

North Carolina - Guilford County
The certificate (s) of

Alan N. Post

231949

RECORDED
KATHERINE LEE PAYNE
REGISTER OF DEEDS
GUILFORD COUNTY, NC

1 MISC DOCUMENTS
24 MISC DOC ADDN PGS
1 PROBATE FEE

231949

\$6.00
\$48.00
\$2.00

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

Rita C. Davis
Assistant/Deputy Register of Deeds

BOOK: 4825
PAGE(S): 0592 TO 0616

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Prepared by Alan N. Post,
Post & Post Attorneys
P. O. Box 2531, High Point, NC 27261

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NORTH CAROLINA
GUILFORD COUNTY

DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR DEERFIELD TOWNHOMES, SECTION ONE

(25)

THIS DECLARATION made this 25th day of February, 1999 a North Carolina corporation with its principal office in High Point, Guilford County, North Carolina, hereinafter referred to as the Declarant.

W I T N E S S E T H:

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

DEERFIELD TOWNHOMES, SECTION ONE

WHEREAS, DECLARANT is creating on the above described property as planned residential community to be known as Deerfield Townhomes, Section One.

WHEREAS, Declarant desires to provide for the preservation and maintenance of the common areas and for certain other responsibilities in connection with Deerfield Townhomes, Section One and to this end desires to subject the real property described above, together with such additions as may hereinafter be made thereto, to the covenants, restrictions and easements, hereinafter set forth, each and all of which is and are for the benefit of the property comprising Deerfield Townhomes and each owner thereof.

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

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ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Deerfield Townhomes Homeowners Association, Inc. a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Deerfield Townhomes" shall mean and refer to that certain real property hereinabove described which is made subject to this Declaration and such additions as may be brought with the jurisdiction of the Association.

Section 3. "Common Area" shall mean and refer to all common areas within Deerfield Townhomes, Section One owned by the Association for the common use and enjoyment of the Owners. The Common area at the time of the conveyance of the first Lot is described as follows:

All of that land described as "Common Area" as shown on that plat entitled Deerfield Townhomes, Section One which appear of record in the Office of Register of Deeds of Guilford County in Plat Book _____ Page _____.

Declarant reserves the right, in its sole discretion, to convey from time to time additional property to the Association, and the Association shall accept any such conveyance of additional property and thereafter such additional property shall be held and maintained by the Association as Common Area.

Improvements on the Common Area may include, but shall not be limited to, roadways, entrance signs, retention or detention ponds or erosion control devices. The Association shall maintain any retention or detention ponds and any erosion control devices located on the Common Areas described above or on any other Common Areas hereinafter conveyed to the Association by Declarant that are required to be maintained by the governmental office having jurisdiction for watershed protection as directed by such governmental office. In the event the Association is dissolved or ceases to exist or otherwise defaults in its obligation to maintain any such pond or erosion control device, then in such event the Owners of record of the Lots at the time of the required maintenance shall be jointly and severally liable for any and all costs associated thereto.

Section 4. "Lot" shall mean any separately numbered plot of land, regardless of size, as shown on a recorded subdivision map of Deerfield Townhomes.

Section 5. "Dwelling Unit" shall mean a residence containing sleeping facilities for one or more persons and a kitchen.

000593

Section 6. "Member" shall mean and refer to every person or entity entitled to membership with voting rights in the Association.

Section 7. "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 Deerfield Townhomes, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 8. "Declarant" shall mean and refer to M & P Developers, LLC, its successors and assigns.

Section 9. "Board of Directors" or "Board" means those persons elected or appointed to act collectively as the directors of the Association.

Section 10. "VA" shall mean the Department of Veterans Affairs, and "HUD" shall mean the Department of Housing and Urban Development.

Section 11. "Bylaws" shall mean the bylaws of the Association as they now or hereafter exist.

ARTICLE II

COMMON AREA OWNERSHIP AND MAINTENANCE

Section 1. Owners' Easement of Enjoyment. Every Owner shall have the right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Delegation of Use. Any Owner may delegate his rights of enjoyment of the Common Area to the members of his family, his lessees, contract purchasers who reside in Deerfield Townhomes, or his guests.

Section 3. Rules and Regulations. The Association shall have the power to formulate, punish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Area. Such rules and regulations shall be maintained in a place reasonably convenient to the Members and available to them for inspection during normal business hours.

Section 4. Regulation of Use of Common Area. The Association shall have the power to limit the number of guests, to regulate hours of use, and to curtail any use or uses of the Common Area it deems necessary for either the protection of the facilities or the best interests of Members.

Section 5. Suspensions. The Association shall have the power to suspend the right to the use of any Common Area of a

000596

Class A member or any person to whom that Member has delegated his right of enjoyment 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 its published rules and regulations.

Section 6. Mortgaging Common Area. The Association shall have the power to borrow money for the purpose of improving the Common Area and facilities thereon and pursuant thereto to mortgage the Common Area, or any portion thereof, provided, however, that the execution of such mortgage shall require the approval of at least two-thirds (2/3's) of the Members, exclusive of the Declarant.

Section 7. Common Area Dedication or Transfer. The Association shall have the right to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility (including any entity authorized by the City of High Point or Guilford County to supply cable television service) 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 approved by at least two-thirds (2/3's) of the Members, exclusive of the Declarant.

ARTICLE III

LAND USE

Section 1. Restrictions. All of Deerfield Townhomes, Section One shall be subject to the covenants, conditions, restrictions and easements contained herein.

Section 2. Designated Residential Property Restrictions:
Rental. All Lots shall be used, improved and devoted exclusively to residential use by the Owner thereof, his immediate family, guests, invitees and lessees. Any lease or rental agreement for a Lot shall be in writing and for a period of at least thirty (30) days. Such leases shall provide that the terms of the lease are subject to the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the lease. No Owner of any Lot shall permit the use of his Dwelling Unit for transient hotel or commercial purposes. Corporate or partnership Owners, other than the Declarant, shall permit the use of a Dwelling Unit owned by it only by its principal officers, directors or partners, or other guests or lessees. Such corporate or partnership Owner shall annually sign and deliver to the Association a written statement designating the name of the party (or parties) entitled to use such Dwelling Unit, together with a written covenant of such party in favor of the Association whereby the party agrees to comply with the terms and provisions of this Declaration and with the rules and regulations which may be promulgated by the Association from time to time and

000595

acknowledging that the party's right to use such Dwelling Unit shall exist only so long as the corporation or partnership shall continue to be a member of the Association. Upon demand by the Association to any corporate or partnership Owner to remove a party for failure to comply with the terms and provisions of this Declaration and/or the rules and regulations of the Association or for any other reason, the corporate or partnership Owner shall forthwith cause such party to be removed, failing which, the Association, as agent of the Owner, may take such action as it may deem appropriate to accomplish such removal; and all such actions by the Association shall be at the cost and expense of the Owner who shall reimburse the Association therefor upon demand, together with such attorneys' fees as the Association may have incurred in the process of removal.

Nothing contained in this Declaration shall prevent the Declarant from maintaining a model home or sales office on any Lot and from material or equipment being placed or stored on any Lot in connection with its construction activities.

Section 3. Common Area Restriction. All Common Area, including any recreational facilities and amenities thereon, shall be used, improved and devoted exclusively for the welfare and benefit of the Owners and for the general benefit and enhancement of Deerfield Townhomes, Section One, subject to those easements set out herein in Article IX.

Section 4. Common Area Construction or Alteration. No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Area except at the direction of and with the express written consent of the Association; provided, however, the Declarant shall have the right to place in and reserves an easement over the Common Area for storm drainage lines, sewer lines, telephone lines, water lines, facilities for management of surface water, electrical and gas lines, cable television lines, and other utility lines and facilities.

Section 5. Nuisance or Annoying Activity. No noxious or offensive activity shall be carried on or upon the Common Area.

Section 6. Parking; Satellite Discs; Antennas. The Association may regulate parking of all kind on the Common Area.

No outside radio or television antennas or discs and no free standing transmission or receiving towers or satellite dishes or discs shall be erected on the Common Area or on any Lot or Dwelling without prior written permission granted by the Board of Directors of the Association or the Architectural Control Committee.

The installation and maintenance of satellite discs which are in excess of twenty inches in diameter and of radio antennas shall be prohibited on Common Area, Dwelling Units, or Lots.

000596

Satellite discs which are twenty inches or less in diameter may be placed on Common Area, Dwelling Units and Lots only with the prior approval of the Architectural Committee as set forth in Section 2 of Article IV. The Association may regulate or prohibit the erection of television antennas on Common Area, Dwelling Units, or Lots.

Section 7. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any Dwelling Unit except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained in compliance with all applicable laws and ordinances of the County of Guilford and, if applicable, any municipality, relating thereto.

Section 8. Boats, Trailers and Motor Vehicles. No boats, buses, trailers, campers or recreational vehicles shall be parked on any Lot or any private street or other portions of the Common Area in Deerfield Townhomes. No junk automobiles or any other type of salvage shall be placed or allowed to remain on any Lot or private street or other portions of the Common Area within Deerfield Townhomes.

ARTICLE IV

ARCHITECTURAL CONTROL

Section 1. Architectural Committee. An Architectural Committee consisting of three (3) persons shall be appointed by the Declarant. At such time as the Class B membership expires, the Architectural Committee shall be appointed by the Board of Directors of the Association.

Section 2. Plan or Design Approval. No site preparation or initial construction, erection, or installation of any improvements, including, but not limited to, Dwelling Units, outbuildings, driveways, fences, walls, signs, radio or television antennas, satellite dishes or discs, clothes lines, mailboxes, post lamps and other structures, or excavation, or changes in grade shall be undertaken upon any Lot unless the plans and specifications therefor, showing the nature, kind, shape, height, materials, and location of the proposed improvements shall have been submitted to the Architectural Committee and expressly approved in writing. No subsequent alteration or modification of any existing improvements or construction, erection or installation of additional improvements may be undertaken or allowed to remain without the review and express written approval of the Architectural Committee. No approval shall be required, however, for any improvements made by the Declarant.

Section 3. Effect of Failure to Approve or Disapprove. In the event that the Architectural Committee fails to approve or disapprove any of the foregoing within thirty (30) days after

000597

plans and specifications therefor have been submitted and received (receipt being hereinafter defined), approval will not be required, and the requirements of this Article will be deemed to have been fully satisfied; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Architectural Committee if they contain erroneous data or fail to present full and adequate information upon which the Architectural Committee can arrive at a decision.

For purposes of this Section 3, plans and specifications will not be deemed to have been "received" unless either a member of the Architectural Committee acknowledges in writing such receipt or the plans and specifications are sent by certified or registered mail to a member of the Committee or to the management company of the Association and a return receipt is received acknowledging the receipt thereof by such member.

Section 4. Right of Inspection. The Architectural Committee shall have the right, at its election, to enter upon any of the Lots in Deerfield Townhomes during preparation, construction, erection, or installation of any improvements to determine that such work is being performed in conformity with the approved plans and specifications.

Section 5. Original Improvements by Declarant. Nothing herein contained shall in any way prevent or interfere with the right of the Declarant to construct the original improvements desired by the Declarant on any Lot, and no approval shall be required from the Architectural Committee for any construction by the Declarant.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Section 1. Members. The Declarant, for so long as it shall be an Owner, and every person or entity who is an Owner of a fee simple or undivided fee simple interest in any Lot which is subject by covenants of record to assessments by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of such Lot shall be the sole qualification for membership, and no Owner shall have more than one membership, except as expressly provided hereinafter. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. The Association may promulgate reasonable rules relating to the proof of ownership of a Lot.

Section 2. Classes of Members and Voting Rights. The Association shall have two (2) classes of voting members:

Class A. Class A members shall be all Owners, with the

598

exception of the Declarant during the period Declarant is a Class B member as defined below. Class A members shall be entitled to one (1) vote for each Lot in which they hold the required ownership interest. When more than one person or entity holds the required ownership interest in a Lot, all such persons or entities shall be members. The vote for each such 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, and no fractional votes may be cast.

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

- (a) The total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or
- (b) Ten (10) years after the date hereof.

With the recording of new sections of Deerfield Townhomes, and the annexation of additional lands subject to the jurisdiction of the Association, new Class A and Class B memberships shall be created, and the conversion of Class B memberships to Class A membership shall be made separately with respect to each such section of Deerfield Townhomes.

Section 3. Right of Declarant to Representation on Board of Directors of the Association. Notwithstanding anything contained herein to the contrary, until ten (10) years after the date hereof, or until Declarant shall have conveyed or leased seventy-five (75%) of the Dwelling Units shown on the preliminary plan of Deerfield Townhomes heretofore submitted to Guilford County or the City of High Point and submitted to VA or HUD, whichever first occurs, Declarant (or the assignee of the right granted in this Section) shall have the right to designate and select a two-thirds (2/3) majority of the Board of Directors of the Association. Whenever 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 shall be as provided in the Articles of Incorporation and/or By-Laws of the Association. Declarant shall have the right to remove any person or persons selected by it to act and serve on the Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place any Director or Directors so removed. Any Director designated and selected by Declarant need not be an Owner. Any representative of Declarant serving on the Board of Directors of the Association shall not be required to disqualify himself from any vote upon any contract or matter between

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Declarant and the Association where Declarant may have a pecuniary or other interest. Similarly, Declarant, as a member of the Association, shall not be required to disqualify itself upon any vote upon or entrance into any contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest.

ARTICLE VI

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Owner of any Lot subject to the provisions of this Declaration, by acceptance of a deed therefor, whether or not expressed in any such deed, is deemed to covenant and agrees to pay to the Association:

- (a) Standard annual assessments or charges as herein provided;
- (b) Special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided.

All annual and special assessments on a Lot, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest and costs, and reasonable attorney's fees (as provided in North Carolina General Statutes 6-21.2) incurred by the Association in collecting delinquent assessments shall also be the personal obligation of the person or entity who was the Owner of such Lot at the time when the assessment became due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors or assigns in title unless expressly assumed by such successor or assign.

Section 2. Purpose of Assessments.

- (a) The assessments levied by the Association shall be used exclusively for the purposes of the general enhancement and promotion of Deerfield Townhomes, including without limitation the recreation, health, safety and welfare of the Owners in Deerfield Townhomes, the enforcement of these covenants and the rules of the Association, and, in particular, for the acquisition, improvement and maintenance of Common Areas, including the maintenance, repair and reconstruction of private streets, driveways, street lights, signs, walks and parking areas situated on the Common Areas, such maintenance to include the cutting and removal of weeds and grass, landscaping, lighting, maintenance of any dams and ponds, the removal of trash and rubbish or any other maintenance, and for the exterior maintenance of the residences situated upon the Lots as

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hereinafter provided, or for the use and enjoyment of the Common Area, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Area, 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, roofs, paving, and any other major expense for which the Association is responsible, and such other needs as may arise.

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

Section 3. Standard Annual Assessment. To and including December 31, 1999, the standard annual assessment shall be shared equally (except as otherwise provided herein in Section 7(b)) and shall not be in excess of Seven Hundred Twenty and 00/100 (\$720.00), payable in equal monthly installments of Sixty and 00/100 (\$60.00), for each Lot, the exact amount of which shall be determined by the Board of Directors; and after December 31, 1999, the standard annual assessment may be increased in accordance with the following provisions:

- (a) From and after December 31, 1999, the standard annual assessment may be increased by the Board of Directors of the Association effective January 1 of each year, without the vote of the Members, by a percentage which may not exceed the percentage increase reflected in the Consumer Price Index, All Items (1982-84=100) U. S.

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City Average, Consumer Price Index-United States U. S. City Average published by the U. S. Bureau of Labor Statistics) or such index as may succeed the Consumer Price Index, for the twelve month period ending the immediately preceding July 1, or by the ten percent (10%), whichever is greater, over the standard annual assessment of the previous year.

(b) After December 31, 1999, the standard annual assessment may be increased without limit by the assent of two-thirds (2/3) of the votes of each class of the members who are voting in person or by proxy at a meeting called for such purpose.

(c) The Board of Directors may fix the standard annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Repairs. In the event any portion of the Common Area is damaged or destroyed by an Owner or any of his guests, tenants, licensees, employees, agents, or family members, the Association is hereby authorized to repair such damaged area in a good and workmanlike manner. The amount necessary for such repairs, labor and material shall become a special assessment upon the Lot of said Owner.

Section 5. Special Assessment for Capital Improvements. In addition to the standard annual assessments authorized above, the Association may levy one or more special assessments applicable to that year for the purpose of defraying the costs of construction or reconstruction, unexpected repair, or replacement of a capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of the members who are voting in person or by proxy at a meeting duly called for that purpose.

Section 6. Notice and Quorum For Any Action Authorized Under Section 3 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 5 shall be sent to all members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast sixty percent (60%) of all the votes of each class of membership 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 7. Uniform Rate of Assessment.

(a) With the exceptions set forth in subsection (b) of this

000602

Section 7 of this Article VI, both the standard annual and special assessments (with the exception of the Special Assessment authorized by Article VI, Section 4 above), must be fixed at a uniform rate for all Lots and shall be collected on a monthly or quarterly basis in advance.

(b) There shall be no standard annual assessment for any Lot owned by the Declarant or owned by any other Owner on which a Dwelling Unit has not been constructed. The full standard annual assessment on a Lot shall commence and thereafter be due after the construction of a Dwelling Unit on said Lot on the first day of the first month following the earlier of (a) the date of a conveyance of said Lot by the builder of the Dwelling Unit on said Lot to a new Owner, or (b) the date of the occupancy of the Dwelling Unit on said Lot.

Section 8. Date of Commencement of Annual Assessments; Due Dates. The full standard annual assessment provided for herein shall commence as to a particular Lot following the construction of a Dwelling Unit on said Lot on the first day of the first month following the earlier of (a) the date of conveyance of said Lot by the builder of the Dwelling Unit on said Lot to a new Owner, or (b) the date of the occupancy of the Dwelling Unit on said Lot. The standard annual assessment shall be prorated for the year in which it begins.

The Board of Directors shall fix the amount of the standard annual assessment against each Lot at least thirty (30) days in advance of each assessment period. Written notice of the standard annual assessment shall be sent to every Owner subject thereto, but failure to receive such notice shall in no way affect the obligation of the Owner therefor of the lien therefor as provided herein. The due dates and appropriate penalties for late payment shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing setting forth whether the assessments on a specified Lot have or have not been paid. A reasonable charge may be made by the Association for the issuance of these certificates. Such certificates shall be conclusive evidence of the status of the assessments due.

Section 9. Working Capital Assessments. In addition to the annual assessment authorized above, at the time of closing of the first sale of each Lot, the purchaser(s) thereof shall pay to the Association an amount equal to two-twelfths (2/12ths) of the then current annual assessment established by the Association. Such funds shall be used by the Association to establish a Working Capital Fund, the purpose of which is to insure that the Association will have sufficient monies available to meet its initial operating needs. No such payments made into the Working Capital Fund shall be considered an advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of the Declaration and these Bylaws.

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Section 10. Effect of Nonpayment of Assessments; Remedies of the Association. Assessments authorized by this Declaration shall be due and payable on the dates established by the Board of Directors from time to time. Fees, fines, and other charges authorized by this Declaration shall be due and payable thirty (30) days after written notice thereof from the Association to an Owner. Any assessment, fee, fine or other charge not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosures of Deeds of Trust. Interest, costs and reasonable attorneys fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 11. Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association. Upon default by the Association in the payment to the governmental authority entitled thereto of any assessments for public improvements or ad valorem taxes levied against the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in Deerfield Townhomes shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in Deerfield Townhomes. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representative and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 12. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein on any Lot shall be subordinate to ad valorem taxes. The sale or transfer of any Lot shall not affect the assessment lien; provided, however, that the sale or transfer of any Lot pursuant to a decree of foreclosure on a first mortgage or first deed of trust thereon or any proceeding in lieu of foreclosure on a first mortgage or first deed of trust thereof shall extinguish the lien of such assessments, fees, fines or other charges as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments, fees, fines or other charges thereafter becoming due or from the lien of any first mortgage or first deed of trust.

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Section 13. Exempt Property. Any portion of Deerfield Townhomes dedicated to, and accepted by, a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein; provided, however no land or improvements devoted to use as a Dwelling shall be exempt from said assessments.

Section 14. Reserve Fund. The Board of Directors of the Association, in establishing the annual budget for operation, management and maintenance of Deerfield Townhomes, shall designate therein a sum to be collected and maintained as a reserve fund for replacement of any capital improvements to the Common Area (Capital Improvement Fund). This Fund shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Area, as well as the replacement of portions of the Common Area. The amount to be allocated to the Capital Improvement Fund shall be established by the Board of Directors so as to collect and maintain a sum reasonably necessary to anticipate the need for capital improvements of the Common Area. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Board of Directors of the Association, be expended for current operation and maintenance. Although the funds held in the Capital Improvement Fund, and any increments thereto or profits derived therefrom, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer for membership interest therein, except as an appurtenance to his Lot. The funds held in the Capital Improvement Fund shall not be subject to withdrawal by an Owner.

ARTICLE VII

EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance to be Performed by the Association. In addition to maintenance of the Common Areas, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint and/or stain the exterior of the Dwelling Units, place and maintain vinyl siding on the exterior of the Dwelling Units, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, mailboxes, fences installed by the Declarant or the Association, exterior post lights (excluding electricity therefor), and other exterior improvements. Such exterior maintenance shall not include the exterior maintenance to be performed by the Owner as provided in Section 2 below. Further, the Owner of any Lot may at its election plant shrubs, flowers and grass in the rear yard and may also maintain portions of all of his rear yard provided that such maintenance by the Owner does not hinder the Association in performing its maintenance of the exterior of the Dwelling Unit

000605

and the remaining yard spaces. No such maintenance by a Lot Owner shall reduce the assessment payable by him to the Association. If, in the opinion of the Association, any such Owner fails to maintain his rear yard in a neat and orderly manner, the Association may undertake any required maintenance and add the cost thereof to the assessment against such Owner's Lot. The Owner shall not plant any vegetation in the front yard except with the prior written approval of the Association.

Due to differing amounts of exposure to the elements and other factors, some Dwelling Units may require more exterior maintenance than others. It is in the best interest of the entire Association that all Units be properly maintained. The Association shall be required to provide such exterior maintenance provided for herein and make a uniform rate of charge without regard to the actual cost of maintenance of each Dwelling Unit.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, or guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject. The Association is hereby granted an easement right of access to go upon any Lot for performance of repairs or maintenance, the responsibility of which is the Association's hereunder in this Section or which it undertakes under Section 2 below.

Section 2. Exterior Maintenance to be Performed by the Owners. Each Owner shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all glass surfaces, locks on doors, window or door screens, air conditioning and heating equipment and all utility lines, fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his or her Lot which are not publicly maintained. In the event that the Owner neglects or fails to maintain his or her Lot and/or that part of the exterior of his or her Dwelling which the Owner is obligated to maintain under the provisions of this Section 2 in a manner consistent with other Lots and Dwellings in Deerfield Townhomes, the Association may provide such exterior maintenance and all cost 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 VI; 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 the Owner has neglected or failed to maintain his or her Lot and/or Dwelling in a manner consistent with other Lots and Dwellings in Deerfield Townhomes shall be made by the Board of Directors of the Association, in its sole discretion.

000606

ARTICLE VIII

PARTY WALLS

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

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

Section 3. Destruction by Fire and 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 Owner 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. Easement and Right to Entry for Repair, Maintenance and Reconstruction. Every Owner shall have an easement and right of entry upon the Lot of another Owner to the extent necessary to perform repair, maintenance or reconstruction of a party wall. Such repair, maintenance or reconstruction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his 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 all damage resulting from such exposure.

Section 6. Right of 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 Owners' successors in title.

Section 7. Certification by Adjoining Property Owner That No Contribution is Due. If any Owner desires to sell his property, he may, in order to assure a prospective purchaser that no adjoining property Owner has a right of contribution as

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provided in this Article VIII, request of the adjoining Owner or property Owners a certificate that no contribution exists, whereupon it shall be the duty of each adjoining property Owner to make such a certification immediately upon the request without charge; provided, however, that where the adjoining property claims a right of contribution, the certification shall contain a recital of the amount claimed.

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

ARTICLE IX

EASEMENTS

Section 1. Encroachments; Declarant's Easement to Correct Drainage. All Lots and the Common Area shall be subject to easements for the encroachment of initial improvements constructed by the Declarant to the extent that such initial improvements actually encroach, including without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, bay windows, steps and walls. If any encroachment shall occur subsequent to subjecting Deerfield Townhomes to this Declaration as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be and remain a valid easement for such encroachment for the maintenance of the same. For a period of twenty five (25) years from the date hereof, the Declarant reserves an easement and right on, over and under any property comprising Deerfield Townhomes to maintain and to correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut trees, bushes or shrubbery, make any grading of the soil, or take any other similar action reasonably necessary. After such action has been completed, the Declarant shall restore the affected property to its original condition to the extent practicable. Declarant shall give reasonable notice of intent to take such action to all affected Owners. These rights and reservations are assignable by the Declarant.

Section 2. Easement for Utilities. An easement is hereby County, municipal state or public utilities serving Deerfield Townhomes, their agents and employees over all Common Areas hereby or hereinafter established for setting, removing, and reading utility meters, maintaining and replacing utility or drainage facilities and connections, and acting with other purposes consistent with the public safety and welfare, including, without limitation, police and fire protection and collection of garbage.

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Section 3. Sign Easements. Declarant and the Association shall each have the right to erect within the Common Area subdivision signs and landscaping and lighting surrounding same. In addition, easements for the maintenance of subdivision signs and landscaping and lighting surrounding same are reserved as indicated on recorded plats. Declarant hereby reserves unto itself and grants, gives and conveys to the Association a perpetual, non-exclusive easement over portions of Lots designated as "sign easements" on plat of Deerfield Townhomes, now or hereafter recorded, to maintain, repair, and replace the subdivision signs which may be located thereon, and the lighting fixtures and landscaping surrounding same. The Association shall be responsible for maintaining, repairing and replacing any such signs, landscaping and lighting and costs of such maintenance, repair and replacement shall be part of the common expenses of the Association, payable by the Owners. In addition to the easements reserved and granted above as to portion of Lots designated "sign easement," Declarant hereby reserves unto itself and gives, grants and conveys to the Association the right of ingress, egress and regress over other portions of such Lots as shall be reasonably necessary to effectuate the purposes stated above. The easements hereby granted shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or a part of the Property.

Section 4. Street Lighting. Easements for the installation, maintenance, repair and replacement of street lights are reserved for the benefit of Declarant and the Association over those portions of the Common Area and the Lots extending ten (10) feet on either side of the right-of-way of any street (whether public or private). The Association shall be responsible for the maintenance, repair, and replacement of any such street lights (unless such maintenance, repair and replacement is to be provided by a utility company as hereinafter set forth) and all costs associated with such maintenance, repair and replacement shall be part of the common expenses of the Association. Declarant, as well as the Association, shall have the right, in the sole discretion of each, to a contract with a utility company for the installation of street lighting which may require an initial payment and / or a continuing monthly payment to the utility company by the Association, all of which payment shall be part of the common expenses of the Association.

ARTICLE X

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation by Members. Except as provided in Section 2 of this Article, additional lands may be added and annexed to Deerfield Townhomes only if two-thirds (2/3) of each class of all the votes entitled to be cast, in the aggregate, by

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Members are cast in favor of annexation. A meeting shall be duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days in advance of the meeting.

For the purpose of such meeting, the presence of Members or authorizing proxies entitled to cast sixty percent (60%) of the votes, in the aggregate, of the Members, shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called within sixty (60) days thereafter, subject to the notice requirement set forth above, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

If a quorum is present and a majority of the votes are cast in favor of annexation, but the majority is less than the two-thirds (2/3) majority of each class required for approval of the annexation, and it appears that the required assent of two-thirds (2/3) of each class may be achieved if the Members not present or voting by proxy assent to the annexation, then and in that event, the Members not present or voting by proxy may assent to or dissent from the proposed annexation in writing within one hundred twenty (120) days following the date of the meeting at which vote was taken. Each Member assenting or dissenting shall be deemed to have cast, respectively, all of the votes to which he is entitled under Article V, Section 2 of this Declaration either in favor of or against the annexation. If the number of votes (deemed to have been cast) by the Members assenting to the annexation, shall constitute the requisite two-thirds (2/3) majority of each class of all votes entitled to be cast, the annexation shall stand approved.

Section 2. Annexation by Declarant. The Declarant may annex additional lands to Deerfield Townhomes, Section One in the following manner:

- (a) If, within fifteen (15) years of the date of incorporation of the Association, the Declarant should develop additional lands within the boundaries of that property described in Exhibit "A" attached hereto and incorporated herein by reference, such additional lands may be annexed to Deerfield Townhomes without the assent of the Members.
- (b) The Declarant may annex to Deerfield Townhomes, Section One the additional land described in subparagraph (a) of this Section 2 by recording in the Guilford County Registry a Declaration of Covenants, Conditions and Restrictions, duly executed by Declarant, described the lands annexed and incorporating the provisions of this Declaration. The additional land shall be deemed annexed to Deerfield Townhomes on the date of recordation of the Declaration of Annexation, and no other action or consent shall be necessary.

000610

- (c) Subsequent to recordation of such Declaration by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any property that is designated as Common Area within the lands annexed.

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 the right to do so thereafter.

Section 2. Rights of Lenders and Insurers of First Mortgages. "Institutional Lender" as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily affording loans secured by first liens on residences and eligible insurers and governmental guarantors.

So long as any Institutional Lender shall hold any first lien upon any Lot, or shall be the Owner of any Lot, such Institutional Lender shall have upon written request therefor the following rights:

- (a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Board of Directors of the Association, such financial statement or report to be furnished by April 15 of each calendar year.
- (b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or By-Laws of the Association or of any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association.
- (c) To receive notice of any condemnation loss or casualty loss which affects a material portion of the Common Areas.

- (d) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.
- (e) To have the right to approve of any alienation, release, transfer, hypothecation or other encumbrance of the Common Areas, other than those specific rights vested in the Association under Article II hereof.
- (f) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Lot encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

Section 3. Term and Amendment by Owners. The covenants, conditions and restrictions of this Declaration shall run with and bind with the land, and shall inure to the benefit of and be enforceable by the Association, or any Owner, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. The Covenants, Conditions and Restrictions of this Declaration may be amended during the first thirty (30) year period by an instrument signed by the Owners of not less than ninety percent (90%) of the Lots and thereafter by an amendment signed by not less than seventy-five percent (75%) of the Lot Owners; provided, however, no amendment purporting to revoke or curtail any right herein conferred to Declarant shall not be effective unless executed by Declarant, and no amendment relating to the maintenance or ownership of any permanent detention or retention pond shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection and no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements or affect any lien for the payment thereof established herein.

Section 4. Certification and Recordation of Amendment. Any amendment must : (1) be executed on behalf of the Association by its duly authorized officers; (2) contain a certification by the officers executing the amendment on behalf of the Association that the requisite Owner approval has been obtained and is evidenced by written acknowledgement (s) signed by the owners approving the amendment and made a part of the minute book of the Association; and (3) be properly recorded in the Office of the Register of Deeds of Guilford County, North Carolina. Any amendment recorded and certified by officers executing the amendment shall be conclusively presumed that such amendment has been duly adopted. Additions to existing property constituting

612

Deerfield Townhomes by Declarant pursuant to Article X SHALL NOT constitute an "amendment".

Section 5. Conflicts. In the event of any irreconcilable conflicts between the Declaration and the By-Laws of the Association, the provisions of the Declaration shall control. In the event of irreconcilable conflict between the Declaration or the By-Laws of the Association and the Articles of Incorporation, the provisions of the Articles of Incorporation shall control.

Section 6. Severability. Invalidation of any one of the covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 7. Contract rights of Association. The undertakings and contracts authorized by the initial Board of Directors (including contracts for the management of Deerfield Townhomes); shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Board of Directors duly elected by the membership after the recording of this Declaration, so long as such undertakings and contracts are within the scope and powers and duties which may be exercised by the Board of Directors of the Association in accordance with this Declaration, the Articles of Incorporation and the ByLaws; and provided further that any undertaking or contract entered into by the Association at a time the Declarant has the right to appoint a majority of the Board of Directors shall contain as provision reserving the right the Association to terminate such undertaking or contract upon not more than ninety (90) days written notice to the other part (ies) thereto.

ARTICLE XII

VA AND HUD APPROVAL

As long as there is a Class B membership, the following acts with require the prior approval for compliance with established HUD or VA guidelines: Annexation of additional properties, other than annexation under Sec 2 (a) of Article X hereto, mortgaging of Common Area, and amendment to the Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or the By Laws of the Association, such approval to not be unreasonably withheld.

000613

IN WITNESS WHEREOF, The Grantor M & P Developers, a North Carolina Limited Liability Company, has caused this instrument to be signed by its proper Managers and seal hereunto affixed, the day and year first above written.

M & P DEVELOPERS, LLC

BY: SPENCE & LESTER OF HIGH POINT, INC.
Manager

By

President

ATTEST:

Asst. Secretary



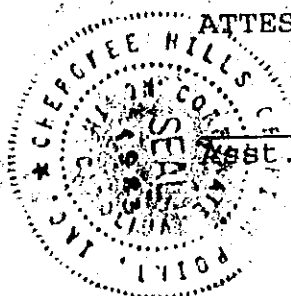
BY: CHEROKEE HILLS OF HIGH POINT, INC.
Manager

By

President

ATTEST:

Asst. Secretary

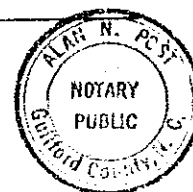


NORTH CAROLINA
GUILFORD COUNTY

This the 25 day of February, 1999, personally came before me Gary E. Peacock who being by me duly sworn says that he is President of Spence & Lester of High Point, Inc., a Manager of M & P Developers, LLC, and the seal affixed to the foregoing deed is the corporate seal by said corporation, and that said deed was signed and sealed by him in behalf of said corporation by its authority duly given. And the said president acknowledged the said writing to the act and deed of said corporation.

Notary Public

My Commission Expires:
June 16, 2002

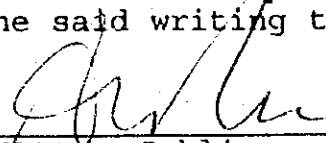


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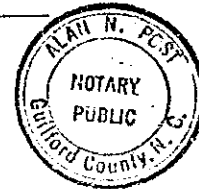
NORTH CAROLINA

GUILFORD COUNTY

This 25th day of February 1999, personally appeared before the undersigned Notary was James M. Marlowe, who being duly sworn says that he is President of Cherokee Hills of High Point, Inc., a Manager of M & P Developers, LLC and the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation and the said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said president acknowledged the said writing to the act and deed of said corporation.


Notary Public

My Commission Expires:
June 16, 2002



STATE OF NORTH CAROLINA - GUILFORD COUNTY

The foregoing certificate of
a Notary Public (Notaries Public) of Guilford County, NC is
(are) certified to be correct.

\WORD2\MPLLC

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EXHIBIT A

(DESCRIPTION OF REAL PROPERTY)

Being all of Tract B, map of Jay Ellis Young as recorded in Plat Book 108 at Page 51 in the Office of the Register of Deeds of Guilford County, North Carolina.

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code: \word2\deerdec