

*City of High Point
Mark Schuler*

DC

RECORDED - 344047
KATHERINE LEE PAYNE
REGISTER OF DEEDS
GUILFORD COUNTY, NC
BOOK: 4991
PAGE(S): 2169 TO 2190
03/27/2000 11:16:57

03/27/2000 GUILFORD CO. NC
1 MISC DOCUMENTS 344047 \$6.00
20 MISC DOC AB9H P65 \$40.00
1 PROBATE FEE \$2.00

Mail to: Samuel M. Booth, 1171 West Fourth Street, Winston Salem, NC 27101

NORTH CAROLINA

**DECLARATION OF MASTER COVENANTS,
CONDITIONS, RESERVATIONS AND
RESTRICTIONS FOR HICKSWOOD
FOREST**

GUILFORD COUNTY

Shugart Enterprises, LLC (herein "Declarant") is the owner of the real property described in EXHIBIT A, attached hereto and incorporated herein by reference. Declarant has prepared a conceptual plan for the development of the property for diversified uses to be known as Hickswood Forest. Current anticipated use of the property is for single family detached dwellings, townhouses, condominiums, multifamily dwellings, and common areas. The present master conceptual plan is subject to change from time to time as development progresses and conditions change. No part of the real property is subjected to this declaration until the Declarant subjects part or all of it hereto by the filing of a phase or supplemental declaration stating the subjection and extent thereof. All property subjected to all or a part of this Declaration will not be treated the same and all common area may not be for the benefit of all properties subjected to this Declaration. The phase declarations will set forth the extent of subjection of a parcel(s) to this Declaration and the additional covenants, conditions, reservations and restrictions for each phase parcel including allocation of voting rights and obligation of assessments to the Hickswood HOA (herein "Association"). The Declarant is not bound, by the conceptual plan or by the describing of the real property herein, to bring all of the real property under the jurisdiction of this Declaration and the Declarant may annex additional land, not presently owned, which may be subjected to this Declaration in full or in part.

Each and every one of these covenants, conditions, reservations, and restrictions is for the benefit of each current and future owner of any part of the real property or interest therein to the extent subjected hereto, and shall bind the successors in interest being construed as running with the land.

I. DEFINITIONS

1.1 **Association:** The Association will be known as Hickswood HOA ("Association"), its successors and assigns which will own, maintain and administer the open spaces, wet detention ponds and common areas brought under its jurisdiction; collect and disburse the assessments and charges herein created, and promote the recreation, health, and welfare of the members of the Association; and Declarant will incorporate under the laws of the State of North Carolina Hickswood HOA, as a non-profit corporation for the purpose of exercising the foregoing

402169

functions, those set forth herein and in other Association documents and those set forth in Chapter 47F of the General Statutes of North Carolina.

1.2 Owner: The record owner, whether one or more persons or entities, of the fee simple title to any of the Premises, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation or leasing part of the Premises.

1.3 Premises: That portion of the real property described Exhibit A and such additions thereto which may be subsequently annexed that is subjected to this Declaration by the Declarant by Phase Declarations.

1.4 Common Area: All real property and improvements thereon included within the Premises which are conveyed to the Association by Declarant by deed or easement as common area, but excluding that real property which is part of the fee simple title to any lot or parcel on the Premises and excluding any part of the Premises designated as a Phase which has a separate owner's association for the phase or is owned by one owner. The Common Area shall be used for the common purposes, benefit, and enjoyment of all Owners and the Declarant to the extent allocated in a Phase Declaration as the same may be amended and as may set forth in a deed of conveyance from the Declarant.

1.5 Limited Common Area: A part of the common area which serves one or more lots, parcels or phases but not all of the same.

1.6 Development: The development of the Premises by the Declarant for the various uses in accordance with this Declaration and the Phase Declarations, to the extent subjected hereto, as the same may be amended and as may be stated in the deed or easement of conveyance by the Declarant.

1.7 Phase: Any part of the Premises designated by Declarant as a Phase and for which Phase Declarations are recorded subjecting the same to this declaration as provided therein. There shall be more than one Phase in the Development.

1.8 Phase Declaration: The covenants, conditions, restrictions and reservations recorded by Declarant or its successor in interest for any Phase. Such declaration may place the phase under the direct, indirect or limited control of the Association.

1.9 Phase Common Area: Any Common Area located within a Phase, which is for the use of that Phase or the development of a Phase in phases or as set forth in the Phase Declaration.

1.10 Amenities: Those certain improvements constructed by Declarant or the Association for the use and enjoyment of all or a part of the members and guests as stated herein or in accordance with the allocation in a phase declaration or in

accordance with the terms stated in the conveyance of the area by the Declarant.

1.11 Multi-Family Lot: Any lot in the Development for which the Declarant, in its sole discretion, designates as a multi-family lot and allows a multi-family dwellings to be constructed thereon.

1.12 Multi-Family Dwelling: Any townhouse, condominium, duplex, apartment or other attached structure or adjoining structures containing more than one residential unit in which more than one family shall have a residence.

1.13 Single Family Dwelling: A detached structure on a lot containing only one residential unit and in which only one family shall have as a residence.

1.14 Lot: Any residential unit or numbered residential lot of the Premises shown upon the recorded subdivision plats in phases subjected to this Declaration.

1.15 Parcel: An area of land or phase that may contain several dwelling units which will be treated by the Association as one entity for purpose of collection of assessments, if any, and use of all, part or none of the Association's common area as set forth by the Declarant in a phase declaration or a deed of conveyance.

1.16 Declarant/Developer: Shugart Enterprises, LLC, its successors and assigns.

1.17 Member: The status of each Owner in the Association.

1.18 Architectural Review Committee ("ARC"): A committee appointed by Declarant or its successors and specific assigns until final development of Hickwood Forest, as it may be expanded, for the purpose of reviewing, approving, suggesting changes to, and rejecting plans and specifications for external improvements to any residence, improvements on any lot or dwelling within the jurisdiction of the Association, in order to control design, appearance, construction and location of dwellings, and other improvements to be constructed, erected, placed, installed, remodeled or rebuilt upon said lots and the subsequent repair and maintenance thereof following conveyance of the lot, parcel or phase by Declarant. The Board of Directors may delegate the day to day enforcement of the rules and regulations of the Association with final appeal to the Board of Directors to this committee or to another committee. Where a phase has a separate phase association, that phase association shall perform such committee duties within that phase and will be subjected to Association's control only upon failure to perform maintenance, repair and replacement as herein provided or as may be provided in a phase declaration.

II. COMMON AREA OWNERSHIP AND MAINTENANCE

2.1: Owner's easement of enjoyment: Every Owner in good standing shall have a right of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, multifamily dwelling, parcel in accordance with the allocation made, if any, in the various phase declarations by the Declarant. A phase may contain common area that is for the benefit and use of one or more phases and will be called phase common area with rights to use only by a phase or phases as set forth in the phase declaration.

2.2 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 Hickwood Forest, or his guests (the Association rules and regulations adopted from time to time may limit the number of guests and in some instances require the owner to accompany the guests) to the extent allocation is made in the member's phase, if any.

2.3 Common Area Restrictions: Common Area shall be used, improved and devoted to the welfare and benefit of the Owners and for the general benefit and enhancement of Hickwood Forest subject to allocation in the phase declarations and subject to restriction requiring a specific membership, which may allow non member use and the limitations on such membership use.

2.4 Rules and Regulations: The Declarant may establish initial rules and regulations and thereafter the Association will have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Area and lots, provided the Phase Association(s) may have such responsibility in accordance with the phase declarations. Such rules and regulations shall be maintained in a place reasonably convenient to the Members affected and available to them for inspection during normal business hours.

2.5 Common Area Offensive Use and Damage: No immoral, improper, offensive or unlawful use shall be made of the Common Area or the amenities owned or leased by the Association. All dwelling ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. Each Owner shall be liable to the Association for damage to the Common Area caused by the owner, his family, tenants, guests, agents, contractors, employees or invitees in accordance with Section 47F-3-107 of the General Statutes of North Carolina.

2.6 Regulation of Use of Common Area: The Association shall have the power to limit the number of guests, to regulate hours or use and to curtail any use or uses of the Common Area it deems necessary or desirable for either the protection of the facilities or the best interest of Members together with the right to suspend use for a reasonable time and to invoke fines for violation of the published rules and regulations.

2.7 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 with the express written consent of the Association. The Declarant reserves and retains the right to improve the common area, grade for retention ponds, for drainage and install utilities of all types over and all common area and to impose easements and grant easements to utility companies until the full development of the land it now owns or may acquire and annex together with the right to adjust the boundaries of the common area by recording corrective plats to correct surveying errors, construction problems or mistakes in layout of improvements.

2.8 Common Area Facilities Admission Fees: The Association may charge reasonable deposits for a member's allowed reserved private use of a common facility, if any, admission and other fees for the use of any Common Area in accordance with its policy and rules and regulations adopted from time to time for all or a part of the common area.

2.9 Suspensions and Fines: The Association shall have the power to suspend the right to the use of any Common Area, excluding access to a lot or parcel, of 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 as amended and expanded from time to time to meet current problems and conditions. The Association shall also have the authority to impose fines for failure to comply with this Declaration or the rules and regulations as established from time to time. The Member shall be entitled to notice and opportunity for hearing before the Board of Directors or a panel appointed by the Board prior to suspension or levy of fine.

2.10 Conveyance of the Common Area by Declarant: The Declarant, its successors and assigns, will determine the common area and will convey the same to the Association or Phase Association by recorded easement or deed, and the Association shall accept all Common Area as conveyed by Declarant. Such conveyance shall be subject to all the restrictions and limitations of this Declaration and as may be set forth in the Phase Declaration(s) and any other restrictions, reservations by Declarant and limitations stated herein or as stated or modified in the conveyance of the common area.

2.11 Common Area Dedication and Transfer: The Association shall have the right to dedicate, transfer or encumber all or any part of the Common Area in accordance with Section 47F-3-112, of the General Statutes of North Carolina as the same may be amended, provided the Declarant has retained the right to grant easements and use the common area to the full development of all the land it owns or may acquire in the furtherance of the development.

III. PERMITTED AND PROHIBITED USES

3.1 **Lots:** Each lot or parcel shall be used only for use(s) specified in the Phase Declaration(s). The use and number of dwellings permitted on a lot, single family or multi-family, or parcel shall be determined by Declarant in its sole discretion and by the applicable state, city or county laws or ordinances affecting the Development as the same may be amended or changed from time to time.

3.2 **Parking:** All Owners by acceptance of a deed agree not to park their vehicles on the access ways or streets in the Development at any time or allow any occupant of a dwelling to do so unless the parking is temporary, not an obstruction to the flow of traffic and except as is authorized by the Association. The Association or Phase Association, having jurisdiction, may designate parking areas, duration of stay and adopt regulations concerning parking to address situations as they occur.

3.3 **Outbuildings:** Following the conveyance of a lot by the Declarant outbuildings will be considered exterior additions or alterations and shall not be placed on the premises until approved by the ARC or the Phase Association grounds or architectural committee having jurisdiction. Any permitted outbuilding shall be of similar material, quality, general appearance and workmanship as the residence on the lot and shall be built as approved by the ARC or Phase Association having jurisdiction.

3.4 **Use.** The Phase Declaration will set forth the uses for the real property located therein.

3.5 **Nuisance:** No owner will do or permit to be done any act upon the Premises, which may be, is, or may become a nuisance. Any question of whether an activity constitutes a nuisance shall be determined in the discretion of the Board of Directors of the Association or the committee to which such matters has been delegated or to the Phase Association Board or committee having jurisdiction, with the right of hearing or appeal to the Board of Directors having jurisdiction. Some acts or events that will be considered a nuisance are: Loudspeakers or other sound producing devices played at a late hour; at an excessive volume; household pets allowed to roam; failure to remove and dispose of droppings of the pet; excessive barking or other animal noise of a household pet.

3.6 **Signs:** No sign of any character shall be displayed or place upon any part of a lot or common area except Declarant's signs; signs erected or approved by Declarant or the Association committee charged with the control thereof; small signs identifying the owner of the lot and/or house number; or one "For Sale" sign, referring only to the lot on which displayed not to exceed four square feet in size.

3.7 Pets: No poultry, cattle, farm animals, or livestock of any kind shall be kept on the Premises and no enclosure therefor shall be erected or maintained on the Premises. No animals of any kind may be kept, bred or maintained on a lot for any commercial purposes. Dogs, cats, and pet birds may be kept within the dwelling in reasonable numbers, not to exceed a total of three pets, as pets for the pleasure and use of the occupants but not for any commercial use or purpose. Birds shall be confined in cages. Pets shall not be permitted to run loose and must be confined within the dwelling, by owner held leash or approved fence. The ARC or appropriate committee of a phase association having jurisdiction must approve any enclosure, visible or invisible, outside the walls of a dwelling. Such request may be denied and if approved the approval may be conditional and may be terminated for failure to follow the conditions or a nuisance results. Provided, further, that such permitted pets must not constitute a danger or nuisance to other Owners or the Premises as determined in the discretion of the Board of Directors of the Association or Phase Association having jurisdiction with right notice and hearing prior to fine or other enforcement action by the appropriate Board of Directors.

3.8 Clothes Lines: Clothes lines or drying yards shall not be permitted unless temporary and any temporary clothes lines shall be so located as not to be visible from any road adjacent to the lot and must be approved by Declarant or the committee in charge of such matters as determined or designated by the appropriate Board of Directors of the Association or a Phase Association.

3.9 Trash receptacles: Trash receptacles shall be in complete conformity with sanitary rules and regulations adopted by the Association or the Phase Association having jurisdiction and shall not be visible from the road. A parcel or multifamily lot may require receptacles near an access road that will be regulated by the Phase Association. If the governmental authority or trash collection company requires the trash receptacles to be placed on the road for collection then the receptacles may be placed where required for collection on the night before collection and removed the day of collection.

3.10 Trucks, Tractors, Trailers, Boats, ATVs, Go-carts, Motor homes, Campers Unlicensed vehicles: Following conveyance of a lot or parcel by the Declarant to an owner no trailers, boats, all terrain vehicles, go-carts, campers, motor homes or unlicensed vehicles of any nature shall be kept on or stored on any part of the premises except within an enclosed garage or other enclosure approved by the ARC or committee charged with regulation unless the appropriate committee so authorizes in writing. Such vehicles shall not be operated on the premises except to load to exit the premises and to unload to return to the storage area. No trucks, other than pick-up trucks, farm machinery of any nature, including tractors and riding mowers, shall be parked on any lot except in an enclosed garage or approved enclosure. Provided trucks parked temporarily as is necessary for moving the Owner's personal property to and from the Premises and to perform repairs and renovations are permitted. The Association or a phase association for its members

may provide an area on the common property for parking of certain types of vehicles, which may be for common use, or a fee charged for use thereof. If provided, use to members may be on a first come first serve basis or lottery to its capacity and will be used in accordance with the policy rules and regulations adopted.

3.11 Exterior Maintenance: The exterior maintenance repair and replacement of improvements on Lots and parcels shall be the duty and responsibility of the Owner of such Lot or of the respective Phase Association, charged with such maintenance, repair and replacement, except where specifically provided otherwise herein, and shall not be the responsibility of the Association unless specifically assumed by the Association. If, however, in the opinion of the Association's Board or the phase association committee charged with such matters, any Owner or responsible Phase Association shall fail to discharge his or its repair, maintenance, replacement or upkeep responsibilities, including the routine mowing of grass, pruning of shrubs and watering thereof, in a reasonable and prudent manner to a standard harmonious with that of other development in Hickswood Forest. The Association, at the discretion of the Board of Directors, and following thirty (30) days written notice to correct or a reasonable time if correction requires longer to correct, to the Owner or responsible person or entity, may enter upon the Lot or Dwelling Unit or Phase location and make or cause to be made maintenance work, repairs or replacements as may be deemed reasonably required by the Association. The Association or its agents shall have a license granted automatically by any Owner of a Dwelling Unit or phase association for the purpose of accomplishing the foregoing. The costs incurred by the Association in rendering such services plus a service charge of fifteen percent (15%) of such costs shall be added to and become a part of the assessments to which such Lot or Dwelling Unit is subject; or, in the event that such services are rendered to Phase Common Areas, the costs shall be apportioned among and become a lien on the Dwellings and Lots served by the Phase Common Areas. This is a right of the Association and not an obligation. Other action of enforcement may be pursued by the Association in the discretion of the Board. The owner or Phase Board of Directors will have notice and the opportunity of a hearing prior to the Association performing such correction which opportunity of hearing may occur during the notice period.

3.12 Exterior lights: Any exterior lighting used on a lot must be so directed or shielded as to cast no direct light upon adjacent lots. The Association or Phase Association in its rules and regulations adopted from time to time may regulate seasonal lighting.

3.13 Leases: Any lease agreement between an Owner and a lessee for the lease of Owner's dwelling shall provide in the terms of the lease that the leased premises is subject to the provisions of this Declaration of Covenants, Conditions, Reservations, and Restrictions, the Articles of Incorporation, Bylaws and rules and regulations of the Association and the Phase Association, if any, 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. All leases shall be in writing and the Association may require a copy be provided to the controlling association. Failure of lessee to comply shall result in action by the appropriate association against the owner. Lease of a residential unit in a multi-family lot will be regulated by the Phase Association, but shall require incorporation of the Association and/or Phase Association covenants into the lease as a default to the extent subjected to this Declaration. Failure of a Phase Association to act will allow the Association to suspend the rights of the Owner and thereby the right of the lessee to the use of the Association's common area, excluding access to the dwelling. The Association may impose fines and take other action for failure to comply, which will also require notice, and opportunity for hearing.

3.14 Commercial activity: Following conveyance of a lot or parcel by Declarant and the Phase Declaration not authorizing otherwise, no commercial or business activity of any type shall be conducted thereon except for a private office within the dwelling provided the office is not the principal place of business for any company or business, provided that no business with the general public is conducted from the office other than by phone and provided the office is in accordance with all applicable laws and ordinances. Offices of the Declarant during development offices for Association business and offices on multi-family or parcel lots will be allowed. The Association or Phase Associations may allow, regulate, limit or prohibit any temporary commercial use such as yard sales or benefits for a charitable purpose or other purposes.

3.15 Pools: No above ground swimming pool shall be permitted on any lot. In ground swimming pools may be permitted in the Phase Declaration or consented to by the Declarant. Approval of the ARC or the Phase committee charged with exterior change approvals shall otherwise be obtained prior to contracting for or beginning construction of any swimming pool or exterior hot tubs other than those constructed by the Declarant or Association(s).

3.16 Satellite Dish, Exterior Antennas: No satellite dish larger than 25 inches in diameter shall be permitted on any Lot or Dwelling Unit. Any permitted dish shall be placed on the rear of the building. Requests for all satellite dishes and other antennas for broadcast or reception will be considered an exterior change and shall be submitted to the ARC or the Phase Committee having jurisdiction for approval, conditional approval, or denial.

3.17 Mailboxes: The Declarant during development and the Association following development, if desired, may establish rules and regulations governing the type, color, location, appearance and replacement of mailboxes and newspaper boxes, as allowed by such rules, subject only to the federal postal laws and regulations.

3.18 Permanent Wet Detention Pond(s): Any permanent wet detention pond

shown within the common area(s) is for the purpose of complying with governmental laws and regulations. The use of same is for the retention of surface water. No swimming, boating or other recreational use shall be made of same unless specifically approved the Board of Directors of the Association in writing which Board may require a vote of the membership of the Association if it so desires. No use shall be authorized with would materially affect the use for which the pond(s) is/are constructed or which would be in violation of governmental regulations. The Association may prohibit any Member use and post no trespassing signs.

IV. SETBACKS, WALLS AND FENCES

4.1 Setbacks and building lines: Setbacks for all structures shall be in accordance with the zoning and building code requirements, as the same may be amended by any authorized board of adjustment. The plans and specifications for any structure including a site plan showing the proposed location of the improvement on the lot, not constructed by the Declarant shall be submitted to the ARC or the Phase committee charged with such matters for approval, modification or rejection.

4.1 Walls and fences: Following the sale of a lot by the Declarant no walls and fences may be erected upon a lot without approval of the ARC or Phase committee charged with such matters. Unless the phase declarations provide otherwise or the Declarant or proper committee shall approve it is not anticipated that any chain link, woven wire, or barbed wire fence will be allowed on the premises.

V. STREETS, EASEMENTS AND RIGHTS OF WAY

5.1 Easements reserved: Declarant reserves from all lots and common areas, easements for installation and service of utilities or drainage systems with full rights of ingress and egress for itself, its agents, utility companies, employees, and its successors and assigns over any part of the Common Area or a lot for the purpose of installing and servicing the utilities, drainage and correction of problems for which the easements are reserved of record. Common Area shall be subject to easements for walkways, vehicles related to management, construction by Declarant, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power line, television antenna lines and other utilities, together with ingress, egress and regress and otherwise as shall have been established by the Declarant whether by express easement or by the recording of a plat dedicating an easement or by the Declarant subsequently creating, dedicating or establishing and easement for correction, necessary or desirable to the full development of Hickwood Forest. The Declarant reserves and retains the right to dedicate streets and/or access easements over the established common area or any

lot owned by it for a subsequent Phase, individual dwelling, parcel or amenity in the further development of Hickwood Forest, including service to land which is not subjected to this or any phase declaration, resulting from an unanticipated event or in the opinion of the Declarant such granting or dedication would be desirable in the further development of Hickwood Forest or the real property owned by Declarant. Such access way, if not public, may be limited common area for the purpose of maintenance, repair and replacement. The Association shall have the power and authority to grant and establish further easements upon, over, under and across the Common Area.

The Declarant reserves and retains an easement for ingress, egress and regress over all dedicated streets, private access ways, phase access ways, and over the common property until such time as Hickwood Forest is fully developed. Such access may be in connection with a parcel of land that is not being brought under the jurisdiction of this or any phase declaration.

5.2 Obstructions: No fill, structures, including walls, fences, paving, or planting, shall be erected upon any part of the Premises which will interfere with any easement for the construction or maintenance of any utility or drainage system for the benefit of the Development and or a lot or with the rights of ingress and egress provided in paragraph 5.1. Any such interference with the installation or servicing of a utility or drainage for the benefit of any part of the Development, the party creating such interference shall be solely responsible for the costs of circumventing or removing the interfering fill, structure, planting or other obstruction to alleviate the easement obstruction.

VI. DURATION OF COVENANTS, CONDITIONS, RESERVATIONS, AND RESTRICTIONS

6.1 Term: The covenants, conditions, restriction, and reservations herein set forth shall continue in full force and effect, as the same may be amended and supplemented, until terminated by written consent of 80% of the voting authority of the Members of the Association and/or Phase Association in accordance with the Planned Community Act, Chapter 47F of the General Statutes of North Carolina.

VII. MEMBERSHIP AND VOTING RIGHTS

7.1 Every Owner of a Lot shall be a Member of the Association and membership shall be appurtenant to and may not be separated from ownership of any lot except as to those vacant lots Declarant conveys to another with a contract to repurchase as stated under the Class C membership below.

7.2 The Association may have three classes of voting memberships:

Class A. Class A Members shall be all Owners except the Declarant; owners upon which the Declarant holds a contract to repurchase vacant lots and Owners of a vacant lots that are Class B Members, and shall have one(1) vote for each lot owned and will be obligated to pay a pro rata assessment based on the total membership to meet the approved budget of the Association. The assessment due would be obtained by dividing the total Class A and B Members, based on the percentage of vote, into the sum due under the adopted budget and that amount times the number of the Class A and B Members, based on the percentage of vote, would equal the assessment due from each Class A and B Member.

Class B. Class B Members shall be all Owners of a vacant lot, not improved with a dwelling, except the Declarant and owners upon which the Declarant holds a contract to repurchase vacant lots, and shall have one-quarter one(1) vote and shall pay twenty-five per cent (25%) of the Class A assessment for each vacant lot owned. Class B Membership will cease and convert to Class A membership upon the lot being improved with a dwelling.

Class C. The Class C Member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned, provided Declarant may convey vacant lots (lot(s) unimproved with a dwelling), to a third party(ies) and have a contract with such grantee to repurchase the lots as a method of financing over a period of time not exceeding five years and retain the right to the vote of such lots and such lots will be considered those of the Declarant for the purpose of membership, vote and assessments. Upon conveyance of a lot held by another, but under contract to Declarant, to anyone other than Declarant it successor or specific assigns to which the rights of Declarant are conveyed shall cause the lot to be converted to Class A or B Membership. Lots owned by the Declarant and those that the Declarant holds a contract of repurchase that are vacant, improved with an unoccupied dwelling, improved with a model or sales promotion model, but not occupied for living purposes shall not be subject to assessments. A lot improved with a dwelling and occupied for living purposes whether owned by Declarant or not shall be subject to the Class A Member assessment. The Class C membership shall cease and be converted to Class A or B membership, as the case may be, when seventy-five percent (75%) of the total number of Lots subjected to this Declaration and including land owned by the Declarant for annexation into the Association, are sold to Owners other than the Declarant excluding those vacant lots which the Declarant has conveyed to others, but holds a contract of repurchase as stated above, or on or before Ten (10) years from the date of recording of the sale of the first lot subjected to this Declaration, whichever comes first.

When more than one person hold an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote, as allocated, be cast with

respect to any Lot.

The Declarant will hold the first annual meeting of the Members not more than twelve months following the sale of a lot to an Owner. A quorum for such annual meetings will be members present at the call of the roll constituting ten per cent (10%) of the total vote of the Association, as it will increase from time to time until the development is complete. The date of subsequent annual meetings will be established by the Declarant and inserted into the By Laws.

VIII. COVENANT FOR ASSESSMENTS

8.1 Creation of the Lien and Personal Obligation for Assessments. The Declarant, for each Lot owned, within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (3) direct assessments as hereinafter defined. The annual, special and direct assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment is made and when filed of record in the Office of the Clerk of Superior Court in the county in which the lot lays, shall be a lien upon the land to all who acquire an interest therein. 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 was levied and any heir or devisee shall be deemed to have consented to make such payments. The personal obligation for delinquent assessments shall not pass to the successors in title by deed unless expressly assumed by them, however lien filed prior to the recording of the deed shall be in full force and effect upon the lot.

8.2 Direct Assessments. Each Owner and Phase Association (to the extent it is obligated for maintenance, repair and replacement) shall have the obligation to maintain and keep in good repair and replace the improvements on his Lot, including the roof, gutters, windows, doors, shutters, and exterior walls of the dwelling unit thereon, and any other exterior improvement such as garden walls, carports or garages and landscaping, including the routine watering of grass and shrubs, and other maintenance and replacement to present a good exterior appearance and in the case of a Phase Association to the extent of its obligation. If any Owner or Phase Association shall fail to comply then the Board of Directors of the Association may proceed as set forth in paragraph 3.11, hereof. Amounts incurred in the foregoing manner shall be deemed "Direct Assessments" and shall be in addition to any other assessments herein provided for.

8.3 Purpose of General Assessment: The assessments levied by the Association shall be used exclusively to promote recreation, health, security, safety and welfare of the residents in the Premises to the extent the members desire and in particular for the maintenance and replacement of perimeter fencing, gates, if any, wet detention ponds, street and landscaping located upon the common, the acquisition, improvement and maintenance of property, services and facilities devoted to this purpose for the maintenance, 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, utilities, desired security, lighting, management and supervision, complying with governmental regulations, payment of governmental taxes and assessments, if any, assessed or levied against the Common Area, the procurement and maintenance of liability and other types of insurance deemed necessary or desirable, including director's insurance and fidelity bonds related to the Association and to the Common Area, its facilities and use in accordance with this Declaration, the employment of managers, attorneys and accountants to represent the Association when necessary, and such other common needs as may arise.

8.4 Maximum Annual Assessments. Until the first annual meeting of the members and the adoption of a budget, the maximum annual assessment: for a Class A Member shall be One Hundred Eighty Dollars (\$120.00) per lot owned.

8.5 Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate as provided for the Class A and B Members. The assessments may be collected on a monthly, quarterly, or annual basis in advance as the Board of Directors may direct, or the membership may approve, except as herein provided. Without regard to the foregoing, where there is a change in ownership, and no lien has been filed for past due assessments, annual and special assessments, in such event, shall become collectible on such change of ownership lots in twelve monthly installments from the date the assessment was levied so that a new owner acquiring title will be obligated for the assessment for the pro rata remainder of the month title is acquired in and for the remainder of the assessment year (assessment year being the twelve months following the date of levy) Should an owner default the Board of Directors may file notice of claim of lien for the entire annual, special, or direct assessment past due and remaining due for the assessment year. The assessment year for regular assessments shall initially be the calendar year and thereafter shall be the twelve (12) months following the approval of the budget by the members or the levy for a change in the assessment amount. No Owner may waive nor otherwise escape liability for any the assessment provided for herein due to non-use or inability to use or abandonment of his lot.

8.6 Enforcement of Collection. Filing of lien and enforcement thereof for the collection of all assessments provided for in this Declaration shall be in accordance with the Planned Community Act, Section 47F-3-116, of the General Statutes of North Carolina as the same may be amended from time to time. The assessment

shall be and remain the personal obligation of the owner of the lot at the time the assessment was levied and suit may be filed, claim made therefore in bankruptcy or collected in any other manner provided by law for debts due, including costs and reasonable attorney fees associated therewith in addition to the rights against the lot. The Association may pursue either or both remedies without bar to the other remedies. Any amount collected from any action would be a credit against the total due. Any amount not collected shall be a common expense of the Association.

8.7 Date of Commencement of Assessment, Due Dates. The annual and special assessments provided for herein may be collected on a monthly, quarterly or annual basis as determined by the Members and shall commence as to all Lots subjected to this Declaration in advance on the first day of the month following the conveyance of the first Lot in a Phase. The first annual assessment as established by the Declarant, as the sole member of the Association shall be adjusted according to the number of months remaining in the calendar year and ensuing thereafter until the first annual meeting of the members. Subsequently within thirty (30) days following the adoption of a budget by the Board of Directors a summary of the proposed budget reflecting an increase, decrease or no change in the amount of the annual assessment against each Class of Membership, will be forwarded to the property address of each member or to the last known address furnished in writing to the Association from a member for notices to be sent. When the assessment is paid by a Phase Association for all owners within the Phase then the notice will be forwarded to the Phase Association Board of Directors, or to the party the Directors of such Association designates in writing to the Association for it to distribute to its members. All sums paid to or on behalf of the Association by the Declarant shall be credited against any and all assessments subsequently falling due from the Declarant to the Association until full credit for such payments is given therefor.

8.8 Subordination of the Lien to Deeds of Trust. The liens provided for herein shall be subordinate to the lien of any first deed of trust or mortgage filed prior to a lien for assessments by the Association and will be extinguished upon foreclosure of the first mortgage or deed of trust, but the personal obligation of the Owner of the lot when the assessment fell due shall survive. No such foreclosure sale shall relieve such Lot from liability for any assessments, monthly or otherwise, which is due or may be collected from the date of foreclosure conveyance forward and the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any subsequent first deed of trust or mortgage filed prior to a lien for assessments being filed by the Association. Provided during the period a foreclosed unoccupied lot is held by the Secretary of Housing and Urban Development, the Administrator of Veterans Affairs or any other state or federal agency which acquires title by reason of such agency's guarantee or insurance of a foreclosed mortgage loan no assessment will accrue, but will begin to accrue with the conveyance of same to a subsequent owner.

XI. ARCHITECTURAL CONTROL.

9.1 Purpose. The Declarant desires to establish an Architectural Review Committee ("ARC") in order to provide and maintain certain standards as to harmony of external design and location in relation to surrounding structures and topography.

9.2 Architectural Control. Following the conveyance of a lot from the Declarant in fee simple in its natural or improved state, unless expressly authorized in writing by the ARC, or the Phase committee established as stated in paragraph 10.5, below, no building, fence, wall, driveway or other structure nor any exterior addition or alteration to any existing structure on any lot, other than replacement identical to the original construction, any clearing or site work shall be commenced, erected or maintained upon the designated property, or any other alteration, addition, replacement or reconstruction of a destroyed or damaged improvement, which in anyway varies the external appearance of the improvements on any lot until plans and specifications therefor showing the shape, dimensions, materials, basic exterior finish and colors, location on site, driveway, parking, and elevations therefor (all of which is hereinafter referred to as the "Plans"), shall have been submitted in duplicate to and approved in writing, as to harmony of external design and location in relation to any surrounding structures and topography, by the ARC. The ARC shall have the right to refuse to approve or approve with conditions, any such Plans and specifications which are not suitable or desirable in the opinion of the ARC for any reason, including purely aesthetic reasons which in the discretion of the ARC shall be deemed sufficient; provided that the ARC's decision to deny an application may be appealed to the Board of Directors for review which Board may confirm, amend or modify the decision of the ARC. The ARC shall articulate its reasons for denial and may send a representative to any hearing. Approval of some item at one location shall not be construed as approval at any other location nor set a binding precedent for approval at any other location as conditions differ and prior experience may dictate a reason for denial.

9.3 The ARC. The Architectural Review Committee shall be composed of three (3) persons appointed by the Declarant. At the time when all Lots subjected to this Declaration have been improved by the construction of a dwelling house thereon and conveyed in fee simple, the ARC will be appointed by the Board of Directors of the Association and may be expanded to five members in the discretion of the Board of Directors. Representatives, such as Executors or Trustees will not be entitled to be members of the Committee.

9.4 Plans Review Procedure. At least thirty (30) days prior to the commencement of any construction or alteration of external appearance on any lot, the Plans shall be submitted in writing to the ARC. The ARC's approval, disapproval or waiver as required in these covenants shall be in writing. A quorum of the ARC shall be a majority of the total members of the ARC. The decision of a

majority of the Committee present, at which a quorum is present, shall be the decision of the ARC. The decision may be rendered without a meeting if a majority of all members sign. The ARC shall make its decision within thirty(30) days from the date the Plans are submitted to it. If the ARC fails to act within such thirty(30) day period, the Plans shall be deemed accepted. The Member submitting the Plans shall obtain a written dated receipt from the Committee member submitted to or a dated return receipt from submission by Certified US Mail. Time shall run from receipt and not the date of mailing. If the ARC requests additional materials or information, the time for approval shall be extended for thirty(30) additional days after the materials or information requested are delivered to the Committee for which a receipt is obtained.

9.5 Phase Association Architectural Committee: Where a Phase Declaration provides for a committee to perform the duties set forth above for the ARC, then and in such event, the duties of the ARC in such Phase shall be handled by such Phase committee in the same manner or as may be stated in the Phase Declaration(s) applicable.

X. SPECIAL DECLARANT'S RIGHTS.

10.1 Any right reserved or retained by the Declarant in this Declaration, any phase declaration, the by-laws or the articles of incorporation(s) shall not be subject to amendment, deletion or change by the Association(s) or its, their, members without Declarant's written permission until such right terminates or until the full development of Hickwood Forest as described in Exhibit A attached hereto together with any land the Declarant may subsequently acquire for annexation into the Association. One or more of the specific rights may be surrendered at different times by such written notice(s) to the respective Board of Directors.

10.2 Declarant reserves the right to annex all or part of the land described in Exhibit A, attached hereto, and additional land not now owned which adjoins or is in the general area of the land described in Exhibit A, which Declarant may acquire at a future date.

10.3 Declarant reserves and retains the right to amend this Declaration and all other Association documents in order to meet any requirement to make lots eligible for loans which may be guaranteed or insured by the Department of Housing and Urban Development, Veterans Administration, Federal Housing Loan Mortgage Corporation, Federal National Mortgage Association or other governmental, lending or insuring agency or companies which may have regulations, policies or requirements in conflict with this Declaration or other Association documentation. Such amendment(s) will be recorded by the Declarant and will not require the joinder of the Association.

10.4 Declarant reserves the right to appoint the majority of the members of the

Board of Directors of this Association and any Phase Association until Hickwood Forest as it may be expanded is fully developed. Declarant may surrender such right at anytime henceforth in part or in full upon written notice to the Board of Directors of the Association or any Phase Association.

10.5 Any restrictions, covenants, reservations or conditions set forth herein may be extended, removed, modified or changed by securing the written consent of the Declarant, which written consent, if given, shall be duly executed, acknowledged and recorded in the Office of the Register of Deeds where the property affected lays, and which consent may be given or withheld within the uncontrolled discretion of the Declarant.

10.6 Any right reserved by the Declarant shall include its successors and specific assigns to which such rights have been assigned and accepted by the assignee.

10.7 Declarant shall have the repeated right to convey vacant lots to another, upon which Declarant retains a contract of repurchase of the lots, and Declarant will retain the vote of such lots and will remain class C membership until the lots are conveyed to someone other than the Declarant.

10.8 Withstanding language to the contrary herein annexation of additional properties, dedication of common area, mortgaging of Common Area, mergers and consolidations, dissolution of the Association and amendment of the Association's Articles of Incorporation and this Declaration shall require HUD/VA prior approval so long as there is a Class C membership (Declarant) in order to meet HUD regulations for loan guaranties.

XI. GENERAL.

11.1 **Approvals Following Meeting.** At any place herein where it is required that a certain percentage of members approve or consent to any matter, such percentage requirement may be obtained after any required meeting at which a quorum was present, provided the motion for approval was not defeated at the meeting, by obtaining the signatures of members sufficient to meet the required percentage of membership vote.

11.2 **Conflicts. Planned Community Act.** This Declaration is not intended to be in conflict with Chapter 47F, of the General Statutes of North Carolina, as it may be amended, and if any of the terms and conditions hereof are not in compliance with such Act, then the Act shall control in such instances and this Declaration is expanded to incorporate matters set forth in the Act that are not covered hereby.

11.3 **Notices.** Any notice required to be sent to a Member under the provision of this Declaration shall be deemed to have been properly sent when personally

delivered or mailed, post paid, to the last known address of the Member. Notice to any one of the Owners, if title to a lot is held by more than one, shall constitute notice to all Owners of such lot. Notices to a Phase Association shall be forwarded to and Officer of the Board of Directors of such Phase in the same manner and all Owners in such Phase shall be deemed to have received the notice.

11.4 Enforcement. In addition to all other enforcement provisions and remedies at law or in equity, enforcement of this Declaration shall be an appropriate civil proceeding against any person or persons violating or attempting to violate the terms of the Declaration, either to restrain violation or to recover damages, or both, and against the lot owned by such persons or Phase to enforce any lien created by the Declaration or any Phase Declaration. Failure to enforce any terms of this Declaration or any Phase Declaration shall not be deemed a waiver of the right to do so thereafter.

11.5 Default by Association: Upon default by the Association or any Phase Association, whichever is responsible, in the payment to the jurisdiction entitled thereto of any assessments for public improvements or ad valorem taxes levied against the common areas, which default shall continue for a period of six (6) months, each owner of a lot in the development, to the extent subjected to this declaration, shall become personally obligated to pay to the jurisdiction a portion of the taxes assessments in an amount determined by dividing the total taxes and/or assessments due to the jurisdiction by the total number of votes of the lots in the development and the percentage of vote times such shall be due from the respective owners of the lots in the development to the extent subjected to this declaration. If the sum due from each such owner is not paid within thirty (30) days following receipt of notice of the amount due, the sum shall become a continuing lien on the property of the owner, his heirs, devisees, personal representatives and assigns. The taxing or assessing jurisdiction may either bring an action at law against the owner personally obligated to pay the same, or may elect to foreclosed the lien against the property of the owner.

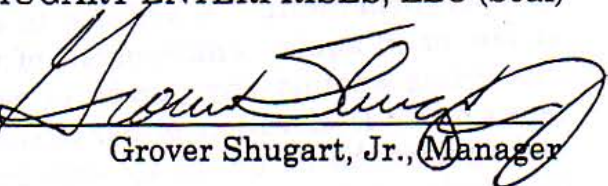
11.6 Severability. Invalidation of any one of these covenants, conditions, reservations or restrictions by judgment or court order shall in no way affect any other provision, which shall remain in full force and effect.

11.7 Association Documents. In the event of conflict in the Association's documents then the documents shall control in the following order: First, the Articles of Incorporation shall control; Second, this Declaration, as it may be amended; Third, the By Laws; and Fourth the rules and regulations.

In Testimony Whereof, Shugart Enterprises, LLC, through its authorized manger has signed and sealed this instrument for and on behalf of the limited liability company.

SHUGART ENTERPRISES, LLC (Seal)

By



Grover Shugart, Jr., (Manager)

=====

NORTH CAROLINA – FORSYTH COUNTY

I, _____, a Notary Public of Yadlow County, North Carolina, certify that **Grover Shugart, Jr., Manager of Shugart Enterprises, LLC**, personally appeared before me this day and acknowledged the execution of the foregoing instrument for and on behalf of Shugart Enterprises, LLC, a North Carolina Limited Liability Company.

Witness my hand and official seal or stamp, this the 11th day of February, 2000.

Notary Public

My Commission expires: _____

=====