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REGISTER OF DEEDS
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**AMENDED AND RESTATED DECLARATION
OF COVENANTS, CONDITIONS
AND RESTRICTIONS, TANNER WOODS**

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THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, TANNER WOODS (the "Amendment"), is made and published this the 27th day of February, 2008, by BMW HOMES, LLC (hereinafter referred to as, the "Declarant").

WITNESSETH:

THAT WHEREAS, the Declarant made and published that certain Declaration of Covenants, Conditions and Restrictions Tanner Woods (the "Original Declaration") dated the 7th day of August, 2007, recorded in Book 6774 at Page 1774-1790, in the Office of the Register of Deeds, Guilford County, North Carolina, concerning that property more particularly described in Plat Book 170 at Page 144 (hereinafter the "Plat"), in the Office of the Register of Deeds, Guilford County, North Carolina; and

WHEREAS, the Declarant made and published that certain Amendment to Declaration of Covenants, Conditions and Restrictions Tanner Woods (the "First Amendment") dated the 10th day of January, 2008, recorded in Book 6836 at Page 2733 through 2738, in the Office of the Register of Deeds, Guilford County, North Carolina (the First Amendment and the Original Declaration are hereinafter referred to collectively as the "Declaration"); and

WHEREAS, the Declarant is the owner of more than 90% of the Lots described on the Plat and has the right to amend and restate the Declaration in accordance with the

provisions of Article X, Section 3 of the Declaration and this Amendment; and

WHEREAS, the Declarant desires to amend and restate the provisions of the Declaration as set forth herein, and accordingly, this Amended and Restated Declaration of Covenants, Conditions and Restrictions Tanner Woods is intended to supersede and replace the Declaration and to hereinafter serve as the Declaration.

NOW, THEREFORE, Declarant hereby declares that all of the properties described on the above described Plat, including all property later annexed into said development, 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. Accordingly, every person or other party now owning or hereafter acquiring any of the said property made subject to this Declaration, by acceptance of a deed or contract for deed or other conveyance of any interest in or to said property, whether or not it shall be so expressed in any such deed, contract for deed or other conveyance, and regardless of whether the same shall be signed by such person and whether or not such person shall otherwise consent in writing, shall take such property interest subject to this Declaration, and to the terms and conditions thereof and shall be deemed to have assented to same.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to TANNER WOODS HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, 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. "Property" or "Properties" shall mean and refer to that certain real property hereinafter described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Element" or "Common Elements" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners. The Common Element to be owned by the Association at the time of the conveyance of the first Lot is described as follows:

All that property designated as "Common Elements" on the Plat of Tanner Woods, Phase 1, Map 1, including but limited to the private access designated on said Plat, recorded in Plat Book 170, Page 144, Guilford County Register of Deeds Office, reference to which is made for a more particular description.

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 Elements.

Section 6. "Declarant" shall mean and refer to BMW Homes, LLC, its successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 8. "By-Laws" means the By-Laws of the Association as they now or hereafter exist.

Section 9. "Common Expenses" shall mean and include:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses for maintenance of the homes as provided in this Declaration;
- (c) Expenses of administration, maintenance, repair or replacement of the Common Element;
- (d) Hazard, liability or other such insurance premiums as the Declaration or By-Laws may require the Association to purchase;
- (e) Other expenses agreed by the members to be common expenses of the Association.

Section 10. "Member" shall mean and refer to every person who is a member of the Association.

Section 11. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee or other legal entity.

Section 12. "Home" shall mean and refer to any dwelling or place of residence constructed upon a Lot within the Property.

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 Element, 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 charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Element;
- (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 Element to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members;
- (d) The right of the Association to formulate, publish and enforce rules and regulations as hereinafter set forth;
- (e) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Element and facilities, upon consent of at least two-thirds (2/3) of the Lot Owners excluding Declarant;
- (f) All easements and parking rights hereinafter defined.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Element and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

Section 3. Parking Rights. In the event that any homes have common driveways, each Owner shall be entitled to an easement across the adjoining Lot upon which the common driveway is constructed for the purposes of ingress, egress and regress only.

Section 4. Title to Common Element. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Elements to the Association, free and clear of all liens ad encumbrances, at the time or prior to the conveyance of the first Lot, except utility and drainage easements and easements to governmental authorities, upon the condition that such area shall be designated "Common Element" shall be for the sole and exclusive use and benefit of Members, so long as such area is maintained in conformity with the requirements of this Declaration, the By-Laws, and Articles of Incorporation of the Association, at the sole expense of the Association.

Section 5. Antennas and Cablevision. The Association may regulate or prohibit the erection of antennas on individual Lots. No satellite dishes shall be erected without prior approval of an installation by the Association. Further, each Owner shall be subject to that certain Residential Services and System Purchases Agreement entered into by and

between the Declarant and Time Warner Entertainment – Advance Newhouse Partnership, and corresponding easement, pursuant to which each Owner shall only be allowed to purchase cable services through Time Warner Entertainment during the term of such Agreement. This Agreement shall be assigned by the Declarant to the Association and shall thereafter the Association shall have all of the rights, duties and obligations previously held under the Agreement by the Declarant.

Section 6. Payment of Property Taxes and Assessments by Association. The Association shall be responsible for payment of all ad valorem taxes due and payable on the Common Elements owned by the Association and payment of all assessments due on such Common Elements for public and private improvements made for the benefit of the Common Elements. Upon default by the Association in the payment to the jurisdiction entitled thereto of any public improvements or ad valorem taxes levied against the Common Elements, which default shall continue for a period of six (6) months, each Owner shall become personally obligated to pay to the jurisdiction a portion of the taxes or assessment in an amount determined by dividing the total taxes and/or assessment due to the jurisdiction by the total number of Lots within the Property. If the sum is not paid by any Owner with thirty (30) days following receipt of notice of the amount due, the sum shall become a continuing lien on the Lot owned by the Owner, and shall be binding upon the Owner's heirs, devisees, personal representatives, and assigns. The taxing or assessing jurisdiction shall have the right to bring an action at law against the Owner personally obligated to pay the same, or may elect to foreclose the lien against the Property of the Owner.

Section 7. Maintenance of Wet Detention Pond. The Association shall be responsible for maintaining the completed permanent wet detention pond located on the Common Element as directed by the governmental office having jurisdiction for watershed protection. Should the Association be dissolved or cease to exist, then in that event all the Owners of record at the time of required maintenance shall be jointly and severally liable for any and all costs attendant thereto.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot, which is subject to assessment, including contract purchasers, but excluding persons who hold an interest merely as security for the performance of any obligations, shall be a Member of the Association, and shall be entitled to vote. Membership shall be appurtenant to and may not be separate from ownership of any Lot, which is subject to assessment.

Section 2. The Association shall have two (2) classes of voting membership;

Class A. Class A member(s) shall be all Owners, with the exception of the Declarant, and shall be entitled to one 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 four (4) 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 equal the total votes outstanding in the Class B membership; or
- b) January 1, 2009.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, 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, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land 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 Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the Common Elements (including the permanent wet detention pond), the maintenance and operation of any private roads servicing the property, the maintenance of the homes and lawns situated upon the properties (as in hereinafter provided), the enforcement of these covenants and rules of the Association and the provision of services and facilities (expressly including insurance) for purposes of and related to the use of the Common Element. The assessments levied by the Association shall also be used as required or deemed appropriate by the Association for the repair and/or maintenance of the permanent wet detention pond. Repairs and maintenance to such pond shall include, but are not limited to, the costs of repairs, replacements and additions, and the cost of labor, equipment, materials, management and supervisions. Assessments shall also provide for the procurement and maintenance of liability insurance, the provision of adequate reserves for the replacement of major structures incorporated into the permanent wet detention pond, and such other needs as may arise concerning such pond.

Section 3. Maximum Annual Assessment. Until January 1 of the calendar year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be One Thousand Two Hundred Dollars (\$1,200.00) per Lot.

- (a) From and after January 1 of the calendar year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than five percent (5%) above the maximum assessment for the previous year without a vote of the membership of the Association.
- (b) From and after January 1 of the calendar year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year above five percent (5%) by a vote of two-thirds (2/3) of the votes of each class of the Members who are voting in person or by proxy, at a meeting duly called for this purpose.
- (c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.
- (d) Notwithstanding anything in Article IV to the contrary, all Lots owned by Declarant and held for sale shall be assessed an amount equal to fifty percent (50%) of the actual monthly assessments paid by other Lot Owners.

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 Element, including fixtures and personal property related thereto, providing that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Section 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 thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all of the votes of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

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

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Element to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates for payment 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. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance. Notwithstanding anything herein to the contrary, the Board of Directors may provide that the annual assessments be paid in monthly installments.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Element or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien or the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments, which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for the assessments thereafter becoming due or from the lien thereof.

ARTICLE V

EXTERIOR MAINTENANCE

In addition to maintenance of the Common Element, and any private streets, parking areas, water lines, sewer lines and storm drainage, the Association shall provide exterior maintenance upon each Lot which would be subject to an assessment hereunder, as follows: paint and/or stain the exterior of the townhouses, repair, replace and care for roofs, exterior building surfaces, trees and shrubs (excluding those planted by an Owner), grass, walks, mailboxes, fences installed by Declarant or the Association, exterior post lights (excluding providing electricity), and other exterior maintenance.

Any Owner who fences or encloses any portion of his Lot (which fence or enclosure shall require the prior approval of the Association) may plant trees, shrubs, flowers, and grass in the fenced or enclosed portion as he elects and shall maintain both the interior and exterior sides of the fence as well as the enclosed portion at the Owner's expense, provided

such maintenance does not hinder the Association in performing its maintenance duties as to the home, the remaining yard spaces, or the Common Element. No such maintenance by an Owner shall reduce the assessment payable by him to the Association. If, in the opinion of the Association, any such Owner fails to maintain his yard in a neat and orderly manner, the Association may revoke the Owner's maintenance rights for a period not to exceed one year and the Association shall perform maintenance during the revocation period. The Owner shall not plant any vegetation in front of his home except with the prior written approval of the Association.

Each Owner shall be responsible for maintaining and repairing, subject to this Declaration, at his or her expense, the exterior doors, of such Owner's Home. If, in the opinion of the Association, any such Owner fails to maintain or repair the exterior doors, the Association shall provide for such maintenance or repair shall be added to and become a part of the assessment to which his Lot is subject.

In the event that the need for maintenance or repair of a Lot or the improvements thereon is caused through the willful or negligent acts of its Owner or his family, tenants, contract purchasers, guests or invitees, 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 VI

ARCHITECTURAL CONTROL

No building, roofing, fence, wall, antenna, satellite dish, clothesline, or other structure shall be commenced, erected, or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, colors, paint, height, materials, and location of the said improvements or alterations shall have been submitted to and approved in writing as to harmony of external design and location in relations to surrounding structures and topography by the Declarant or the Board of Directors of the Association or by an Architectural Committee composed of three (3) or more representatives appointed by the Board. In the event that the Declarant, the Board or the designated committee fail to approve or disapprove such design and location within thirty (30) days after said plans and specifications required to be submitted shall not be deemed to have been received if they contain erroneous data or fail to present accurate information upon which the Declarant, the Board or the committee can arrive at a decision.

Notwithstanding anything herein to the contrary, no Owner shall improve, change, alter or modify the exterior front elevation of such Owner's Lot.

The said Declarant, the Board or its committee shall have the right, at their election, to enter upon any Lot during construction, erection, or installation of improvements or alterations to inspect the work being undertaken in order to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved standard methods and good quality materials.

Nothing may be built, erected, placed or planted in the area designated as "buffer" on the Plat referenced above, or on any subsequent Plat of a subsequent Phase of Tanner Woods, without the express written consent of the Board or the Declarant.

ARTICLE VII

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Element. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors, shall be recorded in a Book of Resolutions, which shall be maintained in a place convenient to the Owners and available to them for inspection during normal business hours.

Section 2. Use of the Property. Each home and the Common Element and facilities shall be for the following uses and subject to the following restrictions, and, in addition, to those set forth in the By-Laws:

- (a) All buildings and the Common Element and facilities shall be used for residential and related common purposes. No home may be subdivided. All homes shall be used only as single-family residences and for no other purposes, provided, however, that the Declarant may use one or more homes for offices and/or model homes for sales purposes. No structure of a temporary character – trailer, tent, shack, garage or other out building – shall be placed on any lot, either permanently or temporarily, except those temporary structures used in connection with construction on any lot or street within the TANNER WOODS Subdivision. No campers, trailers, or boats may be parked on any Lot in TANNER WOODS Subdivision.
- (b) Nothing shall be kept and no activity shall be carried on in any building or home or on the Common Element and facilities, which will increase the rate of insurance, applicable to residential use, for the Property or the contents thereof. No Owners shall do or keep anything, nor cause or allow anything to be done or kept, in his home or on the Common Element and facilities, which will result in the cancellation of insurance on any portion of the Property, or the contents thereof, or which will be in violation of any law, ordinance, or regulation. No hazardous or illegal activity may be carried on. No waste shall be committed on any portion of the Common Element and facilities.
- (c) No immoral, improper, offensive or unlawful use shall be made of the Property, or any part thereof, and all valid laws, ordinances, and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the property, shall be complied with, by and at the sole expense of the Owner or the Association, whichever shall have the obligation to maintain or repair such portion of the Property.

- (d) Nothing shall be done in or to any home or in, to, or upon any of the Common Element and the facilities which will impair the structural integrity of any building, home, or portion of the Common Element and facilities or which would impair or alter the exterior of any building or portion thereof, except in the manner provided in this Declaration.
- (e) No industry, business, trade, occupation, or profession of any kind, whether commercial or otherwise, shall be conducted, maintained, or permitted on any part of the Property, except that the Declarant or its agents may use any unsold home or lease up to three homes for sales or display purposes.
- (f) No Owner shall display, or cause or allow to be displayed, to public view, any sign, placard, poster, billboard, or identifying name or number upon any home, building, or any portion of the Common Element and facilities.
- (g) No person shall undertake, cause, or allow any alteration or construction in, or upon any portion of the Common Element and facilities, except at the direction of, or with the express written consent of, the Association.
- (h) The Common Element and facilities shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the homes, subject to any rules or regulations that may be adopted by the Association pursuant to the By-Laws.
- (i) All automobiles and other motor vehicles must be currently licensed, inspected and in operating condition if they are visible from adjacent Property. Any automobiles not currently licensed, inspected or in operating condition shall be subject to removal by the Association at the Owner's expense.
- (j) No clothing, rags, rugs, linens, blankets, draperies, or other materials shall be hung on any exterior walls, rails, decks, patios, fences, or other structures at any time.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be or may become a nuisance or annoyance to residents within the Property.

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 provided further that they are kept in the homes of the Owner. Further, no pens, runs or pet houses shall be allowed on any Lot or on the Common Element.

ARTICLE VIII

EASEMENTS

Section 1. Walks, Drives, Parking Areas and Utilities. All of the Common Element shall be subject to a perpetual non-exclusive easement or easements in favor of all Owners of Lots for their use and the use of their immediate families, guests, invitees, tenants or lessees for all property and normal purposes and for ingress, egress and regress for driveways, walkways, and parking areas, and all of the Property shall be subject to perpetual non-exclusive easements in favor of all Owners of Lots for their use and the use of their immediate families, guests, invitees or tenants for water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television cable or antenna lines, and other public utilities all of which shall be established prior to subjecting the Property to this Declaration by the Declarant or its predecessors in the title and for the use of the Owner, their families, guests and tenants; and the Tanner Woods Homeowners Association, Inc., shall have the power and the authority to grant and to establish in, over, upon and across the Common Element conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property and Tanner Woods Subdivision.

Section 2. Encroachments. All Lots and the Common Element shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots by the Declarant to the extent that such initial improvements constructed on adjacent Lots by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, fences, foundations, and walls. All Lots and the Common Element shall be subject to easements for encroachments caused by subsequent repair, renovation, and/or replacement of the initial improvements to the extent that the subsequent repair, renovation or replacement is reasonable. Nothing herein is to be construed as allowing anything other than reasonable repairs, renovations and replacements and all such repairs, renovations and replacements shall be approved by the Declarant, Board of Directors or Architectural Committee as set out in Article VI hereof. If any encroachment shall occur subsequent to subjecting the Property to this Declaration as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be a valid easement for such encroachment by the Declarant for a period not to exceed eighteen (18) months following conveyance of a Lot to an Owner for the purpose of correcting any problems that may arise regarding grading and drainage. The Declarant, upon making entry for such purpose, shall restore the affected Lot or Lots to as near the original condition as practicable.

Section 3. Emergencies. Every Lot and Home shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot or within any Home and that endangers any building or portion of the Common Element and to do other work reasonably necessary or useful for the property maintenance of Tanner Woods Subdivision.

Section 4. Other Easement. All Owners of homes shall have a perpetual easement to go upon adjacent Lots for the purpose of maintaining and repairing the exterior walls, roof, foundation or other structure, as herein provided. However, no repair materials may be stored upon the adjacent Lot and the Owner, upon making entry for such purpose, shall restore the affected Lot or Lots to as near the original condition as practicable.

ARTICLE IX

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing or 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 willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

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 arbitrators.

ARTICLE X

INSURANCE

Section 1. Insurance coverage on the Property 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 the Association and the Owners and their mortgagees as their interest may appear, and provisions shall be made for the issuance of certificates of mortgage 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 of the Association included in the Common Elements and facilities shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:
- i. Loss of damage by fire and other hazards covered by a standard extended coverage endorsement;
 - ii. Such other risks as from time to time shall be customarily covered with respect to buildings on the Property; and
 - 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 the Association and shall be included as part of the annual assessment described in Article IV above.
- (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 trustee under this Declaration. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purpose 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 Elements and facilities shall be held for the Association.
- ii. Proceeds on account of damage to Lots 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 interest 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 Owner in the following manner:

- (a) Expense of the Trust. All expenses of the insurance trustee 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 above 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.

ARTICLE XI

GENERAL PROVISIONS

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

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not 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 period of ten

(10) years. This Declaration may be amended by an instrument signed by not less than sixty-seven percent (67%) of the Lot Owners (with only one vote per Lot being allowed). However, no amendment relating to the maintenance and ownership of the permanent wet detention pond shall be made or become effective unless such amendment is reviewed and approved by the governmental office having jurisdiction of watershed protection at the Property. Any amendment must be recorded. Provided, however, as long as the Declarant owns any lot in said development, the Declarant, in its sole discretion, shall have the right to amend, modify and delete any restrictive covenant, including specifically the right to add additional Phases to the Property and to make such additional Phases subject to this Declaration.

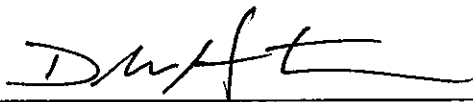
Section 4. Lease of House. No Home shall be leased for transient or hotel purposes, nor may any Owner lease less than the entire unit, nor shall any such lease be fore a period of less than six (6) months. All leases shall be subject to this Declaration.

Section 5. Annexation. Additional residential property and Common Element may be annexed to the Property by the vote of the Declarant, as long as the Declarant owns any Lot in the development, and thereafter with the vote of two-thirds (2/3) of the votes of each class of the members.

Section 6. Conflicts. In the event of irreconcilable conflict between the Declaration and the By-Laws, the Declaration shall control. In the event of irreconcilable conflict between the By-Laws and the Articles of Incorporation of the Association, the Articles of Incorporation shall control.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this the 27th day of February, 2008.

BMW HOMES, LLC.

By: 
Title: Manager

SUNTRUST BANK, a national banking association, as the holder of an existing loan secured by the Deed of Trust recorded in Book 6349 at Page 1425, in the office of the Register of Deeds of Guilford County, North Carolina, and **SOUTHLAND ASSOCIATES, INC.**, a North Carolina Corporation, as Trustee under the Deed of Trust, join in the execution of this instrument for the purpose of subjecting the aforesaid Deed of Trust to the terms and provisions of this Amendment to Declaration of Covenants, Conditions and Restrictions, Tanner Woods.

I certify that the following person personally appeared before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: **David M. Hampton.**

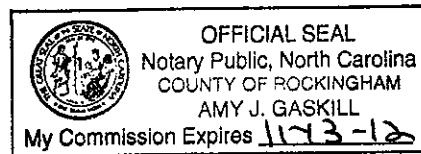
[Name of person signing]

Today's Date: February 27, 2008

Amy J Gaskill
[Notary's signature as name appears on seal]

Amy J Gaskill
[Notary's printed name as name appears on seal]

My commission expires: Nov 13, 2012



STATE OF NORTH CAROLINA

GUILFORD COUNTY

I certify that the following person personally appeared before me this day, acknowledging to me that he/she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Jay Easley.

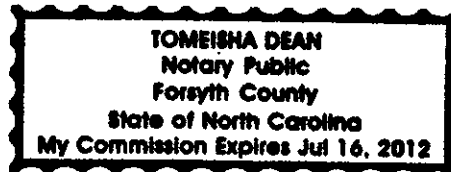
[Name of person signing]

Today's Date: February 22, 2008

Tomeisha Dean
[Notary's signature as name appears on seal]

Tomeisha Dean
[Notary's printed name as name appears on seal]

My commission expires: July 16, 2012



STATE OF NORTH CAROLINA

GUILFORD COUNTY

I certify that the following person personally appeared before me this day, acknowledging to me that he/she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Thomas G. Nisbet, Jr.
[Name of person signing]

Today's Date: February, 2008

Tomeisha Dean
[Notary's signature as name appears on seal]

Tomeisha Dean
[Notary's printed name as name appears on seal]

My commission expires: July 16, 2012

