or transfer of any Lot or ground leasehold shall not affect the assessment lien. However, the sale or transfer of any Lot or ground leasehold pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer except that such an extinguished lien may be reallocated and assessed to all of the Lots as a common expense. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

## ARTICLE VI ARCHITECTURAL CONTROL

Section 1: Plans and Specification Review: No building, outbuilding, fence, wall, porch, deck, patio or other structure, landscaping, or tree removal shall be commenced, erected, or maintained upon any of the Lots, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, schedule of exterior color, finish, roofing, changes in topography and/or elevation landscaping, tree disturbance or removal and locations of the same shall have been submitted to and approved in writing by the Declarant, or its successors and/or assigns (hereinafter referred to in this Article as "the design review Committee"), as to harmony of external design and location in relation to surrounding structures, topography, and appearance, all as provided in Section 2 hereunder.

Section 2: Design Review Procedure: Upon request, the Design Review Committee shall provide a standard set of application forms consisting of an Application, Improvement Information List, Documents List, Construction Site Requirements, and such other documents as shall be required by the Design Review Committee, which collectively shall set forth the information and documentation required in the application review process. All applications must be submitted to the Design Review Committee, and to be complete, must provide all of the information requested in said forms.





An application may be approved, approved subject to conditions, or rejected. Actions taken by the Design Review Committee shall be final and not subject to appeal or review. However, a revised application made in accordance with the Design Review Committee's recommendations may be resubmitted for consideration by the Design Review Committee.

An application shall be deemed "submitted" when the applicant receives a signed receipt from the Design Review Committee. Any application shall be deemed accepted if the Design Review Committee fails to take any action within thirty (30) days after an application has been submitted. An action shall be deemed to have been taken by the Design Review Committee upon the earlier to occur of; (a) the applicant signing a copy of the Design Review Committee's written decision, or (b) the date upon which a copy of the Design Review Committee's written decision is post marked to the applicant's last known address by certified mail, return receipt requested.

Section 3: Right to Inspect: The Design Review Committee or its agents shall have the right to inspect all construction and/or land disturbance to ensure that such work is performed in accordance with the approved application, and the Design Review Committee shall have the right to bring an action to enjoin any activity taken in violation of this Article or the approved application.

Section 4: Assignment: As of the date that is one hundred eighty (180) days after the Association has only one membership Class, or upon recording a written assignment in the office of the Register of Deeds of Orange County, North Carolina, whichever event shall occur first. Declarant's responsibility pursuant to this Article shall be assigned to and become the responsibility of the Board of Directors of the Association or any committee established by the Board pursuant to its By-Laws, but until such time shall reside exclusively with the Declarant.

## **ARTICLE VII** **EASEMENTS**

Section 1: All of the property, including Lots and Common Area, shall be subject to such easements for water lines, sanitary sewer lines, storm drainage facilities, pedestrian access, gas lines, cable TV, telephone and electric power lines and other public utilities as shall be or shall have been granted by the Declarant or by its predecessors in title. Each Lot Owner shall have an easement in common with every other Lot Owner and with Declarant for access to, in, over and through the Common Area for the use and enjoyment thereof. Prior to the conveyance of the Common Area to the Association by the Declarant, the Declarant shall have the exclusive right, power and authority (without the necessity of the joinder of any Owner) to grant and establish upon, over and across the Common Area such other easements as the Declarant deems appropriate and/or necessary for the development of the Property. After the conveyance of the Common Area, The Association's Board of Directors shall have the power and authority to grant and establish upon, over, under and across the Common Area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property.



Section 2: Easements over and through certain areas of the Lots hereby reserved, conveyed and established in favor of Declarant and its duly authorized agents and assigns, for the purpose of installing, repairing and maintaining the entryways to the subdivision and the landscaping and other improvements located on such reserved areas. The areas are referred to as landscape easements and are depicted on the recorded plat or plats of LLOYD SQUARE Subdivision.

Section 3: An easement over, through and to the Common Area is hereby reserved, conveyed and established in favor of Declarant and its duly authorized agents and assigns, during and for the purposes of construction activity, storage of construction materials, the necessary disturbance of land for construction on any Lot and installation of driveways, sidewalks, underground drainage and utilities. Said easement shall continue and exist only so long as Declarant and its duly authorized agents and assigns are actually engaged in construction within any Phase of the Property or the Common Area. No Lot Owner shall interfere or hamper Declarant, its agents or assigns, in connection with such construction.

#### **ARTICLE VIII** **AFFORDABLE LOTS**

(a) LLOYD SQUARE SUBDIVISION shall include three (3) affordable Lots, shown as Lot 5, 6 and 14, on the recorded plat or plats of LLOYD SQUARE SUBDIVISION. The affordable Lots and any improvements thereon must qualify as “affordable” to a family of four, as that term is used in the Carrboro Land Use Ordinance § 15-182.4, “Residential Density Bonuses for Affordable Housing”. The Affordable lots will be owned by the Orange Community Housing and Land Trust (“OCHLT”), and said lots shall be transferred to OCHLT at or below a price that will allow the Lots and any improvements thereon to remain affordable. OCHLT will grant long term ground leases to the land and improvements on the Lots. Lots 5 and 6 will be used to construct duplex units for OCHLT. The ground leases will contain provisions insuring that the Lots and any improvements thereon remain affordable for not less than one hundred years, commencing from the date of the initial occupancy of the unit.

(b) The initial price is anticipated to be approximately One Hundred Twenty-five Thousand and no/100 Dollars (\$125,000.00), but in no case shall the initial price exceed what is defined as affordable by the Carrboro Land Use Ordinance § 15-182.4.

(c) For purposes of this Declaration, the term “Owner” will include individuals in possession of an affordable housing lot under a ground lease from OCHLT. The single family residences constructed on affordable housing lots shall be two stories and shall consist of at least one thousand four hundred (1,400) square feet of heated space.

#### **ARTICLE IX** **USE RESTRICTIONS**



Section 1: Use of Property: No Lot shall be used except for single-family residential purposes and in accordance with the restrictions hereinafter set forth. "Single-family residential" purposes may include "light housekeeping" apartments containing no more than one bedroom.

(a) Except for the houses built on the affordable lots, all single family residences shall be two stories visible from the street and shall consist of at least two thousand six hundred (2600) square feet of heated space. Porches, breezeways, steps and garages shall not be included in the square footage calculations

(b) All houses shall be set back at least twenty (20) feet from the front property line and five (5) feet from the side and rear property lines.

(c) There shall be no further subdivision of any Lot shown on any recorded plat of LLOYD SQUARE SUBDIVISION. Nothing in this provision shall be construed to limit the right of Owners of adjacent Lots to adjust by mutual agreement the boundary lines between their respective Lots.

(d) No buildings or other structures of any kind, other than the crossing of a sidewalk or entrance driveway, shall be allowed in the set back areas.

(e) No commercial, inoperative, abandoned, unlicensed motor vehicles or recreational vehicles, boats or sailing vessels, farm or construction machinery and any trailers or carriers or like equipment, or mobile or stationary trailers of any kind shall be kept or permitted to remain on any Lot, without the prior written approval of the Declarant and even with such approval, such vehicles must be stored away from view. Under no circumstances shall any such vehicle be parked on the streets of LLOYD SQUARE SUBDIVISION.

(f) Use of minibikes or motorcycles for recreational purposes, or motor-propelled bicycles or go-carts is prohibited on all streets, perimeter trails and easements within the Property. All recreational vehicles shall be kept in a garage or yard so that they are not visible from any street.

(g) Swing sets, play houses and play areas shall be located at the rear of the Lot, or if at the side, shall be screened from street view.

(h) At no time shall any Lot or parcel be stripped of its topsoil and trees, or allowed to be eroded by being excavated or neglected. After construction of a single-family residence upon a lot, no deciduous tree with a diameter of ten inches or more may be removed without the prior written consent of the Design Review Committee unless the tree is a safety hazard.

(i) Each Owner shall maintain and preserve his or her lot in a clean, orderly, and attractive condition. Maintenance and preservation of the Lot shall include, for example, the trimming of shrubs, the mowing of grass, landscaping, and the removal of trash,



leaves, debris and fallen trees or limbs. No clothing, laundry, bedding, rugs or carpets may be hung on outside porches or outside porch rails or decks.

(j) No mobile home, trailer, manufactured home or modular construction pre-fabricated unit shall be allowed on any Lot. No outbuilding shall be placed at the front of a lot unless approved by Declarant, who may reject an outbuilding without cause. No dwelling shall be moved from any other location onto a Lot.

(k) The driveway for each lot shall be constructed of asphalt, concrete or other equivalent material and completed prior to the occupancy of any dwelling constructed on that Lot. Each driveway must be of sufficient size to permit the off-street parking of at least two (2) automobiles.

(l) No lumber, brick, stone, excavated earth, cinder block, cement, or other materials used for building purposes shall be stored upon any Lot longer than a reasonable time for the completion of construction in which they are used. None of these materials may be stored, or heavy equipment or vehicles parked, within the drip-line of any significant trees on or adjacent to the Lot during or after construction.

(m) When the construction of any dwelling has commenced, work thereon must be prosecuted diligently and must be completed within a reasonable time not exceeding twelve (12) months from the date of commencement of construction; provided, however, the Declarant may modify such requirement in its sole discretion.

(n) Each Owner shall be responsible for the costs and expenses for any road, utilities, sidewalk or other infrastructure improvement necessitated by damage done as a result of the construction of improvements upon the Owner's Lot.

(o) All utility or cable lines from the public road and within the lots shall be properly installed underground, provided, however, that some above-ground lines may be used temporarily. Where practical all lines should be placed in a common trench along the boarder of the driveway leading from the street to the Lot. No exposed or exterior radio or television transmission or receiving antennas shall be erected, placed or maintained on any part of the Property which shall exceed the height of the trees on the Lot or that can be seen from the roadway of adjoining Lot(s).

(p) No noxious or offensive activity shall be conducted upon any Lot or the Common Area, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to neighborhood or to the occupants o any adjoining Lots.

(q) No industrial activity whatsoever or any commercial activity which interferes or is likely to interfere with any Owner's quiet enjoyment of his or her property, including without limitation, a boarding, fraternity or sorority house, manufacturing enterprise or body shop or other noisy business activity, or antiques, gift or other retail venture which is likely to attract significant customer traffic or create parking problems,



shall be permitted on any Lot. This provision is intended to recognize that people frequently work from their homes and occasionally have limited customer traffic, and shall not be construed to prohibit any Owner or member of his or her family from making a secondary use of a portion of the residence for business purposes as long as such use does not violate any other provision of these covenants or disturb other Owners. Any Owner who wishes to operate a business out of his or her home may, but is not obligated to apply to the Board of Directors in writing for authority to operate such business, which authority may be denied or granted in writing on such terms and conditions as the Board may prescribe. Any such decision shall be binding on all Owners.

(r) No animals other than a limited number of ordinary household pets such as dogs, cats, birds, fish, and hamsters shall be kept or allowed to remain on any Lot, for any purpose. No more than three dogs, exclusive of litters of puppies, may be kept by any Owner. No animals or pets may be kept, bred, and/or maintained on the Lots for commercial purposes. Owners shall be responsible for the acts of their pets, including without limitation reimbursing neighbors for damages to their property, controlling excessive noise and foul odors, and cleaning up any waste products on the property of neighbors or the Common Areas. Owners must abide by all relevant ordinances of the Town of Carrboro pertinent to the control and activities of their pets.

(s) No structure of a temporary character, such as trailers, tents, or shacks or other outbuilding shall be used or permitted to remain on any Lot or the Common Area at any time as a residence, either temporarily or permanently, or for any other purpose of whatsoever nature or kind.

(t) Clotheslines shall not be allowed or maintained on any Lot or in Common Area.

(u) All mailbox holders shall be of a standard size and design and purchased from Declarant, its successors or assigns.

(v) Solar panels and/or collectors shall not be installed or constructed on the side of any structure constructed on a Lot that faces any street or installed or constructed anywhere on such structure if such solar panels and/or collectors are visible from any street in the subdivision.

(w) No signs of any kind except those advertising and individual lot "For Sale" or "For Rent" and those signs used by the Declarant in the advertising of the Property, shall be displayed for public view in and about the premises. Any sign "For Sale" or "For Rent" signs used pursuant to this section shall be no larger than 18" x 24".

(x) No satellite or other receiving devices exceeding a dish diameter of 18" shall be allowed or maintained at the front of any Lot or in the Common Area.

Section 2: Items to be Approved by Homeowners Association: Without the prior written approval of the Association as to location, style, type, size and composition, no antennae,



aerials, pole towers, or similar structures, no fuel tanks or any similar type of storage receptacle, and no temporary structures such as sheds, mobile homes or trailers or tents may be placed upon any Lot or the Common Area. This provision shall not be construed to limit the use of satellite or other receiving devices under Section 1 (x) above.

Section 3: Construction and Marketing Structures: Notwithstanding any other provision to the contrary contained herein, Declarant may place one or more construction trailers and/or marketing trailers or facilities on any Lot or the Common area during construction, provided the same are removed within a reasonable period of time after construction in that area has been completed.

## **ARTICLE X** **INSURANCE**

Section 1: Ownership of Policies: All insurance policies insuring the Common Area and providing for liability thereon shall be purchased by the Association for the benefit of the Association and its mortgagees as their interests may appear.

Section 2: Master Policy: All improvements located within the Common Area shall be insured under a master policy of fire and extended casualty insurance in an amount equal to the maximum insurable replacement value (100% of current replacement costs) as determined annually by the Board of Directors with the assistance of the insurance company providing such coverage, and liability insurance coverage in an amount deemed proper by the Association but not less than one million dollars per occurrence. The liability insurance coverage shall include coverage of the open space and any playground or other structures located thereon.

Section 3: Premiums: Premiums for said insurance policies purchased by the Board of Directors shall be paid by the Board of Directors as a common expense from the monthly assessments provided for herein.

Section 4: Proceeds: All insurance policies purchased by the Board of Directors shall be for the benefit of the Association and the Lot Owners and shall provide that all proceeds thereof shall be payable to the Board of Directors as insurance trustees shall be to receive such proceeds and to hold the same in trust for the purposes elsewhere stated herein or stated in the By-Laws.

Section 5: Distribution of Insurance Proceeds: Proceeds of insurance policies received by the Board of Directors as insurance trustees shall be held and paid to defray any and all costs of reconstruction, repair or liability insurance considerations. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners.

Section 6: Indemnification: LLOYD SQUARE HOMEOWNERS ASSOCIATION, INC., hereby agrees to indemnify and hold Declarant, and Declarant's officers, directors, shareholders, employees and agents harmless from and against any and all claims, actions, lawsuits, damages (including reasonable attorney fees and court costs) and



liabilities of any kind arising out of or related to Declarant's operation of the LLOYD SQUARE HOMEOWNERS ASSOCIATION, INC., unless such claim, action, lawsuit, damage or liability was caused by Declarant's gross negligence or intentional misconduct.

## **ARTICLE XI** **GENERAL PROVISIONS**

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

Section 2: Severability: Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provision herein contained which provisions shall remain in full force and effect.

Section 3: Amendment: The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded after which time they shall be automatically extended for a successive period of ten (10) years. Declarant may amend this Declaration prior to the time that the Homeowners' Association has a single class of voting members by recording a written instrument at the Register of Deeds. After the Homeowners' Association has a single class of voting members, this Declaration may be amended by recording an instrument duly executed by not less than sixty-six and two-thirds percent (66-2/3%) of the Lot Owners.

Section 4: Mortgagee's Rights: A first mortgagee on the fee or a ground leasehold and Orange Community Housing and Land Trust or any successor entity holding title to the affordable Lots, or the insurer or guarantor of a first mortgage, shall be entitled, upon written request, to receive copies of this Declaration, the By-Laws, Rules and Regulations, and Articles of Incorporation of LLOYD SQUARE HOMEOWNERS ASSOCIATION, INC., entitled to inspect the books and records of the Association during normal business hours or under other reasonable circumstances; entitled to receive at no additional cost the annual financial statement within ninety (90) days following the end of the fiscal year; entitled to receive written notices of meetings of the Association and to designate a representative to attend all such meetings; entitled to receive timely notice of any substantial damage to or destruction of any part of the common area and facilities; entitled to receive notice if any part of the Common area and facilities are subject to a condemnation or eminent domain proceeding or are otherwise sought to be acquired by a condemning authority; entitled to notice of any sixty (60) day delinquency in the payment of assessments or charges of any Owner of any Lot upon which that mortgagee, insurer or guarantor holds a mortgage; entitled to receive notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association on the Common area; and entitled to receive notice of



any proposed<sup>®</sup> action which requires the consent of a specified percentage of mortgage holders.

Section 5: Reserved Rights of Lot Owners: No Lot Owner shall be subject to a restraint imposed by the Association upon his right to sell, transfer, or otherwise convey his Lot. Under no circumstances shall the Association have a right of first refusal upon the sale and conveyance of any Lot. No Lot Owner shall be subject to any restraint imposed by the Association upon his right to mortgage his Lot with whomever or whatever institution and upon those terms and conditions the Lot Owner is willing to accept.

Section 6: Contracts: Any contract, lease or agreement entered into by the Association on its own behalf must be terminable by either party without cause upon not more than ninety (90) days' notice to the other party. If so terminated, no termination fee shall be required to be paid to or by either party.

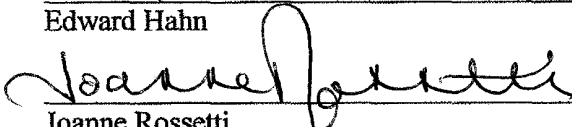
Section 7: FHA/VA/FNMA Approval: As long as there is a Class B member, the following actions may require the prior approval of the Federal Housing Administration, the Veterans' Administration or the Federal National Mortgage Association: Annexation of additional properties to the LLOYD SQUARE HOMEOWNERS ASSOCIATION, INC., dedication of Common Area, or encumbering The Common Area in any Phase with a lien.

Section 8: Applicability of Declaration, By-Laws, Rules and Regulations: All Lot Owners, Tenants and occupants of Lots shall be subject to and shall comply with the provisions of the LLOYD SQUARE SUBDIVISION Declarations, the By-Laws, and the Rules and Regulations, as the same may be amended from time to time. These provisions shall be deemed covenants running with and appurtenant to the land.

IN WITNESS WHEREOF, Declarant has hereunto caused this Declaration to be executed on the day and year first above written.

DECLARANT:

  
\_\_\_\_\_  
Edward Hahn (SEAL)

  
\_\_\_\_\_  
Joanne Rossetti (SEAL)





Suffolk County, NEW YORK

I hereby certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document in the capacity indicated: EDWARD HAHN AND JOANNE ROSSETTI.

Date: 12/28/10

Carmen Hozen  
CARMEN HOZEN, Notary Public  
Printed Name of Notary Public

My commission expires: 7/18/13

CARMEN HOZEN  
Notary Public, State of New York  
No. 01HO6130504  
Qualified in Suffolk County  
Commission Expires 07/18/20 13



**EXHIBIT "A"**  
**Property Description**

All that certain 5.98 tract of Section Two of R.S. Lloyd Subdivision bounded on the North by Quail Roost Drive, on the East and South by Deer Street, and on the West by Lisa Drive, more particularly described as follows:

BEGINNING at a point located at the southeastern intersection of the 60 foot rights of way of Quail Roost Drive and Lisa Drive; running thence with and along the southern margin of Quail Roost Drive South 86 degrees 51 minutes East 413.68 feet to a point; running thence South 2 degrees 49 minutes West 348.01 feet to a point; running thence South 6 degrees 31 minutes West 68.38 feet to a point; running thence South 13 degrees 6 minutes West 95.63 feet to a point; running thence South 23 degrees 9 minutes West 87.10 feet to a point; running thence South 60 degrees 54 minutes West 82.48 feet to a point; running thence South 88 degrees 6 minutes West 90.55 feet to a point; running thence North 83 degrees 34 minutes West 216.93 feet to a point; running thence North 4 degrees 12 minutes East 632.37 feet to a point, the point and place of BEGINNING, containing 5.98 acres, more or less, all according to that certain plat of survey entitled "R.S. Lloyd Subdivision, Section Two," platted of record in Plat Book 16, Page 90, Orange County Registry, to which plat reference is made for a more particular description of same.

PIN#: 9779-11-5880