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NORTH CAROLINA
GUILFORD COUNTY

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE VILLAS AT NEW GARDEN

THIS DECLARATION, made on the date hereinafter set forth by OLDE TOWNE GUILFORD ASSOCIATES, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant."

WITNESSETH:

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

All of that certain parcel of land (the "Property") shown on the plat entitled "The Villas at New Garden, Phase 1," which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 163, Page 118 (the "Plat"); and

WHEREAS, Declarant desires to impose upon the Property certain conditions, easements, covenants and agreements under a general plan or scheme of improvement for the benefit of the Property and the future owners thereof and to create thereon a Planned Community, as defined in the North Carolina Planned Community Act;

NOW, THEREFORE, Declarant hereby declares that the Property 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 Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

SECTION 1. "Association" shall mean and refer to Villas at New Garden Homeowner's Association, Inc., 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 Property, but excluding those having such interest merely as security for the performance of an obligation.

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

SECTION 4. "Common Elements" shall mean all real property and interests in real property (including easements and open spaces) owned by the Association for the common use and enjoyment of the Owners. The Common Elements at the time of the conveyance of the first Lot are described as follows:

All that land designated "Common Elements" as shown on the plat entitled "The Villas at New Garden, Phase 1," which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 163, Page 118.

SECTION 5. "Dwelling" shall mean and refer to any single-family residence constructed on a Lot in the Property. A Dwelling may be attached to another Dwelling.

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

SECTION 7. "Declarant" shall mean and refer to Olde Towne Guilford Associates, LLC, its successors and assigns, if such successors or assigns (i) should acquire more than one undeveloped Lot from Declarant for the purpose of development; and (ii) are designated as a Declarant in a recorded instrument of transfer executed by Declarant and by such transferee.

SECTION 8. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Property, which is designated for separate ownership or occupancy by a Lot Owner, with the exception of Common Elements.

SECTION 9. "Allocated Interest" shall mean and refer to a Lot's allocation of Common Expense liability and vote in the Association. Except as noted in Section 2 of Article III, a Lot shall have the same Allocated Interest as every other Lot in the Property.

SECTION 10. "Common Expenses" shall mean and refer to expenditures made by or financial liabilities of the Association.

ARTICLE II

PROPERTY RIGHTS

SECTION 1. OWNERS' EASEMENTS OF ENJOYMENT.

(A) Every Owner shall have a right and easement of enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(i) 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 Elements;

(ii) the right of the Association to suspend the voting rights and the right to the use of any recreational facilities and the Common Elements (provided, however, that no Owner shall be denied access to such Owner's Lot) by an Owner for any period during which any assessment, fine or other charge against his Lot remains unpaid;

(iii) the right of the Association to grant easements and rights-of-way, to dedicate or transfer all or any part of the Common Elements to any public agency, authority or utility (including any entity authorized by the governmental authorities to supply cable television and related services) for such purposes and subject to such conditions as may be agreed to by the Executive Board of the Association. No such dedication or transfer shall be effective unless an instrument signed by a majority of the Executive Board of the Association, agreeing to such dedication or transfer, has been recorded;

(iv) the right of the Association to impose regulations for the use and enjoyment of the Common Elements and improvements thereon, which regulations may impose fines for the violation thereof and may further restrict the use of the Common Elements, and specifically including the right to establish parking regulations; and

(v) the right of the Association to exchange portions of Common Elements with the Declarant and/or any other property owner's association for substantially equal areas of property for the purpose of eliminating potential or unintentional encroachments of Dwellings or other improvements onto portions of the Common Elements.

(B) Each Owner of a Lot shall have the right, exclusive of all other Owners but subject to the rights of the Association as set forth in this Declaration, to the use of the driveways associated with and serving such Owner's Lot. The respective driveways are appropriately shown and designated on the recorded plat of the Property.

SECTION 2. DELEGATION OF USE. Any Owner may delegate his right of enjoyment to the Common Elements and recreational facilities to the members of his or her family, to his or her guests, and to other persons permitted under the terms of Article VIII, Section 1, hereof, subject to such rules and regulations as may be established from time to time by the Association.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. MEMBERSHIP. Every Owner of a Lot which is subject to a lien for assessments 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. CLASSES OF MEMBERSHIP. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners other than the Declarant. Class A Members 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 or votes for such Lot shall be exercised as they among themselves determine.

Class B. The Class B Member 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, as the case may be, on the happening of either of the following events, whichever occurs earlier:

(A) when the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership, provided, however, that the Class B Membership shall be reinstated if after such conversion and before the time stated in subparagraph (b) below, additional lands are annexed to the Property pursuant to the provisions of Article XI, Section 4, herein, containing a sufficient number of Lots to give the Class B Member a total number of votes in excess of the Class A Members; or,

(B) on December 31, 2010.

SECTION 3. RIGHT OF DECLARANT TO APPOINT MEMBERS OF THE EXECUTIVE BOARD OF THE ASSOCIATION. Declarant shall have the right to designate and select all of the members of the Executive Board of the Association until the earlier of (i) the initial sale as Dwellings of all Lots within the Property (including Lots added pursuant to Article XI, Section 4 of this Declaration), or (ii) December 31, 2010. Whenever Declarant shall be entitled to designate and select the members of the Executive Board of the Association, the manner in which such person or persons

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shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association. Declarant shall have the right to remove any person or persons selected by it to act and serve on said Executive Board and to replace such person or persons with another person or other persons to act and serve in the place of any Director or Directors so removed for the remainder of the unexpired term of any Director or Directors so removed. Any Director designated and selected by Declarant need not be an Owner. Any representative of Declarant serving on the Executive Board of the Association shall not be required to disqualify himself from any vote upon any contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest.

ARTICLE IV

COVENANT FOR MAINTENANCE AND ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within the Property, 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: (i) 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; and (ii) to the appropriate governmental taxing authority: (1) a pro rata share of ad valorem taxes levied against the Common Elements, and (2) a pro rata share of assessments for public improvements to or for the benefit of the Common Elements if the Association shall default in the payment of either or both for a period of six (6) months. The annual and special assessments, and any late charge, fine or other charge imposed by the Association, together with interest, costs and reasonable attorney's fees as permitted by law, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment and charge, together with interest, costs and reasonable attorney's fees as permitted by law, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment or charge 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 Property and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Elements, specifically including the responsibility of the Association to pay any assessments for public and private improvements made to or for the benefit of the Common Elements. Expenditures may include, but are not limited to, maintenance and upkeep of any bio-cells and storm water drainage system that carries storm water runoff from Lots and the Common Elements, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Elements and assessments for public improvements made to or for the benefit of the Common Elements, the procurement and maintenance of insurance (casualty and liability) in accordance with the Bylaws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

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(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 Bylaws of the Association. As monies for any assessment are paid unto the Association by any Lot Owner, 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 therefrom shall be held for the benefit of the Members of the Association, no Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his Membership interest therein, except as an appurtenance to his Lot. When 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 funds or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Property.

SECTION 3. MAXIMUM ANNUAL ASSESSMENT.

(A) Until January 1 of the year immediately following the year of conveyance of the first Lot by Declarant to an Owner, the maximum annual assessment shall be as follows:

For each Lot, One Thousand Eight Hundred and 00/100 Dollars (\$1,800.00) per year, which shall be deemed to be a rate of maximum annual assessment of One Hundred Fifty and 00/100 Dollars (\$150.00) per Lot per month.

(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 shall be established by the Executive Board and may be increased by the Executive Board without approval by the Membership by an amount not to exceed twenty percent (20%) of the maximum annual assessment of the previous year.

(C) 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.

(D) The Executive Board may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

SECTION 4. SPECIAL ASSESSMENTS.

(A) In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon Lots or the Common Elements, 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. Except as provided in subparagraph (b)

of this Section, all special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly or annual basis.

(B) If any Common Expense is caused by the negligence or misconduct of a Lot Owner, a member of his or her family, an occupant of the Owner's Dwelling, or any guest, invitee or agent of any such person, 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 in North Carolina Standard Fire and Extended Coverage insurance policies, the Association may assess such expense exclusively against such Owner and his or her Lot, without any requirement of approval by any Lot Owners.

SECTION 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 and 4(A). Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4(A) shall be sent to all Members not less than ten (10) 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 ten percent (10%) of all the votes of each class of Membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 6. RATE OF ANNUAL ASSESSMENT.

(A) Annual assessments must be fixed at a uniform rate for all Lots, as all Lots' Allocated Interests are equal.

(B) Declarant shall pay annual assessments on Lots owned by it on the same basis as other Lot Owners.

SECTION 7. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATES. The annual assessments provided for herein shall be collected on a monthly or quarterly basis as required by the Executive Board and shall commence for each Lot on the first day of the first month following the issuance of a certificate of occupancy (compliance) for the completed dwelling on that Lot by the appropriate governmental authority. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year after commencement of assessments for that Lot.

At least thirty (30) days in advance of each annual assessment period, the Executive Board shall fix the amount of the annual assessment and shall send written notice thereof to every Owner subject thereto. The due dates shall be established by the Executive Board. 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 8. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. Assessments authorized by this Declaration shall be due and payable on the dates established by the Executive Board from time to time. Fees, fines and penalties authorized by this Declaration shall be due and payable thirty (30) days after written notice thereof from the Association

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to the Owner. 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 (or such other rate as set from time to time under N. C. General Statutes Section 47F-3-115). 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, late charges, costs (including a reasonable collection, service or administrative fee) and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment; provided, however, if the debt secured by the lien created herein consists solely of fines imposed by the Association, interest on unpaid fines, attorney's fees incurred by the Association solely associated with fines or service, collection or administrative fees so imposed, the lien may not be foreclosed in the manner prescribed for the foreclosure of deeds of trust, but may be foreclosed by judicial foreclosure as provided in Article 29A of Chapter 1 of the North Carolina General Statutes. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Elements or abandonment of his or her Lot.

SECTION 9. 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 Elements or assessments for public improvements to the Common Elements, 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 then 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 10. SUBORDINATION OF THE LIEN TO MORTGAGES. The liens 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 or liens provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any such first mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale or transfer. No such 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 11. 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 the assessments created herein. However, no land or improvements intended for or devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

MAINTENANCE OF COMMON ELEMENTS AND LOTS

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SECTION 1. MAINTENANCE OF COMMON ELEMENTS AND LOTS. The Association shall maintain the Common Elements, including the storm water drainage system and any bio-cells which shall be maintained and repaired in accordance with all ordinances and requirements of the City of Greensboro or any other appropriate governmental authorities. If the Association should be dissolved or cease to exist, and consequently cease to maintain the storm water drainage system and bio-cells, then, in such event, the Owners of Lots shall be jointly and severally liable for the cost of such maintenance. The Association shall also provide exterior maintenance upon each Dwelling which is subject to assessments hereunder, as follows: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces (including patios and decks, both covered and uncovered), yards located within a Lot (as designated on the Plat), steps, walks, driveways (including the portion located with any Lot), and other exterior improvements. The Association shall provide maintenance and reasonable repair (excluding repair necessitated by fire or other casualty) to Party Walls (hereinafter defined). Such exterior maintenance shall not include: glass surfaces, windows and door screens, subsurface leakage into any crawl spaces or basements and repairs to Party Walls necessitated by fire or other casualty. 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. Provided, however, that in the event the need for any maintenance or repair is caused by an act described in Section 4(B) of Article IV of this Declaration, the Executive Board may cause such repairs to be made and recover the costs therefor from the Owner, pursuant to Section 4(B) of Article IV.

SECTION 2. STANDARD OF MAINTENANCE. The Association shall perform its maintenance obligations under this Declaration in a reasonable manner and on a reasonable basis as shall be determined by the Executive Board, in the exercise of its discretion.

SECTION 3. OWNER'S MAINTENANCE OF PORTIONS OF DWELLINGS. Each Owner shall be responsible for the repair, maintenance and upkeep of the portion of the Dwelling on such Owner's Lot that is not the responsibility of the Association.

SECTION 4. OWNER'S STANDARD OF MAINTENANCE. Lot Owners shall perform their repair, maintenance and upkeep obligations under this Declaration in a reasonable and prudent manner to a standard harmonious with other Lots in The Villas at New Garden.

ARTICLE VI

ARCHITECTURAL CONTROL

SECTION 1. THE ARCHITECTURAL CONTROL COMMITTEE. So long as Declarant owns at least one (1) Lot in the Property, Declarant shall have the right to appoint an Architectural Control Committee consisting of two (2) or more persons. At such time as Declarant no longer has the right to appoint the members of the Architectural Control Committee, the Committee shall be appointed by the Executive Board of the Association.

SECTION 2. PURPOSE. The Architectural Control Committee shall regulate the external design, appearance, use, location and maintenance of the Property and of improvements thereon in such a manner so as to preserve and enhance values and to maintain an harmonious relationship among structures and the natural vegetation and topography.

SECTION 3. CONDITIONS. The design, appearance and location of the initial construction of a Dwelling shall be determined by Declarant. After the completion of construction of a Dwelling on a Lot and its occupancy as a residence, except as expressly provided herein, no improvements, alterations, repairs, change of paint colors, plantings, excavations, changes in grade or other work which in any way alters the exterior of any Dwelling, Lot or improvements located thereon from its natural or improved state existing on the date the Dwelling on such Lot was first occupied as a residence shall be made or done without the prior written approval of the Architectural Control Committee. After the completion of construction of a Dwelling on a Lot and its occupancy as a residence, no building, 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. Any regulation of display of the flag of the United States of America; or the State of North Carolina; or of political signs shall comply with N.C.G.S. § 47F-3-121 or its successor.

SECTION 4. GUIDELINES. Subject to the approval of the Executive Board, the Architectural Control Committee may, from time to time, promulgate architectural guidelines ("Guidelines") for the Property.

SECTION 5. PROCEDURES. Any Owner or person desiring to make any improvement, alteration or change described in Section 3 above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Architectural Control Committee which shall evaluate such plans and specifications in light of the purpose of this Article as set forth in Section 2 above and the Guidelines as set forth in Section 4 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 Executive Board of the Association which may reverse or modify such decision by a two-thirds (2/3) vote of the Executive Board Members.

ARTICLE VII

TRAFFIC REGULATIONS AND MAINTENANCE OF RIGHT-OF-WAY

SECTION 1. TRAFFIC AND PARKING REGULATIONS. All Members, their family members, guests, invitees and tenants shall abide by all state and local traffic regulations and other laws and ordinances regulating motor vehicles while on the Property.

SECTION 2. PROHIBITED PARKING. Parking on the streets of the Property shall be subject to such rules and regulations as the Association may promulgate from time to time. Parking shall be only in marked spaces.

SECTION 3. ENFORCEMENT. Violations of Sections 1 and 2 above shall constitute a nuisance and, in addition to all other remedies available to it at law and in equity, the Association shall have the authority to: (i) remove the offending vehicle upon the commission of a second offense by an Owner or his/her family member, guest, invitee or tenant (the costs of such removal and any storage fees shall be the responsibility of the Owner); and (ii) assess reasonable fines against an Owner for violations by him/her or by his/her family member, guest, invitee or tenant. Such fines shall be deemed to be assessments as set forth in this Declaration and, if not paid within thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in Article IV, Section 8, of this Declaration.

ARTICLE VIII

USE RESTRICTIONS

SECTION 1. LAND USE AND BUILDING TYPE. No Lot shall be used except for single-family residential purposes and such use shall be limited to:

(A) The Owner, the Owner's spouse and such other persons who shall be permitted by the Owner to share contemporaneous occupancy with the Owner;

(B) A tenant of an Owner holding a leasehold estate of at least six (6) months under a written lease agreement, which lease agreement shall have the prior written approval of the Executive Board before the tenant takes possession;

(C) Such other occupancies as may be approved from time to time by the Executive Board upon prior written application therefor by the Owner. Such application shall set forth the type, nature and duration of the proposed occupancy arrangement, the name and relationship of the proposed occupant and such other pertinent information as the Executive Board may require; and

(D) Temporary use of a Lot or Lots by Declarant or its designees as a sales office and/or model.

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SECTION 2. 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 3. 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 in compliance with all laws and ordinances of the City of Greensboro relating thereto.

SECTION 4. COMMON ELEMENTS. No improvements or structures of any type may be placed, constructed or erected on any part of the Common Elements without the prior written consent of the Executive Board, including but not limited to any communication transmittal or reception devices.

SECTION 5. BOATS, TRAILERS AND CERTAIN MOTOR VEHICLES. No boats, buses, trailers, campers or recreational vehicles shall be parked on the Common Elements or any Lot at any time.

ARTICLE IX

EASEMENTS

SECTION 1. UTILITIES. Easements for installation and maintenance of utilities (including cable television and related services) and drainage facilities are reserved as shown on the recorded Plat. Within these easements no structures, planting or other material shall be placed or permitted to remain, nor will the alteration or removal of any berms, swales or ditches be permitted, which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the 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 appropriate governmental authorities over all Common Elements as may be reasonably necessary for the setting, removal and reading of water meters, the maintenance and replacement of water, sewer and drainage facilities, for affording police protection, and for the fighting of fires and collection of garbage.

SECTION 2. UNINTENTIONAL ENCROACHMENTS. In the event that any improvements on a Lot shall encroach upon any Common Elements 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 Elements for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Elements shall encroach upon any Lot, then an easement shall exist for the continuance of such encroachment of the Common Elements into any such Lot for so long as such encroachment shall naturally exist.

ARTICLE X

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 or other firms or entities customarily affording loans secured by first liens on Dwellings, the Federal National Mortgage Association and eligible insurers and governmental guarantors.

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 Executive Board of the Association, such financial statement or report to be furnished by April 15 of each calendar year.

(B) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or By-laws of the Association or of any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self management by the Association.

(C) To receive notice of any condemnation of the Common Elements or any portion thereof.

(D) To receive notice of any substantial damage to the Common Elements.

(E) To have the right to approve of any alienation, release, transfer, hypothecation or other encumbrance of the Common Elements, other than those specific rights vested in the Association under Article II hereof.

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.

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ARTICLE XI

GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. The Association, Declarant 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 the Declaration.

As more fully set out in Article 4(j)(xiii) of the Bylaws, the Executive Board shall have the authority to establish an adjudicatory panel to provide a hearing to determine if an Owner should be fined or if Association privileges or services (other than access to the Owner's Lot) should be suspended for violation of the Declaration, the Bylaws or any Association rule and regulation. Any fine established by the panel shall be an assessment against the Owner charged with the violation and a lien against the Owner's Lot, subject to all provisions of Article IV of this Declaration.

In any enforcement action, the prevailing party shall be entitled to seek recovery of its attorneys' fees as allowed by law. Failure by the Association, Declarant 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 Property to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

SECTION 2. SEVERABILITY. Invalidation of any one of the covenants or restrictions by judgment or court order shall in no wise affect any other provision 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 by a vote of not less than seventy-five percent (75%) of the Lot Owners, provided (i) that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein; or (ii) no amendment which shall abridge, amend or alter the right of Declarant to designate and select members of the Executive Board or the Architectural Control Committee of the Association, as provided in Articles III and VI hereof, may become effective without the prior written consent of Declarant. Any amendment must be signed by the proper officers of the Association or by the required percentage of Lot Owners and be properly recorded. Anything to the contrary herein notwithstanding, no amendment to this Declaration relating to the maintenance and ownership of the bio-cells shall be permitted or effective without the review and approval of the governmental office having jurisdiction for watershed protection.

SECTION 4. ANNEXATION. Additional land within the area described in the metes and bounds description attached hereto as EXHIBIT A and incorporated herein by reference may be annexed by the Declarant without the consent of Members.

001203

SECTION 5. PARTY WALLS.

(A) Each wall which is built as a part of the original construction of the Dwellings upon the Property and placed on the dividing line between Lots shall constitute a party wall ("Party Wall"), and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence, or willful acts or omissions shall apply thereto.

(B) Party Walls shall be deemed to be "exterior improvements" within the meaning of Article V of this Declaration and reasonable repair (excluding repair necessitated by fire or other casualty) and maintenance thereof shall be provided by the Association.

(C) 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 other Owners thereafter make use of the Party 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.

(D) The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title.

(E) 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 the decision shall be by a majority of all the arbitrators.

SECTION 6. WORKING CAPITAL FUNDS. SEE PAGE 15-A ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its respective duly authorized Members, as of the 1st day of February, 2006.

OLDE TOWNE GUILFORD ASSOCIATES, LLC,
a North Carolina Limited Liability Company (SEAL)

By: Donald O. Smith

Name: Donald O. Smith

Title: Manager

By: Elizabeth M. Graham

Name: Elizabeth M. Graham

Title: Manager

SECTION 6. WORKING CAPITAL FUNDS. In order to provide the Association with adequate working capital, upon the initial sale of each Lot from Declarant to an Owner, such Owner shall pay to the Association a contribution equal to one-sixth (1/6th) of the estimated Annual Assessment at the time of the sale. The payments to this fund will be maintained in an Association account for the use and benefit of the Association.

001204

001205

STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

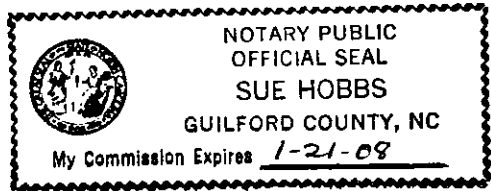
Donald O. Smith, Manager

WITNESS my hand and official seal, this 8th day of February, 2006.

Sue Hobbs
Notary's Official Signature

(Official Seal)

Sue Hobbs
Notary's Printed or Typed Name
My commission expires: 1/21/08



STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

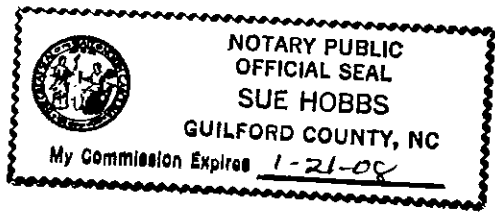
Elizabeth M. Graham, Manager

WITNESS my hand and official seal, this 8th day of February, 2006.

Sue Hobbs
Notary's Official Signature

(Official Seal)

Sue Hobbs
Notary's Printed or Typed Name
My commission expires: 1/21/08

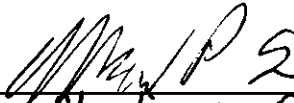


001206

SunTrust Bank (successor by merger to Central Carolina Bank), as holder of a promissory note secured by a deed of trust on the property described in this Declaration of Covenants, Conditions and Restrictions for The Villas at New Garden, which deed of trust is recorded in Book 6210, Page 3030, Guilford County Registry, and Southland Associates, Inc., as Trustee under said deed of trust, join in the execution hereof for the purpose of subjecting the aforesaid deeds of trust to the terms and provisions of this Declaration of Covenants, Conditions and Restrictions.


NOTE HOLDER:

SUNTRUST BANK

By: 
Name: Michael P Eaton
Title: Sr Vice President

TRUSTEE:

SOUTHLAND ASSOCIATES, INC.

By: 
Name: Thomas G. Nisbet Jr
Title: Vice President

001207

STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

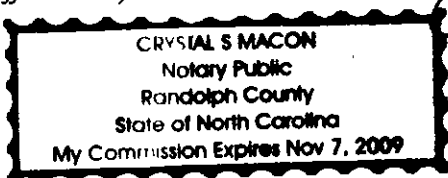
I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

Michael P. Earey

WITNESS my hand and official seal, this 7th day of February, 2006.

(Handwritten Signature)
Notary's Official Signature

(Official Seal)



Crystal S. Macon
Notary's Printed or Typed Name
My commission expires: 11/7/09

STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

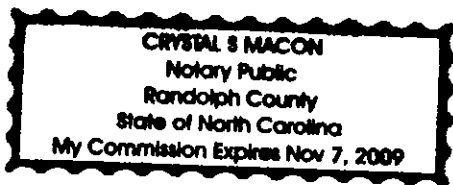
I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

Thomas G. Nisbet, Jr.

WITNESS my hand and official seal, this 7th day of February, 2006.

(Handwritten Signature)
Notary's Official Signature

(Official Seal)



Crystal S. Macon
Notary's Printed or Typed Name
My commission expires: 11/7/09

EXHIBIT A

All that property situated in the City of Greensboro, Morehead Township, Guilford County, North Carolina, more particularly described as follows:

BEGINNING at an existing iron pipe in the southeastern right-of-way of new Garden Road (60' right-of-way), the northwestern corner of the property of Randy O. and Karen D. Beeninga (see Deed Book 3437, Page 1963), said existing iron pipe also being situate South $36^{\circ} 53' 10''$ East 30.31 feet from a point in the center line of New Garden Road; thence from said beginning point along Beeningas' southwest line, South $36^{\circ} 53' 10''$ East 588.56 feet to an existing iron pipe located at a common corner of Lots 21 and 20 of Lakeview Hills Subdivision, as per plat thereof recorded in Plat Book 31, Page 42, Guilford County Registry; thence South $37^{\circ} 18' 18''$ West 226.47 feet to an existing iron pipe; thence South $51^{\circ} 20' 53''$ 206.47 feet to an existing iron pipe in the line of Robert and Reva Semones (Deed Book 2581, Page 224); thence with Semones' line the following three (3) calls: North $36^{\circ} 53' 20''$ West 170.02 feet to an existing iron pipe; North $51^{\circ} 22' 14''$ East 176.85 feet to an existing iron pipe; North $36^{\circ} 52' 20''$ West 445.47 feet to an existing iron pipe in the southeastern right-of-way of New Garden Road; thence along the southeastern right-of-way of New Garden Road, North $44^{\circ} 53' 34''$ East 249.97 feet to the point and place of Beginning, containing $4.298\pm$ acres and being shown on a survey for Olde Towne Guilford Associates, LLC dated October 18, 2004, and prepared by Borum, Wade and Associates, P.A. (B-3427).

001208