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DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED  
FOR KAY F. PATSEAVOURAS  
OAK RIDGE MEADOWS TOWNHOUSES REGISTER OF DEEDS  
 GUILFORD COUNTY, NC

Oct 9 4 17 PM '84

THIS DECLARATION, made on the date hereinafter set forth by CRAYTON-WEST PROPERTIES, a North Carolina General Partnership, organized and existing under the laws of the State of North Carolina with its principal office and place of business being 843 W. Market Street, Greensboro, North Carolina, hereinafter referred to as "Declarant".

WITNESSETH:

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

SEE ATTACHED EXHIBIT A.

5508 9' 8639 200040.00 5'  
 5508 9' 8639 200091.00 5'

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

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to OAK RIDGE MEADOWS TOWNHOUSES, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

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Section 4. "Common Area" and "Open Space" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area and Open space to be owned by the Association at the time of the conveyance of the first lot is described as follows:

All of those parcels of land designated "Common Area" and "Open Space" as shown on the plat entitled "Property of Oak Ridge Meadows Townhouses" which appear on record in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 75, at Page 12.

"Common Area" when used hereafter shall include areas designated as "Common Area" or "Open Space".

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Crayton-West Properties a North Carolina Partnership, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

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

## ARTICLE II

### PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every owner shall have a 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, subject to the following provisions:

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

(b) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and, for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations.

(c) the right of the Association to dedicate, or transfer all or any part of the Common areas to any public agency or utility shall not be effective unless an instrument signed by at least 66 2/3 percent (2/3) of each class of members, agreeing to such grant, dedication or transfer, has been recorded.

(d) The right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area and specifically including the right to make permanent and temporary assignments of parking spaces and to establish regulations concerning the use thereof;

(e) The right of the Association, in accordance with its Articles and Bylaws to borrow money for the purpose of improving the Common Area and facilities thereon; and to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(f) The right of the Association to exchange portions of Common Area with the Declarant or Owner for substantially equal areas of the properties for the purpose of eliminating unintentional encroachments of townhouses or other improvements onto portions of the Common Areas;

(g) The recorded plat indicates construction of buildings E through G. All of which buildings will not be completed at the time of the first conveyance to a record owner. Declarant reserves unto itself and its agents or assigns the unrestricted right to enter upon, cross over or otherwise utilize the Common Area surrounding all buildings A through RR in furtherance of site preparations and construction of buildings upon lots not completed at the time of the first conveyance to an Owner.

(h) The right of the Association to place "no-parking" signs within the confines of the designated emergency vehicle turn-around areas as shown on the herein referenced plat and to adopt reasonable penalties for violation of such prohibited parking, including but not limited to towing vehicles in violation at the owner's expense.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Parking Spaces. Ownership of each Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces for each Lot, which shall be as near as and convenient to said Lot as reasonably possible, together with the right of ingress and egress in and upon said parking area. The Association shall permanently assign two (2) vehicle parking spaces for each Lot and temporarily assign other spaces pursuant to regulations promulgated by the Association.

The Association shall keep a record of all assigned parking spaces for each Lot and upon request shall disclose said record to the City of Greensboro, Guilford County or any other governmental body or agency requesting such information of the Association.

Furthermore, any Lot Owner may assign any of his permanently assigned parking spaces to any other Lot Owner. In order to be binding, any such assignment shall be in writing with a copy of such assignment being delivered to the Association. Any such assignment shall be ineffective if it should violate any controlling zoning ordinance.

Section 4. Use of Parking Spaces and Common Area. Absent the express written consent of the Association, no owner, member of his family, tenant, or contract purchaser of any lot shall use the parking spaces or common area of the properties for the temporary or permanent storage or parking of any boat, boat trailer, recreational vehicle, camper, trucks, tractors or such similar motorized or non-motorized items. These items shall not be parked within the rights of way of any public street in or adjacent to Oak Ridge Meadows Townhouses, nor shall any of these be parked upon the Common Areas.

Section 5. Lease of Lots. Any Lease Agreement between an Owner and a Lessee for the lease of such Owner's Lot shall provide that the terms of the Lease shall be subject in all respects to the provisions of this Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation and 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. All Leases of Lots shall be in writing, and shall not be for a term of less than thirty (30) days. Other than the foregoing there is no restriction on the right of any Owner to lease his Lot.

Section 6. Street Signs Etc. It shall be the duty of the Association to erect, and maintain within the confines of the properties, all street signs and traffic control and/or directional signs and devices.

Section 7. TV Antennas and Piped-In Music. The Association may provide one or more central television antennas for the convenience of the members and may supply piped-in music and the cost of these may be included in annual or special assessments. The Association may regulate or prohibit the erection of television antennas on individual lots. However, this shall not restrict the homeowner from erecting an antenna which is within his home (i.e., attic-type devices not visible from the outside).

#### ARTICLE III

##### MEMBERSHIP AND VOTING RIGHTS

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

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership exceed the total votes outstanding in the Class B membership, or

(b) on October 1, 1989.

Section 3. In any event, the Declarant shall be required to transfer control of the Association to the Owners no later than the earlier of the following events:

(a) Four (4) months after seventy-five percent (75%) of the units in the project have been conveyed to unit purchasers; or

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(b) Three (3) years following conveyance of the first unit in the first phase of the project or five (5) years following such conveyance as the project is expanded as provided for herein.

The term "control" means the right of the Declarant to control the Association, the Association Board, the project, or the Owners in any manner, except through votes allocated to units it owns on the same basis as votes pertaining to sold units.

#### ARTICLE IV

##### COVENANT FOR MAINTENANCE AND ASSESSMENTS

Section 1. Creating of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay 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) to the appropriate governmental taxing authority; (a) a pro rata share of ad valorem taxes levied against the Common Area; and, (b) a pro rata share of assessments for public improvements to or for the benefit of the Common Area if the Association shall default in the payment of either or both for a period of six (6) months, all as hereinafter provided. The annual and special 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. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

##### Section 2. Purpose of Assessments.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the exterior maintenance of the dwellings situated upon Lots or for the use and enjoyment of the Common Area, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the maintenance

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of water and sewer mains in and upon the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the payment of charges for common television antenna service, the payment of charges for garbage collection and municipal water and sewer services furnished to the dwellings on Lots, as well as to the Common Areas, the employment of attorneys to represent the Association when necessary, and each 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 operating and managing the Property, 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 into the Association by any Lot Owners, the same may be commingled with monies paid to the Association by the other Lot Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived thereafter 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 a Lot Owner shall cease to be a member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Properties.

Section 3. Maximum Annual Assessment. Until December 31 of the year of the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Forty Dollars (\$40.00) per Lot.

(a) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed ten percent (10%) of the maximum annual assessment of the previous year.

(b) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter may be increased without limit by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessments at an amount not in excess of the maximum, subject to the provisions of Section 7 of this Article.

Section 4. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all lots and may be collected on a monthly basis.

Section 5. Special Assessments for the Purchase and Reconstruction of Townhomes. In the event that any townhome located on the Property is substantially destroyed by fire or other hazard, the Owner shall give written notice to the Association within thirty (30) days following such destruction of whether he intends to repair or reconstruct the townhome; and if the Owner fails to give such notice to the Association, it shall be conclusively considered, for purposes of this Section, as notice that he does not intend to repair or reconstruct the townhome. If the owner elects not to repair or reconstruct the townhome, the Association shall have the first right and option to purchase such unit in the manner hereinafter provided. The purchase option shall be effective for a period of ninety (90) days following notice of the owner's election not to repair or reconstruct.

(a) Exercise of Option. The Board of Directors shall appoint a committee, or shall designate an existing committee of the Association, to determine whether failure to reconstruct the damaged townhome will result in substantial pecuniary injury to the Association or diminution in value of the remaining property. The committee may employ such persons, including, but not limited to, real estate appraisers, realtors, architects, and engineers, as are reasonably necessary to make its determination, and shall report its conclusions, with



supporting data, in writing to the Board within fifteen (15) days. The report shall set forth such matters as the Board and committee deem pertinent, but shall contain estimates of the pecuniary injury and diminution in value along with an estimate of the cost of purchase and reconstruction of the townhome.

If the Board of Directors determines that it would be advantageous to the Association an/or to the remaining Property to purchase and reconstruct the townhome, it shall call a special meeting by giving written notice thereof, setting forth the purpose of the meeting, to all members within seven (7) days following submission of the committee report. The special meeting of members shall be held not less than seven (7) days nor more than fifteen (15) days following notice to members. Upon an affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of each class of membership present and voting, the Board will be authorized to purchase and reconstruct the townhome and to assess all lots equally for all costs and expenses arising out of the purchase and repair or reconstruction of the townhome. The Board may require that the assessment be paid in a lump sum, in installments during an assessment year, or over a period of two (2) or more assessment years, as the Board, in its discretion, shall determine to be appropriate.

Such an assessment shall be in addition to, and not in lieu of, the annual assessments provided for in Section 3 and the special assessments provided for in Section 4 of this Article.

(b) Determination of Value. The owner of the townhome shall convey marketable title thereto to the Association upon payment to the owner by the Association of the fair market value of the lot and townhome in its damaged condition. Fair market value shall be determined in any manner agreed upon by the Association and the owner. If they cannot otherwise agree on a fair market value or method of determining fair market value, each shall appoint an appraiser and those two appraisers shall appoint a third appraiser. The fair market value as determined by any two of these three appraisers shall be final and binding on all parties. Each party shall pay the fee of the appraiser selected by it or him, and each party shall pay one-half (1/2) of the fee of the third appraiser. If the Board and the owner agree upon a single appraiser, each shall pay one-half (1/2) the cost of the appraisal.

(c) Application of Insurance Proceeds. The owner of the townhome, prior to conveyance to the Association, shall apply or cause to be applied so much of the proceeds of any hazard insurance paid by reason of the damage or destruction of the townhome as shall be necessary to pay all liens, mortgages, deeds of trust, taxes, and encumbrances upon the lot so that the fee simple marketable title thereto may be conveyed free and clear of all liens and encumbrances. If the insurance proceeds are not sufficient to pay all liens, encumbrances, and obligations upon the lot, the purchase price shall be reduced by an amount adequate to pay any such deficiency.

(d) Failure to Exercise Option. If the Association does not exercise the purchase option herein provided for, the owner may retain the lot or may transfer or convey it, upon such terms and conditions as he may elect, to any person, to be used solely as a site of an attached, single-family townhome unit. The reconstructed or repaired townhome unit shall be substantially identical to the destroyed townhome unit, unless a change shall be approved by the Board, and shall be constructed in conformity with plans submitted to and approved by the Board prior to construction.

(e) Retention by Owner. If a townhome is not habitable by reason of damage, and the owner gives notice of his election to repair or reconstruct the townhome, the obligation of the owner to pay annual assessment installments shall not be suspended. In the event a townhome is damaged or destroyed, and the owner does not begin repair or reconstruction within thirty (30) days following the damage or destruction, he shall remove or cause to be removed, at his expense, all debris from the lot, so that it shall be placed in a neat, clean, and safe condition and if he fails to do so, the Association may cause the debris to be removed and the cost of removal shall constitute a lien upon the townhome and its lot until paid by the owner, unless the lot is thereafter acquired by the Association.

(f) Reconstruction by the Association. Upon acquisition of title to the townhome, the Association is authorized to arrange such financing and execute such notes, mortgages, deeds of trust, and other instruments, to enter into such contracts, and to do and perform such other matters and things as are necessary to accomplish the reconstruction of the

townhome; provided, however, that only that townhome which is to be reconstructed shall stand as security for any liens, mortgages, or obligations arising out of the purchase or reconstruction of the townhome, and no other portion of the Property, including the limited common area and facilities, shall be pledged, hypothecated, mortgaged, deeded in trust, or otherwise given as security for any obligations arising out of said purchase or reconstruction, and no member shall be required to become personally obligated therefor.

The Association shall hold title to the lot and improvements for the benefit of all members. The Board may lease or sell the lot and improvements upon such terms and conditions as it, in its discretion, deems most advantageous to the members. The lease rental shall be applied in the following order of priority: (1) to the payment of taxes, assessments, liens, encumbrances, and obligations on or secured by the lot; (2) to the maintenance, upkeep, and repair of the townhome; (3) to payment or repayment to the members, pro rata, of the special assessment, if any, for purchase and reconstruction of the townhome; and (4) to the general expenses of the Association. In the event the lot is sold, the purchase price shall be applied in the following order of priority: (1) to the payment of taxes, assessments, liens, encumbrances, and obligations on or secured by the lot; (2) to payment or repayment to the members, pro rata, of the special assessment, if any, for purchase and reconstruction of the townhome; and (3) to the general expenses of the Association. Any payment or repayment to members of the special assessment may be in cash or may be applied to the annual assessment due or to become due.

(g) Application of Declaration and By-Laws. Any townhome which has been destroyed in whole or in part, by fire or other casualty, and is subsequently restored or reconstructed, shall be subject to the provisions of this Declaration and to the By-Laws of the Association.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30

days nor more than 60 days in advance of the meeting. At the first such meeting 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 60 days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall be collected on a monthly basis and shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 9. Effect Of Nonpayment Of Assessments: Remedies Of The Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) 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, and interest, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

Section 10. Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association. Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to or for the benefit of the Common Area, which default

shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 11. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any bona fide first mortgage or deed of trust pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 12. Exempt Property. All property 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 said assessments.

Section 13. Reserves For Replacements. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Areas which the Association is obligated to maintain. This fund shall be maintained out of the regular assessments for common expenses as provided for herein.

#### ARTICLE V

#### ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation of additional Property shall require the assent of two-thirds (2/3) of the Class A membership and two-thirds (2/3) of the Class B membership, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more

than 60 days in advance of the meeting setting forth the purpose of the meeting. The presence of Members or of proxies entitled to cast sixty percent (60%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be one-half of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that two-thirds (2/3) of the Class B membership are not present in person or by proxy, Members not present may give their written assent to the action taken thereat.

Section 2. If within six years of the date of incorporation of this Association, the Declarant should develop additional lands within the boundaries of the following tract, such additional lands may be annexed to said Properties without the assent of the Class A members:

Being all of the tract as shown on a map attached hereto as Exhibit "A".

Section 3. Annexation of additional Properties shall be accomplished by recording in the Guilford County Registry a Declaration of Annexation, duly executed by the Declarant if the Declarant has the right to annex pursuant to Section 2 above (and by the Association if herein provided for), describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except the County of Guilford if required by its ordinances.

Section 4. Subsequent to recordation of the Declaration of Annexation by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any Common Area within the lands annexed as such Common Area is developed,

#### ARTICLE VI

#### USE RESTRICTIONS

Section 1. Land Use And Building Type. No Lot shall be used except for residential purposes, except for temporary uses thereof by Declarant for Declarant's sales office and model Townhouse.

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Section 2. Dwelling Specifications. No dwelling shall be permitted having a ground area of the main structure, exclusive of one-story open porches, of less than nine hundred (900) square feet for a one-story dwelling nor less than five hundred (500) square feet for a dwelling of more than one story.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and further provided that they are kept and maintained for commercial purposes and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina, the City of Greensboro and County of Guilford relating thereto; and (ii) such rules and regulations pertaining thereto as the Board of Directors may adopt from time to time.

Section 5. Outside Antennas. No outside radio or television antennas shall be erected on any Lot or dwelling within the Properties unless and until permission for the same has been granted by the Board of Directors of the Association or its architectural control committee.

## ARTICLE VII

### EASEMENTS

Section 1. Utilities. Easements for installation and maintenance of utilities (including cable television service) and drainage facilities are reserved as indicated on the recorded plat. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the drainage easements, or which may obstruct or retard the flow of water through drainage channels in the easements. An easement is hereby established for the benefit of the City of Greensboro and Guilford County (and and other person or firm providing services to the Properties under agreement with or at the direction of the Association) over all Common Area as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting

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of fires and collection of garbage. The Association shall have the power and authority to grant and establish upon, over and across the Common Area such additional easements as are necessary or desirable for the providing of service or utilities to the Common Area or Lots.

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

#### ARTICLE VIII

##### RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

Section 1. Entities Constituting Institutional Lenders. "Institutional Lender" as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies, guarantors, or other firms or entities customarily affording loans secured by first liens on residences.

Section 2. Obligation Of Association To Institutional Lenders. 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 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.

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(c) To receive notice of any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage.

(d) To receive notice of any substantial damage to the Common Area.

(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 receive notice of any 60-day delinquency in the payment of assessments or charges owed by the Owner of any unit on which it holds the mortgage.

(g) To receive notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(h) To receive notice of any proposed action that requires the consent of a specified percentage of mortgage holders.

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

## ARTICLE IX

### ARCHITECTURAL CONTROL

Section 1. The Architectural Control Committee. An Architectural Control Committee consisting of three (3) or more persons shall be appointed by the Class B Member. When the Class B membership expires, the Board of Directors of the Association shall appoint a new committee of three or more members.

Section 2. Purpose. The Architectural Control Committee shall regulate the external design, appearance, use, location and maintenance of the Properties and of improvements thereon in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography. To that end, no improve-

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ments, alterations, repairs, change of paint colors, plantings, excavations, changes in grade or other work which in any way alters the exterior of any Lot or the improvements located thereon from its natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant to an Owner shall be made or done without the prior written approval of the Architectural Control Committee. No building, fence, wall, residence or other structure shall be commenced, erected, maintained, or improved, altered, removed, made or done without the prior written approval of the Architectural Control Committee.

Section 3. Procedure. Any Owner desiring to make any such improvement, alteration or change described herein above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, material and location of the same to the Architectural Control Committee which shall evaluate such plans and specifications pursuant to the purposes of the Article as specified herein above. In the event the Committee fails to approve, modify or disapprove in writing an application within thirty (30) days after plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. The applicant may appeal an adverse Architectural Control Committee decision to the Board of Directors of the Association which may reverse or modify such decision by a two-thirds (2/3) vote of the Directors.

As a condition to the granting of approval of any request made under this Article, the Architectural Control Committee may require that the Owner requesting such change be liable for any cost of maintaining or repairing the approved project. If such condition is imposed, the Owner shall evidence his consent thereto by a written document in recordable form satisfactory to the Architectural Control Committee. Thereafter, the Owner, and any subsequent Owner of the Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree that any cost of maintenance and repair of such improvement shall be a part of the annual assessment or charge set forth in Article IV, Section 1 and subject to the lien rights described in said Article IV.

Section 4. Future Design. The powers herein reserved to the Architectural Committee shall be subject to the right of Declarant to alter the design of future units to be constructed upon annexed properties as provided for herein.

ARTICLE X

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. The Association shall have the right to request that law enforcement, public safety and animal control officers come on the Properties to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded at the Guilford County Registry.

Section 4. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 5. Working Capital Fund. In order to insure that the Association will have sufficient monies available to meet operational needs during the initial months of the project's existence, the Association has established a Working Capital Fund. At the time of the closing of the first sale of each Unit, the purchaser thereof shall pay into such fund an amount equal to two-twelfths (2/12ths) of the current annual assessment established by the Association.

Section 6. Arbitration. In the event of any dispute arising between the Declarant and the Association or between Declarant and any Member as herein defined concerning the interpretation of any provision of this Declaration, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators. The resulting fees or other expenses associated with any such arbitration shall be paid equally by the parties to the arbitration.

Section 7. Information. The Association shall make available to unit Owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the declaration, By-Laws, other rules concerning the project, and the books, records and financial statements of the Association. "Available" means available for inspection upon request, during normal business hours or under other reasonable circumstances.

Section 8. Contracts. The Association, prior to passage of control as provided for herein, shall not be bound either directly or indirectly to contracts or leases (including a management contract) unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time after transfer of control, upon not more than 90 days' notice to the other party.

#### ARTICLE XI

##### EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each dwelling on each Lot which is subject to assessments hereunder, as follows: painting and repairing of the exterior, replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, walks and other exterior improvements. Such exterior maintenance shall not include the following: glass surfaces; window and door screens, storm doors and windows; patios; wooden decks or any portion thereof, including railings, supports and steps; attic vent fans, subsurface leakage into basement areas or crawl spaces; or hardware on any exterior doors. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

In the event that the need for maintenance, repair or replacement is caused through the wilful or negligent act of the Owner, his family, guests, or invitees, or is caused

by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircrafts, vehicles and smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage insurance policies, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject.

## ARTICLE XII

### PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence, or wilful 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 or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or wilful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or wilful 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 of repairing any damage which results from such exposure.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

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

decision shall be by a majority of all the arbitrators. The resulting fees or other expenses associated with any such arbitration shall be paid equally by the parties to the arbitration.

### ARTICLE XIII

#### INSURANCE

Section 1. Insurance coverage on the properties shall be governed by the following provisions:

(a) Ownership of Policies. All insurance policies upon the properties shall be purchased by the Association for the benefit of all the Association and the Owners and their mortgagees as their interest may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners. Owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.

(b) Coverage. All buildings and improvements upon the land and all personal property included in the Common Areas and facilities shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

(i) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the land.

(iii) Such policies shall contain clauses providing for waiver of subrogation.

(c) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary.

(d) Premiums. Premiums for insurance policies purchased by the Association shall be paid by Association and charged to the Owners as an assessment according to the provisions of Article IV above; provided that premiums on account of hazard insurance coverage for individual Lots shall be apportioned to the individual Owners according to the amounts of the coverage required.

(e) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustees under this Declaration. The sole duty of the Association as insurance trustees shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein or stated in the By-Laws and for the benefit of the Owners and their mortgagees in the following shares:

(i) Proceeds on account of damage to Common Areas and facilities held for the Association.

(ii) Proceeds on account of damage to individual units shall be held in undivided shares for the Owners of damaged Lots in proportion to the cost of repairing the damage suffered by each Owner, which cost shall be determined by the Association.

(iii) In the event a mortgagee endorsement has been issued for any Lot, the share of the Owner shall be held in trust for the mortgagee and the Owner as their interests may appear.

Section 2. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

(a) Expense of the Trust. All expenses of the insurance trustees shall be first paid or provisions made therefor.

(b) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners as hereinabove provided.

Section 3. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association or those held in trust, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to six (6) months' assessments plus reserves accumulated.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 9th day of October, 1984.

CRAYTON-WEST PROPERTIES, a North Carolina Partnership

By: Charles H. West, Jr.  
Charles H. West, Jr.  
Managing Partner

NORTH CAROLINA  
GUILFORD COUNTY

I, a Notary Public of the County and State aforesaid, certify that Charles H. West, Jr., personally came before me this day and acknowledged that he is Managing Partner of CRAYTON-WEST PROPERTIES, a North Carolina General Partnership, and that by authority duly given, the foregoing instrument was signed in its name by Charles H. West, Jr., Managing Partner.

WITNESS my hand and official seal, this the 9th day of October, 1984.

Martha R. Mellican  
Notary Public

My Commission Expires:



22, 1986

NORTH CAROLINA - GUILFORD

The certificate(s) of

Martha R. Mellican

A Notary (Notaries) Public is (are) certified to be correct.

This OCT 9 - 1984

Fabrice Demeris  
Deputy, Register of Deeds



EXHIBIT "A"

Tract One:

BEGINNING at a point in the southern margin of Oak Ridge Road, said point being located 1600 feet, plus or minus, from the southwest intersection of Fleming Road and Oak Ridge Road and also being the northeast corner of Tract A as shown on the attached Exhibit B, the same being a Release Map for Oak Ridge Meadows, prepared by Evans Engineering, Inc., bearing a date of September 6, 1983, and running thence South 12° 14' 40" West 504.51 feet to a point in the northern margin of W. T. Ballinger; thence with Ballinger's northern line, North 89° 59' 20" West 500 feet to a point; thence North 36° 27' 15" East 202.01 feet to a point; thence North 48° 01' 55" West 276.30 feet to a point; thence North 36° 27' 15" East 538.29 feet to a point in the southern margin of Oak Ridge Road; thence with Oak Ridge Road South 52° 20' 35" East 427.09 feet to the place and point of beginning, the same being designated as Tract A, containing 8 acres as shown on the attached Exhibit B, which Exhibit is hereby incorporated into this instrument by reference.

This is a first deed of trust as to the above described tract one.

Tract Two:

Beginning at a point in the southern margin of Oak Ridge Road, said point being located N. 52 deg. 20 min. 35 sec. West 427.09 feet and N. 52 deg. 35 min. 30 sec. West 43.37 chord feet from the northeast corner of Tract A, containing 8 acres as shown on the attached Exhibit A, the same being a release map for Oak Ridge Meadows, prepared by Evans Engineering, Inc., bearing a date of September 6, 1983, and revised September 7, 1983, and running thence S. 36 deg. 27 min. 15 sec. West 538.29 feet to a point; thence S. 48 deg. 01 min. 55 sec. East 276.30 feet to a point; thence S. 36 deg. 27 min. 15 sec. West 202.0 feet to a point; thence N. 89 deg. 59 min. 20 sec. West 191.82 feet to a point; thence N. 89 deg. 56 min. 00 sec. West 258.62 feet to a stone; thence with the northern line of W. T. Ballinger, the following courses and distances: N. 51 deg. 28 min. 00 sec. West 1,384.70 feet to a stone; thence N. 87 deg. 19 min. West 321.54 feet to a point; thence with the center line of Horsepen Creek, the following courses and distances: N. 16 deg. 01 min. East 176.18 feet; N. 57 deg. 45 min. 30 sec. East 111.36 feet; N. 19 deg. 15 min. East 102.39 feet; N. 31 deg. 39 min. East 200 feet; N. 42 deg. 25 min. East 101.79 feet; N. 25 deg. 57 min. East 100.50 feet; N. 39 deg. 04 min. East 100.84 feet; N. 31 deg. 39 min. East 100 feet; N. 23 deg. 41 min. East 100.98 feet; N. 36 deg. 28 min. East 149.97 feet to a point in the southern margin of Oak Ridge Road; thence with the southern margin of Oak Ridge Road, the following courses and distances: S. 59 deg. 52 min. 30 sec. East 133.92 feet; S. 55 deg. 32 min. East 97.45 feet; S. 50 deg. 39 min. East 97.71 feet; S. 46 deg. 13 min. East 99.37 feet; S. 45 deg. 02 min. East 101.42 feet; S. 47 deg. 44 min. East 101.70 feet; S. 50 deg. 57 min. East 99.74 feet to a point; S. 52 deg. 22 min. East 1,112.97 feet to the place and point of Beginning, the same being designated as Tract B on the attached Exhibit A and containing 45.44 acres as shown on the afore-referenced survey prepared by Evans Engineering, Inc.

This is a third deed of trust as to the above-described tract two.

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