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NORTH CAROLINA
GUILFORD COUNTY

of
RECORDED - 415630
KATHERINE LEE PAYNE
REGISTER OF DEEDS
GUILFORD COUNTY, NC
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DECLARATION

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20 MISC DOC ADDN PGS \$40.00
1 PROBATE FEE \$2.00

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OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD KNOB

THIS DECLARATION is made on the date hereinafter set forth by Triad Property Group, LLC, a North Carolina Limited Liability Company having an office in Guilford County, North Carolina, hereinafter referred to as "Declarant."

WITNESSETH:

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

ALL of the parcel or tract of land shown on the plat entitled "Final Plat, Orchard Knob, Phase I" recorded in Plat Book 140, Page 22, in the Office of the Register of Deeds of Guilford County, North Carolina.

WHEREAS, it is the intent of the Declarant hereby to cause the above-described property to be subjected to this Declaration of Covenants and Restrictions.

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

ARTICLE I

DEFINITIONS

SECTION 1. ALLOCATED INTERESTS. "Allocated Interests" means the common expense liability and votes in the Association allocated to each Lot.

SECTION 2. ASSOCIATION. "Association" shall mean and refer to Orchard Knob Owners Association, Inc., its successors and assigns.

SECTION 3. "COMMON AREA" OR "COMMON ELEMENTS." "Common Area" or "Common Elements" shall mean all real property owned by the Association (whether owned in fee or by way of license or easement) or leased by the Association, other than a Lot.

Declarant reserves the right, in its sole discretion, to convey or cause to be conveyed to the Association from time and without the consent of the Association or its Members, additional

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property, which property may include and be a portion of the Properties, including any Additional Property annexed by Declarant pursuant to Article X, Section 4 hereof. In addition, any Secondary Association, with the consent of Declarant, for so long as Declarant or any affiliated entity, including, without limitation, Triad Property Group, LLC, shall own any portion of the Properties or shall have the right to annex additional properties pursuant to Article X, Section 4 hereof, and thereafter with the consent of the Association, in the discretion of its Executive Board, may convey additional property to the Association. The Association shall accept any such conveyance of property and thereafter such property shall be held and maintained by the Association as Common Area. Improvements, which may include, but shall not be limited to, recreational amenities, roadways, retention or detention ponds or erosion control devices, may be located on such additional Common Area. Except as otherwise provided in Section 47F-3-113 of the Planned Community Act, the Association shall be required to promptly repair and replace any portion of the Common Area which is damaged or destroyed and for which the Association is required to maintain casualty insurance pursuant to the Bylaws of the Association.

The Association also may acquire additional Common Area with the consent of the Members of the Association entitled to cast at least two-thirds (2/3) of the votes of the Association, who are voting, in person or by proxy, at a meeting duly called for such purposes; provided, however, during any Period of Declarant Control, Declarant must also consent to such action. For such conveyance to be effective, the deed or instrument conveying to the Association additional Common Area must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by the officers executing the instrument on behalf of the Association that the requisite owners' approval has been obtained and is evidenced by written acknowledgments signed by the owners approving the amendment and made a part of the minute book of the Association; and (3) be properly recorded in the Guilford County Registry.

The Association shall maintain any lake and any retention or detention ponds, rip rap and other drainage or erosion control devices located on the Common Area now or hereafter conveyed to the Association by Declarant that are required to be maintained by the governmental office(s) having jurisdiction for watershed protection as directed by such governmental office(s). In the event the Association is dissolved or otherwise defaults on its obligation to maintain any such drainage or erosion control device, Declarant, for each Lot owned within the properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of such pond or erosion control device.

SECTION 4. COMMON EXPENSES. "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

SECTION 5. DECLARANT. "Declarant" shall mean and refer to Triad Property Group, LLC, as well as its successors and assigns, pursuant to an express assignment or conveyance of any special declarant rights hereunder to such successors or assigns, all of which rights, including Declarant's voting, architectural review, easement and development rights, shall be assignable and may be apportioned on a lot-by-lot basis.

SECTION 6. EXECUTIVE BOARD. "Executive Board" means the body, regardless of name, designated in this Declaration to act on behalf of the Association.

SECTION 7. FHA; VA. "FHA" shall mean and refer to the Federal Housing Administration of the Department of Housing and Urban Development and "VA" shall mean and refer to the Department of Veterans Affairs.

SECTION 8. LOT. "Lot" shall mean and refer to any separately numbered plot of land shown upon any now or subsequently recorded subdivision plat of the Properties intended for residential development and shall include any improvements constructed thereon. "Lots" shall refer to all such lots collectively. Declarant hereby reserves the right to reconfigure, from time to time and without the consent of the Owners or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant and to create thereby additional Lots, to eliminate existing Lots, or to

create additional Common Area; provided, however, in no event shall the Properties contain a greater number of Lots than the number from time to time permitted by, nor shall any Lot within the Properties contain fewer square feet than, the minimum number of square feet from time to time required by the City of High Point or other appropriate governmental authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by Declarant on such a revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are shown on the revised plat, shall cease to be a "Lot" as defined in this Declaration and each newly configured lot shown on the revised plat shall be a "Lot" as defined in this Declaration.

SECTION 9. OWNER. "OWNER" shall mean and refer to the Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 10. PERIOD OF DECLARANT CONTROL. "Period of Declarant Control" shall mean and refer to the period of time commencing on the date this declaration is recorded in the Office of the Register of Deeds of Guilford County, North Carolina, and continuing until the earlier of: (i) six years from the date this Declaration is recorded in the Office of the Register of Deeds of Guilford County, North Carolina; or (ii) such time as Declarant, together with all affiliated entities, including, without limitation, Triad Property Group, LLC, shall cease to own at least twenty-five percent (25%) of the Lots; or (iii) such time as Declarant shall voluntarily terminate its rights, duties, and obligations as Declarant.

SECTION 11. PROPERTIES OR DEVELOPMENT. "Properties" or "Development" shall mean and refer to that certain real property herein described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 12. REASONABLE ATTORNEYS' FEES. "Reasonable Attorneys' fees" means attorneys' fees reasonably incurred without regard to any limitations on attorneys' fees which otherwise may be allowed by law.

ARTICLE II

PROPERTY RIGHTS

SECTION 1. OWNERS' EASEMENTS OF ENJOYMENT. Every Owner shall have a right and easement of enjoyment in and to the Common Area and the right of access to the Common Area across designated access easements. These rights shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) the easements herein reserved by Declarant or created in favor of the Association including, without limitation, the easements set forth in Article VIII hereof;
- (b) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- (c) the right of the Association to suspend the voting rights of the Owner(s) of any Lot for any period during which any assessment against such Lot remains unpaid and for any period during which such Lot or any Owner or occupant thereof are in violation of the terms of this Declaration or the published rules and regulations of the Association and for a period not to exceed sixty (60) days after any such violation;
- (d) the right of the Association to dedicate or transfer nonexclusive easements on, over and upon all or any part of the Common Area for such purposes and subject to such conditions as may be agreed to by the Association's Executive Board; provided, however, no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded.

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(e) the right of the Association, pursuant to Section 47F-3-112 of the Planned Community Act and with the consent of the Members entitled to cast at least eighty percent (80%) of the votes of the Association, to dedicate or transfer fee title to all or any part of the Common Area for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer; provided, however, for so long as Declarant or any affiliated entity, including, without limitation, Triad Property Group, LLC, shall own any portion of the Properties or shall have the right to annex additional properties pursuant to Article X, Section 4 hereof, Declarant must also consent to such action and further provided that no such dedication or transfer shall interfere with or obstruct utility services to, or ingress, egress and regress to or from, the Lots or any remaining Common Area or cause any Lot or any remaining Common Area to fail to comply with applicable laws, regulations or ordinances.

(f) the right of the Association, without Owner, mortgagee, or agency approval to impose rules and regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area, and specifically including the right to make permanent and temporary assignments of parking spaces and to establish rules and regulations concerning parking and vehicular traffic flow on and along the streets and roadways, whether public or private, within or abutting the Properties.

(g) the right of the Association to borrow money for the purpose of improving the Common Area and facilities thereon and, with the assent of the Members entitled to cast at least eighty percent (80%) of the votes of the Association, to mortgage, pledge, deed in trust, or hypothecate any or all of its real property as security for money borrowed or debts incurred (any such mortgage shall be effective if it is executed on behalf of the Association by its duly authorized officers and recites that the requisite consent of Members has been obtained and documented in the Minute Book of the Association); provided, however, for so long as Declarant or any affiliated entity, including, without limitation, Triad Property Group, LLC, shall own any portion of the Properties or shall have the right to annex additional properties pursuant to Article X, Section 4 hereof, Declarant must also consent to such action and, further provided that no such mortgage, encumbrance, hypothecation, or foreclosure of the lien thereby created shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Area or cause any Lot or any remaining Common Area to fail to comply with applicable laws, regulations or ordinances; and

(h) subject to the prior written consent of FHA or VA, in the event FHA or VA insured loans have been obtained and secured by Lots, the right of the Association to convey to Declarant or any Secondary Association portions of the Common Area for the purpose of correcting or eliminating unintentional conveyances of Common Areas or unintentional encroachments of dwellings or other improvements onto portions of the Common Areas or for the purpose of enhancing the utility of the Common Areas to be retained by the Association; provided, however, no such conveyances shall interfere with or obstruct utility services to, or ingress, egress and regress to or from, the Lots or any remaining Common Area or cause any Lot or any remaining Common Area to fail to comply with applicable laws, regulations or ordinances.

SECTION 2. DELEGATION OF USE. Any Owner may delegate, in accordance with the Bylaws, his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, his guests, or contract purchasers who reside on the Lot of such Owner.

SECTION 3. LEASES OF LOTS. Any Lease Agreement between an Owner and a lessee for the lease of such Owner's Lot shall provide that the terms of the Lease shall be subject in all respects to the provisions of this Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation, and the By-Laws of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the lease. All leases of Lots shall be in writing. Other than the foregoing there is no restriction on the right of any Owner to lease his Lot.

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SECTION 4. RULES AND REGULATIONS. The Executive Board of the Association may establish reasonable rules and regulations concerning the use of the Common Area and improvements located thereon. Such rules and regulations may provide for permanent and/or temporary assignments of parking spaces and may establish rules and regulations concerning parking and vehicular traffic flow on and along the streets and roadways, whether public or private, within or abutting the Properties, which rules and regulation may restrict or prohibit on-street parking and may be enforced by towing at the expense of the vehicle's owner, by reasonable fine levied against the vehicle's owner and/or any Owner of a Lot to which such violation reasonably may be attributed, or by any other reasonable method of endorsement established by the Association's Executive Board. In addition, such rules and regulations may include rules concerning pet ownership and may restrict the number, type and size of domestic pets. Such rules and regulations may prohibit or restrict the use of any lake or pond which is a part of or adjacent to the Common Area for boating, fishing and swimming and/or may provide for access to any such lake or pond only through designated portions of the Common Area. The Association may impose reasonable monetary fines and other sanctions for the violation of established rules and regulations and for the violation of any of the covenants and conditions contained in this Declaration, which monetary fines and sanctions shall be assessed and collected pursuant to the provisions of Article IV hereof. Copies of such rules and regulations and the amendments thereto shall be furnished by the Association to all Owners prior to the effective date thereof. All such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees and agents until and unless such regulation, rule or requirement shall be specifically overruled, canceled, or modified by the Executive Board of the Association or by the Members of the Association entitled to cast at least two-thirds (2/3) of the votes of the Association, who are voting, in person or by proxy, at a meeting duly called for such purposes; provided, however, during any Period of Declarant Control, Declarant must also consent to such action.

SECTION 5. POWERS OF ASSOCIATION. The Association shall have all the general powers established by Section 47F-3-102 of the Planned Community Act as that section may from time to time be amended.

SECTION 6. POWERS OF EXECUTIVE BOARD. Except as provided in the Declaration, in the Bylaws, in Section 47F-3-103 of the Planned Community Act or in other provisions of the North Carolina Planned Community Act, the Executive Board of the Association may act in all instances on behalf of the Association. In the performance of their duties, officers and members of the Executive Board shall discharge their duties in good faith.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. MEMBERSHIP. Every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including Declarant and any affiliated entity, including, without limitation, Triad Property Group, LLC, shall be a voting Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. Such Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. On all matters which the Membership shall be entitled to vote, the Member(s) owning each Lot, shall be entitled to one (1) vote. When more than one person holds an interest in any Lot all such persons shall be Members. The vote of such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

SECTION 2. DECLARANT RIGHT TO REPRESENTATION ON THE EXECUTIVE BOARD OF THE ASSOCIATION. During any Period of Declarant Control, Declarant shall have the right to designate and select all of the members of each Executive Board of the Association. Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Executive Board of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association, and Declarant

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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 member or members of the Executive Board so removed for the remainder of the unexpired term of any member or members of the Executive Board so removed. Any Executive Board member designated and selected by Declarant need not be a resident of the Properties. Except as otherwise provided in the Bylaws with respect to the filling of vacancies, any members of the Executive Board which Declarant is not entitled to designate or select shall be elected by the members of the Association.

SECTION 3. QUORUM FOR MEMBERSHIP MEETINGS. A quorum is present throughout any meeting of the Association if persons entitled to cast ten percent (10%) of the votes which may be cast for election of the Executive Board are present in person or by proxy at the beginning of the meeting. The Members present at a duly organized meeting may continue to transact business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum.

In the absence of a quorum at the opening of any meeting of Members, such meeting may be adjourned from time to time by a vote of the majority of the Members voting on the motion to adjourn and at any adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the original meeting.

SECTION 4. QUORUM FOR EXECUTIVE BOARD MEMBERS. A quorum to transact business at any meeting of the Executive Board shall consist of at least a simple majority in number of the members of the Executive Board.

SECTION 5. SPECIAL NOTICE AND QUORUM REQUIREMENTS. Written notice of any meeting of the Members of the Association called for the purposes of considering an amendment of this Declaration or any extraordinary action of the Association described in Section 6 below: (i) shall be given to all Members at least 25 days but not more than 60 days in advance (at least 15 days but not more than 60 days advance notice is required in the case of a meeting for other purposes); (ii) state the purpose of the meeting and contain a summary of any amendment or extraordinary actions proposed; and (iii) contain a copy of the proxy that can be cast in lieu of attendance at the meeting. The presence at any such meeting of Members entitled to cast at least twenty percent (20%) of the votes of the Membership of the Association shall constitute a quorum.

SECTION 6. EXTRAORDINARY ACTIONS OF THE ASSOCIATION. Unless a larger percentage of Member approval is expressly required elsewhere in this Declaration or by law, the following extraordinary actions of the Association shall require the consent and approval of the Members entitled to cast at least sixty-seven percent (67%) of the votes of Members present, in person or by proxy, and voting at a meeting of the Association duly called for such purpose, such vote to include at least fifty-one percent (51%) of the votes of all Members present, in person or by proxy, and voting at such meeting other than the Declarant, or, the Executive Board elects not to call a meeting of the Members with the written consent of the Members entitled to cast at least sixty-seven percent (67%) of the total authorized votes of all Members of the Association, such consent to include the consent of the Members entitled to cast at least fifty-one percent (51%) of the total authorized votes of all Members of the Association other than Declarant, said consent having been obtained after written notice to all Members of the proposed amendment:

- (a) determining not to require professional management if that management has been required by the Association documents, a majority of eligible mortgagees or a majority vote of the Members;
- (b) expanding the Association to include land not previously described as Additional Property which increases the overall land area of the project or number of Lots by more than 10 percent;

(c) making capital expenditures (other than for repair or replacement of existing improvements) during any period of 12 consecutive months costing more than 20 percent of the annual operating budget.

In addition, unless a larger percentage of Member approval is expressly required elsewhere in this Declaration or by law, the following extraordinary actions of the Association shall require the written consent of the Members entitled to cast at least eighty percent (80%) of the total authorized votes of all members of the Association, such consent to include the consent of the Members entitled to cast at least (51%) of the total authorized votes of all Members of the Association other than Declarant, said consent having been obtained after written notice to all Members of the proposed action:

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- (a) dissolution of the Association except pursuant to a consolidation or merger;
- (b) conveyance of all Common Elements;
- (c) merger or consolidation of the Association;

(d) abandoning, partitioning, encumbering, mortgaging, conveying, selling, or otherwise transferring or relocating the boundaries of Common Elements (except for (i) granting easements which are not inconsistent with or which do not interfere with the intended Common Elements; (ii) dedicating Common Elements as required by a public authority; or (iii) limited boundary-line adjustments made in accordance with the provisions of this Declaration); or

(e) using insurance proceeds for purposes other than construction or repair of the insured improvements.

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 Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay: (a) to the Association: (i) annual and other assessments and charges provided for herein, together with interest and late fees, costs and reasonable attorneys' fees; (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and (b) to the appropriate taxing authority: (i) a pro rata share of ad valorem taxes levied against the Common Area; and (ii) a pro rata share of assessments for public improvements to or for the benefit of the Common Area if the Association shall default in the payment of either or both for a period of six (6) months. All assessments and charges provided for herein, together with interest, any late fees, 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 when a claim of lien is filed of record in the Office of the Clerk of Superior Court, Guilford County, North Carolina. Each such assessment, together with interest, any late fees, 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 the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

SECTION 2. PURPOSE OF ASSESSMENT.

(a) The assessment levied by the Association shall be used to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area or the Lots, including but not limited to, the costs of repairs, replacements and additions; the cost of labor, equipment, materials, management, and supervision; the payment of any taxes assessed against the Association; the maintenance of streets and open spaces which have not been accepted for dedication by a public authority, roadway

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medians and islands (including medians and islands located in dedicated rights-of-way within the Properties), drives and parking areas within the Common Area; the procurement and maintenance of liability insurance in accordance with By-Laws; the maintenance of dams and ponds, including retention or detention ponds, or other bodies of water, if any, located within the Common Area; the maintenance of entrance ways, landscaping and lighting of Common Areas; the cost of operating, maintaining and repairing any street lights erected by the Association or the Declarant in the right-of-way of streets (whether public or private) or in any other easement provided therefor within the Properties; the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Area; the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; the cost of the maintenance required by Article VI of this Declaration; and such other needs as may arise.

(b) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Elements and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund shall be established out of regular assessments for common expense.

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

SECTION 3. ADOPTION OF BUDGET AND FIXING OF ANNUAL ASSESSMENTS; MAXIMUM ANNUAL ASSESSMENT. At least thirty (30) days in advance of each annual assessment period, the Executive Board shall establish an annual budget and fix the amount of the annual assessments in advance for the following year. Within thirty (30) days of adoption of any proposed budget, the Executive Board shall provide to all the Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Executive Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than 25 nor more than 60 days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting the Owners of a majority of the Lots reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

Until January 1 of the second year following conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$100.00 per townhome lot and \$170.00 per month per Lot upon which a single family detached dwelling is located (Lots 72 & 73). The maximum annual assessment 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 fifteen percent (15%) of the maximum annual assessment of the previous year. The maximum annual assessment for each calendar year thereafter may be increased without limit by a vote of the Members entitled to cast at least two-thirds (2/3) of the votes of the Association who are

voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, during any Period of Declarant Control, Declarant must also consent to such action.

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.

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SECTION 4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. 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 the Common Area, including fixtures and personal property related thereto; provided that any such assessment shall have the assent of the Members entitled to cast at least eighty percent (80%) of the votes of the Association who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however during the Period of Declarant Control, Declarant must also consent to such action. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly, or annual basis as designated by the Association.

SECTION 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 AND 4. Written notice of any meeting called for the purpose of taking action authorized under Section 3 or 4 of this Article shall be sent to all Members not less than twenty-five (25) days nor more than sixty (60) days in advance of the meeting. At the first meeting called, the presence of Members or of proxies entitled to cast ten percent (10%) of all votes of the Association 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 (½) of the required quorum at the preceding meeting. The requirement for a quorum shall continue to be reduced by fifty percent from that required at the previous meeting as previously reduced, until such time as a quorum is present.

SECTION 6. COMMENCEMENT OF ANNUAL ASSESSMENTS. The annual assessments provided for herein shall commence as to a Lot as follows:

(a) On the first day of the first month following the date a vacant Lot is conveyed by Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. As to a vacant Lot, the amount of the assessment shall be one-half (½) of the normal annual assessment.

(b) If a Lot remains vacant six months after conveyance of the Lot by Declarant, then the full annual assessment shall be due and payable.

(c) Upon issuance of a certificate of occupancy, or upon conveyance of a lot upon which a residence has been constructed, the full amount of the annual assessment shall be due and payable, pro-rated for the calendar year, as of the first day of the first month following such conveyance.

SECTION 7. WORKING CAPITAL ASSESSMENTS. In addition to the annual assessments authorized above, at the time of the first sale of each Lot, the first occupant thereof shall pay to the Association an amount equal to two-twelfths (2/12 ths) of the then current annual assessment established by the Association. Such funds shall be used by the Association to establish a Working Capital Fund, the purpose of which is to insure that the Association will have sufficient monies available to meet its operational needs. No such payments made into the Working Capital Fund shall be considered advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of the Declaration and these Bylaws.

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 a rate from time to time established by the Association not to exceed eighteen percent (18%) per annum. In addition, the Association may charge a reasonable late fee, the amount of which shall be established from time to time by the Executive Board of the

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 Association, for assessments not paid within thirty (30) days after the due date. After notice and an opportunity to be heard, the Association may suspend privileges or services provided by the Association (except rights of access to Lots) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer, which suspension may continue without further hearing until the delinquency is cured. The Association may bring an action at law against the Owner personally obligated to pay the same to 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 foreclosure of a mortgage or deed of trust on real estate under power of sale, and interest, late fees, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Area or abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

SECTION 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 Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the Development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the 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 FOR ASSESSMENTS TO THE LIEN OF FIRST MORTGAGES. When the holder of a first mortgage or first deed of trust of record, or other purchaser of a Lot obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust or deed in lieu of foreclosure, such purchaser and its heirs, successors, and assigns, shall not be liable for the assessments against such Lot which become due prior to the acquisition of title to such Lot by such purchaser. Such unpaid assessments shall be deemed to be common expenses collectible from all Owners including such purchaser, its heirs, successors and assigns. Such 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 became due prior to such sale or transfer; provided, however, no such sale or transfer shall relieve such Lot or the Owner thereof from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 11. EXEMPT PROPERTY. All property dedicated to, and accepted by, a public authority and all properties owned by a charitable or non-profit 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 improvement devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

ARCHITECTURAL CONTROL

SECTION 1. IMPROVEMENTS. No improvements, alterations, repair, change in paint color, excavation, change in grade, planting, landscaping or other work which in any way alters the exterior of any Lot or the improvements located thereon from their natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant to an Owner other than Declarant shall be commenced, erected or maintained upon any Lot and no building, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered, or removed until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Executive Board of the Association or

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by an architectural committee composed of three (3) or more representatives appointed by the Board (the "Architectural Control Committee"). Temporary seasonal exterior decorations shall not require the prior approval of the Executive Board or the Architectural Control Committee, but if any such decorations are determined, in the sole discretion of the Executive Board or Architectural Control Committee, to be distasteful or otherwise disruptive of the aesthetics or visual harmony of the community, the Executive Board or the Architectural Control Committee may require that such decoration promptly and permanently be removed. In the event that an Owner neglects or fails to remove any such decorations at the request of the Executive Board or the Architectural Control Committee, the Association may provide for such removal. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times for such purpose and the cost of such removal shall be added to and become a part of the assessment to which such Lot is subject. Notwithstanding the foregoing, nothing herein contained shall prevent or interfere with the right of Declarant to improve and develop the properties, including the Lots, as Declarant chooses, so long as said development follows the general plan of development of the Properties previously approved by the City of High Point. Accordingly, Declarant need not seek or obtain the approval of the Architectural Control Committee for improvements erected on the Properties by or at the direction of Declarant. In addition, for so long as Declarant or any affiliated entity owns any Lot or has the right to annex any Additional Property pursuant to Section 4, Article X thereof, Declarant or its affiliate may approve any plans and specifications rejected by the Executive Board or the Architectural Control Committee for the construction or alteration of improvements on any Lot provided the construction or alteration approved by Declarant or its affiliate comport with the general scheme of development approved by the City of High Point. Such approval by Declarant or its affiliate shall operate and have the same effect as approval by the Executive Board or the Architectural Control Committee.

ARTICLE VI

MAINTENANCE OF LANDSCAPING, EXTERIORS, WATER AND SEWER LINES, AND DETENTION POND

SECTION 1. MAINTENANCE TO BE PERFORMED BY THE ASSOCIATION. The Association shall maintain the Common Elements and shall maintain the grounds of each Lot which is subject to assessments hereunder (except for any enclosed privacy area, which area shall be maintained by the Owner(s) of the Lot on which the residence is located as set forth in Section 2 below), as follows: mow, seed and fertilize all grassed areas, mulch, remove dead or diseased trees or shrubs if such trees or shrubs existed at the time Declarant initially conveyed the Common Elements or the Lot on which the tree or shrub is located, replace dead or diseased trees or shrubs planted by the Declarant or the Association and prune all trees or shrubs planted by the Declarant or the Association. In addition the Association shall provide exterior maintenance for the dwelling located on each Lot which is subject to assessments hereunder, as follows: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces (including doors and garage doors, *but* excluding glass surfaces, window or door screens, any storm doors installed by Owners and garage door openers), steps, and other exterior improvements. Such exterior maintenance shall not include the exterior maintenance to be performed by the Owners as provided in Section 2 below. In the event that the need for any maintenance, repair or replacement required hereunder to be performed by the Association is caused through the willful or negligent act of the Owner, his family, guests or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending strike, civil commotion, aircraft, vehicles or smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage insurance policies, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject.

SECTION 2. MAINTENANCE TO BE PERFORMED BY THE OWNERS. Each Owner shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all glass surfaces, window or door screens, any storm doors installed by Owner (any such installation being subject to Article V hereof), air conditioning and heating equipment and all utility lines, fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his Lot which are not publicly maintained. Each Owner also shall be responsible

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for the maintenance of any enclosed privacy area. In the event that the Owner neglects or fails to maintain his or her Lot and/or the exterior of his or her dwelling in a manner consistent with other Lots and dwellings within the Properties, the Association may provide such exterior maintenance and all costs incurred by the Association in providing such exterior maintenance shall be added to the annual assessment for such Lot and subject to the lien rights described in Article IV; provided, however, that the Association shall first give written notice to the Owner of the specific items of exterior maintenance or repair the Association intends to perform and the Owner shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance. The determination as to whether an Owner has neglected or failed to maintain his or her Lot and/or dwelling in a manner consistent with other Lots and dwellings within the Properties shall be made by the Executive Board of the Association, in its sole discretion.

SECTION 3. MAINTENANCE OF DETENTION PONDS. The Association shall be responsible for maintaining and repairing the detention ponds located in the Common Areas in accordance with the watershed quality standards required by the City of High Point and the State of North Carolina.

SECTION 4. MAINTENANCE OF WATER AND SEWER LINES. The water and sewer lines and all appurtenances thereto located within the Common Areas shall be properly maintained and operated by the Association in accordance with all permits issued by any state or local authority. The Association shall allocate in its yearly budget and set aside in a separate account funds which may be used to repair, maintain or reconstruct said water and sewer lines and appurtenances thereto should same become necessary. In the event of a voluntary dissolution by the Association, the Association shall first transfer said water and sewer and all appurtenances thereto to some other person or entity acceptable to and approved by the North Carolina Environmental Management Commission.

SECTION 5. INSURED DAMAGE TO OR DESTRUCTION OF COMMON ELEMENTS. The Association shall maintain, to the extent reasonably available, the insurance specified in the Bylaws. Any portion of the Common Elements for which insurance is maintained by the Association which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) this Declaration is terminated and the Association dissolved pursuant to a vote of the Members in accordance with Article III, Section 5, hereof, and with any required consent of Declarant, the VA, FHA or Institutional Lenders, (ii) repair or replacement would be illegal under State or local health or safety statute or ordinance, or (iii) the Owners decide not to rebuild pursuant a vote of the Members in accordance with Article 111, Section 5, hereof, and with any required consent of Declarant, the VA, PHA or Institutional Lenders. If any portion of the Common Elements are not repaired or replaced, the insurance proceeds attributable to the damaged Common Elements shall be used first to restore the damaged area to a condition compatible with the remainder of the Properties, and the remainder shall be distributed in accordance with *Section 47P-3- 113* of the Planned Community Act.

ARTICLE VII

RESTRICTIONS

SECTION 1. LAND USE AND BUILDING TYPE. No lot shall be used for other than residential purposes. No building or structure shall be erected, altered, placed or permitted to remain on any Lot other than: (1) one single family attached dwelling; (2) one private garage, attached to the dwelling, for not more than two automobiles; and (3) an individual unattached single family dwelling located on each of Lot numbers 72 and 73.

SECTION 2. DRIVEWAYS. Paved driveways are required for each dwelling and all vehicles shall be parked in driveways, parking pads, or designated areas. In the case of shared drives, residents shall exercise care not to block any drive with any vehicle and to assure adjoining property owners clear ingress and egress.

SECTION 3. LIVESTOCK AND PETS. No animals, livestock or poultry of any kind shall be bred, raised or kept on any Lot, except that dogs, cats, or other small household pets may be kept provided that such is not for any commercial purposes. Such household pets must not constitute a nuisance or cause an unsanitary condition. No structure for the care, housing or confinement of any pet shall be constructed or maintained on any part of the Common Area. Pets shall be under leash at all times when walked or exercised on any part of the Common Area. No pet shall be permitted to leave its excrement on any portion of the Common Area, and the Owner or person having control of such pet shall immediately remove and properly dispose of any such excrement.

(b) Upon the written request of any Owner, the Board of Directors may conclusively determine, in its sole and absolute discretion, whether, for purposes of this section, a particular pet is a generally recognized house pet or such pet is a nuisance. The Board shall have the right to require the owner of a particular pet to remove such pet from the Development if such pet is found to be a nuisance or in violation of these restrictions. An Owner maintaining a household pet or nuisance, or allowing an occupant or visitor to do so, shall be responsible to the Association for the cost of any repair of any damage to the Common Area caused by the household pet or nuisance. Any cost of repair shall be added to and become a part of any assessment next coming due to which such Owner and his Lot or dwelling are subject.

SECTION 4. WAIVER OF VIOLATION. Any violation of these restrictions may be waived by the Declarant or by the Executive Board of the Association.

SECTION 5. MISCELLANEOUS.

- (a) No drying or airing of any clothing or bedding shall be permitted outdoors on any Lot within the properties.
- (b) No satellite dish with a diameter of more than eighteen inches may be placed on the property. Any such satellite dish, television or radio antenna shall be placed at a height no higher than the lowest eave line of the building, shall be located in the rear of the residence, and shall be attached to the residence.
- (c) No motor homes, boats, campers, trailers, junk automobiles or any other type of salvage may be placed or stored on the premises.
- (d) Patio areas are to be kept in good order and condition with only patio furniture, outdoor grills and /or house plants located thereon.
- (e) No individual yard sales are permitted.
- (f) All garbage, trash and other household waste shall be disposed of in mobile toters furnished by the City of High Point. Mobile toters shall not be stored outside the residence except on the street on the day of garage pickup.
- (g) The property shall not be used for business, manufacturing or commercial purposes.
- (h) No utility vehicle or truck larger than one rated as a 3/4 ton truck shall be allowed to remain on any common parking area, or any Lot, or on any Common Area overnight.
- (i) Only approved standard window dressings that are exposed to the outside may be used.
- (j) Screens are only permitted on side and rear windows.
- (k) Only approved storm doors will be permitted.
- (l) Mail shall be received in approved mail receptacles.

SECTION 6. OFFENSIVE ACTIVITIES. No noxious, offensive or illegal activities shall be carried on upon any Lot, nor shall anything be done thereon which is or may become an annoyance or nuisance to the Owners of other Lots. Without limiting the generality of the foregoing provisions, no exterior speakers, horns, whistles, bells, or other sound devices, except security and fire alarm devices used exclusively for such purposes, shall be located, used, or placed within the Development.

All trash and debris must be placed in appropriate containers or properly bundled for disposal, and must be properly disposed of. No Owner shall dump, deposit, place or discard, or allow another to dump, deposit, place or discard any trash or debris upon any portion of the Development. Any Owner, or his family, tenants, guests, invitees, servants, or agents, who dumps,

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deposits, places or discards any trash or debris upon any portion of the Development shall be liable to the Association for the actual costs of removal thereof. Such sum shall be added to and become a part of any assessment next becoming due to which such Owner and his Lot or dwelling is subject.

SECTION 7. SIGNS. No advertising signs or billboards shall be erected on any Lot or Common Area. This restriction shall not apply to: (a) signs used for identifying and advertising the Development, for selling Lots and/or houses within the Development, or for identifying builders and contractors during construction; (b) informational or directional sign required by law or approved by the Board of Directors; and (c) temporary signs approved by the Board of Directors, in its sole and absolute discretion, for a valid and reasonable purpose in the best interests of the Owners. Prohibition of or approval and posting of signs shall not conflict with any law or ordinance of a governing authority.

SECTION 8. COURTYARDS. During construction of a residence on a Lot, Declarant may allow a Courtyard to be constructed serving the residence on that Lot. The Courtyard may be enclosed with fencing, and fencing will include a gate for access to the Lot and the Courtyard. All or a portion of the Courtyard and the fencing may be allowed to encroach upon the Common Area adjacent to the Lot; an easement shall be and hereby is created for the purpose of construction and maintenance of all or a portion of the Courtyard and fencing upon the Lot and for the exclusive use of that portion of the Common Area by the Owner and his guests, invitees and agents.

The Courtyard Area, the fencing, and the gate will be maintained and repaired by the Owner, with the exception that grass mowing and trimming will be the responsibility of the Association, so long as access to the Courtyard is provided through an unlocked gate.

SECTION 9. PARKING PADS. During construction Declarant may construct Parking Pads for parking of vehicles on various Lots and on various portions of the Common Area. All or a portion of the Parking Pad so constructed may be allowed to encroach upon the Common Area or upon the Lot. An easement shall be and hereby is created for the purpose of construction and maintenance of each Parking Pad. An easement shall be and hereby is created for the use of and for access to for purposes of ingress, egress and regress to and by the Parking Pad from any Owner of any Lot and by his guests, invitees, and agents.

ARTICLE VIII

EASEMENTS

SECTION 1. UTILITIES. Easements for installation and maintenance of utilities and drainage facilities are reserved as indicated on recorded plats. Within these easements, no structures, planting or other material may be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the drainage easements, or which may obstruct or retard the flow of water through drainage channels in the easements. An easement is hereby established for the benefit of the City of High Point and County of Guilford (and any other person or firm providing services to the Development under agreement with or at the direction of the Association) over all Lots and Common Areas as may be reasonably necessary for the setting, removal and reading of water meters, for the maintenance and replacement of water, sewer, and drainage facilities, and for the fighting of fires and collection of garbage. The Association shall have the power and authority to grant and establish upon, over, and across the Common Area such additional easements as are necessary or desirable for the providing of services or utilities to the Common Area or Lots.

SECTION 2. SIGN EASEMENTS. Easements for the maintenance of subdivision signs, landscaping, and lighting surrounding same are reserved as indicated on recorded plats. Declarant hereby grants, gives and conveys to the Association a perpetual, nonexclusive easement over any portions of Lots designated as "sign easements" on the plats, to maintain, repair, and replace the subdivision signs which may be located thereon, as well as the lighting, fixtures and landscaping thereon. The costs of all such maintenance, repair and replacement shall be part of the common expenses of the Association, payable by the Owners as set out in Article IV hereof. In addition to

the easement granted above as to the portion of Lots designated "sign easements" or "landscaping easements," Declarant hereby gives, grants and conveys to the Association the right of ingress, egress, and regress over other portions of such Lots as shall be reasonably necessary to effectuate the purposes stated above. The easements hereby granted shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or part of the Development.

SECTION 3. EASEMENT FOR ENTRY. In addition to the right of the Board to exercise self-help as provided in Section 1, the Association shall have the right, but shall not be obligated, to enter upon any property within the Development for emergency, security, and safety reasons, which may be exercised by officers of the Board, and all police, fire and ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. This right of entry shall include the right of the Association to enter any Lot or dwelling to cure any conditions which may increase the possibility of a fire, slope erosion, or other hazard, in the event an Owner or occupant fails or refuses to cure the condition upon request by the Board.

SECTION 4. EASEMENT FOR MAINTENANCE. Declarant hereby expressly reserves a perpetual easement for the benefit of the Association across such portions of the Properties, determined in the sole discretion of the Association, as are necessary to allow for the maintenance required under Article VI. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment to Lots. Reasonable steps shall be taken to protect such property, and damage shall be repaired by the person or entity causing the damage, at its sole expense.

SECTION 5. EASEMENT FOR ACCESS TO COMMON AREA. Easements for access to the Common Area are reserved as indicated on the recorded plat. The Association shall have the obligation to maintain these easement areas. Each owner shall have the right to use these easement areas for access to the Common Area, subject to the provisions of Article II of this Declaration.

SECTION 6. CONSTRUCTION AND SALE PERIOD EASEMENT. Notwithstanding any provisions contained in this Declaration, the Bylaws, the Articles of Incorporation of the Association, use restrictions, rules and regulations, design guidelines, and any amendments thereto, until Declarant's right unilaterally to property subject to this Declaration terminates, and thereafter so long as Declarant owns any property in the Properties for development and/or sale, Declarant reserves an easement across all Properties for Declarant and any builder or developer approved by Declarant to maintain and carry on, upon such portion of the Properties as Declarant may reasonably deem necessary, such facilities and activities as such builder's or developer's development, construction, and sales activities related to Properties, including, but without limitation: (a) the right of access, ingress, egress and regress for vehicular and pedestrian traffic and construction activities over, under, on or in the Properties may be necessary, including without limitation, any Lot; (b) the right to tie into any portion of the Properties with driveways, parking areas and walkways; (c) the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain and repair any device which provides utility or similar services, including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under and/or over the Properties; (d) the right to grant easements over, under, in or on the Properties, including, without limitation, the Lots, for the benefit of neighboring properties for the purpose of tying into and/or otherwise connecting and using sewer and drainage lines and facilities constructed or installed in, on, under and/or over the properties; (e) the right, in the sole discretion of Declarant, to construct recreational facilities on Common Area; (f) the right to carry on sales and promotional activities in the Properties; and (g) the right to construct and operate business offices, signs, construction trailers, model residences and sales offices. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the person causing the damage at its sole expense. This Section shall not be amended without the Declarant's express written consent until the Declarant's rights hereunder have terminated as hereinabove provided.

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SECTION 7. UNINTENTIONAL ENCROACHMENTS. If any portion of the Common Area encroaches upon any dwelling or any dwelling encroaches upon any other dwelling or upon any portion of the Common Area as a result of settling or shifting of a building, an easement for encroachment and for the maintenance of the same shall exist so long as the building stands. If the dwelling or any adjoining dwelling, or any adjoining part of the Common Area, shall be partially or totally destroyed as a result of fire or other casualty or as a result of eminent domain proceedings, and then rebuilt, encroachments on parts of the common Area upon any dwelling or of any dwelling upon any other dwelling or upon any portion of the Common Area, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the subject dwelling shall stand.

SECTION 8. COURTYARD ENCROACHMENTS. An easement shall be and hereby is established for that portion of any Courtyard and/or fencing which encroaches upon a Common Area adjacent to a Lot, as described in Article VII, Section 8.

SECTION 9. PARKING PAD ENCROACHMENTS. An easement shall be and hereby is established for that portion of any Parking Pad which encroaches upon a Common Area or upon a Lot, and for access to and use of any Parking Pad by any Owner, his guests, invitees, and agents, as described in Article VII, Section 9.

ARTICLE IX

PARTY WALLS

SECTION 1. GENERAL RULES OF LAW TO APPLY. Each wall which is built as a part of the original construction of the homes upon the Properties and placed in 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 rule of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

SECTION 2. SHARING OF REPAIR AND MAINTENANCE. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

SECTION 3. DESTRUCTION BY FIRE OR OTHER CASUALTY. If a party wall is destroyed or damaged by fire or other casualty, an Owner who has use of the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration in proportion to such use without prejudice, however, subject to the right of any such Owners to call for a larger contribution for the others under any rule of law regarding liability for negligent or willful acts of omissions.

SECTION 4. WEATHERPROOFING. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against the 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, of under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose on additional arbitrator, and the decision shall be by majority of all the arbitrators.

ARTICLE X

GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. The Owner(s) of each Lot shall be governed by and shall comply with the provisions of this Declaration, the Bylaws of the Association and all rules and regulations of the Association adopted pursuant thereto, as any of the same are now constituted or as they may be amended from time to time. A default by any Owner shall entitle the Association or the Owner(s) of any of the other Lots to the following relief:

(a) 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, the Bylaws of the Association and all rules and regulations of the Association adopted pursuant thereto. Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the Bylaws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. The Association shall have the right to request that law enforcement, public safety and animal control officers come on the Properties to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

(b) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to assess reasonable fines against an Owner for violations of this Declaration, the Bylaws of the Association or the Association's published rules and regulations by such Owner, or such Owner's family, guests, invitees and lessees in an amount not to exceed \$150.00 for each violation, and without further hearing, for each day after the decision that the violation has occurred. Such fines shall be deemed to be assessments as set forth in Article IV of the Declaration and if not paid within thirty (30) days after notice and demand thereof, the Association shall be entitled to the remedies set forth in the Declaration for the enforcement and collection of delinquent assessments.

(c) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to suspend privileges or services provided by the Association (except rights of access to Lots) for reasonable periods for violations of the Declaration or the Bylaws, Articles of Incorporation, or rules and regulations of the Association. If it is decided that a suspension of privileges or services provided by the Association should be imposed, the suspension may be continued without further hearing until the violation is cured.

(d) If an Owner is legally responsible for damage inflicted on any Common Area, the Association may direct such Owner to repair such damage, or the Association may itself cause the repairs to be made and recover damages from the responsible Owner. If damage is inflicted on any Lot by an agent of the Association in the scope of the agent's activities as such agent, the Association is liable to repair such damages or to reimburse the Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Owner. When any such claim for damages against an Owner or the Association is less than or equal to the jurisdictional amount established for small claims by North Carolina General Statute 7A-210, any aggrieved party may request that a hearing be held before an adjudicatory panel appointed by the Executive Board of the Association to determine if an Owner is responsible for damages to any Common Area or the Association is responsible for damages to any Lot. If the Executive Board fails to appoint an adjudicatory panel to hear such matters, such hearings shall be held before the Executive Board. Such panel shall accord to the party charged with causing damages notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. This panel may assess liability for each damage incident against each Owner charged or against the Association not in excess of the jurisdictional amount established for small claims by North Carolina General Statute 7A-210. When the claim exceeds the jurisdictional amount established for small claims by North Carolina General Statute 7A-210, liability of any Owner charged or the Association shall be determined as otherwise provided by law. Liabilities of Owners determined by adjudicatory hearing or as otherwise provided by law shall be assessments secured by lien

under Section 47E-3-116 of the Planned Community Act. Liabilities of the Association determined by adjudicatory hearing or as otherwise provided by law may be offset by the Owner against sums owing to the Association and if so offset, shall reduce the amount of any lien of the Association against the Lot at issue.

(e) In any proceeding arising because of an alleged default by an Owner, the Association, if successful, shall be entitled to recover the costs of the proceedings and such reasonable attorneys' fees as may be determined by the Court.

(f) The failure of the Association or any Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration or the other above mentioned documents shall not constitute a waiver of the right of the Association or of the Owner to enforce such right, provision, covenant or condition in the future.

(g) All rights, remedies and privileges granted to the Association or the Owners, pursuant to any terms, provisions, covenants or conditions of the Declaration or other above mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

(h) The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration or other above mentioned document shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

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 unless terminated as hereinafter provided. This Declaration may be amended with the consent of the Owners entitled to cast at least sixty-seven percent (67%) of the votes of the Association and may be terminated with the consent of the Owners entitled to cast at least eighty percent (80%) of the votes of the Association; provided, however, so long as Declarant or any affiliated entity, including, without limitation, Triad Property Group, LLC, owns any Lot or may annex Additional Property pursuant to the provisions hereinafter set forth, this Declaration may not be amended or terminated without Declarant's consent; no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant; and no amendment relating to the maintenance or ownership of any permanent detention or retention pond shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection. Any amendment must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by the officers executing the amendment on behalf of the Association that the requisite Owner approval has been obtained and is evidenced by written acknowledgment(s) signed by the Owners approving the amendment and made a part of the Minute Book of the Association; and (3) be properly recorded in the Office of the Register of Deeds, Guilford County, North Carolina. For the purpose of this section, additions to existing property by Declarant pursuant to Section 4 of this Article shall not constitute an "amendment." In the event this Declaration is terminated in accordance with the provisions hereinabove provided, Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of all permanent retention or detention ponds.

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SECTION 4. ANNEXATION.

(a) Except as provided in Subsection (b) of this Section 4, Article X, additional residential property and Common Area may be annexed to the Properties only with the consent of the Members entitled to cast two-thirds (2/3) of the votes of the Association, who are voting, in person or by proxy, at a meeting duly called for such purpose; provided, however, during any Period of Declarant Control Declarant must also consent to such action.

(b) Additional land within the area described in the metes and bounds description attached hereto as Schedule "A" and incorporated herein by reference, together with any other property located adjacent to the properties (collectively, "Additional Property") may be annexed by the Declarant without the consent of Members within ten (10) years of the date of this instrument. For the purpose of determining whether property is adjacent to the properties, the rights of way of public roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise adjacent property. Declarant shall have no obligation of any kind to annex the Additional Property and, should Declarant elect to annex all or any portion of the Additional Property Declarant shall have no obligation of any kind to annex the Additional Property in any particular sequential order. Should Declarant elect to annex all or any portion of the Additional Property and accordingly to subject such property to the terms and conditions of this Declaration, with regard to all or any part of the Additional Property annexed by Declarant, to make such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to reflect the different character, if any, of added properties and as are not inconsistent with the plan of this Declaration, but such additions and/or modifications shall have no effect upon the properties previously subjected to this Declaration. With regard to any portion of the Additional Property not annexed by Declarant, Declarant makes no representations with regard to use of such property or the exterior appearance, design, size or intended purpose of any improvements now or hereafter erected on such property.

SECTION 5. FHA/VA APPROVAL. During any period of Declarant Control, the following actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs provided that FHA or VA loans have been obtained to purchase Lots:

- (a) any extraordinary action of the Association described in Article III, Section 5 of this Declaration;
- (b) termination of this Declaration or other termination of the planned unit development hereby created; or
- (c) any amendment to this Declaration adding, deleting or modifying any provision regarding any of the following (each herein referred to as a "Material Amendment"):
 - (i) Assessment basis or assessment liens;
 - (ii) The method of imposing or determining any charges to be levied against individual unit owners;
 - (iii) Reserves for maintenance, repair or replacement of Common Elements improvements;
 - (iv) Maintenance obligations;
 - (v) Allocation of rights to use Common Elements;
 - (vi) Any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements on Lots;

(vii) Reduction of insurance requirements;

(viii) Restoration or repair of Common Elements improvements;

(ix) The addition, annexation or withdrawal of land to or from the project, except for the annexation of all or any portion of the real property described in Schedule A attached hereto as permitted pursuant to Article X, Section 4(b);

(x) Voting Rights;

(xi) Restrictions affecting leasing or sale of a unit; or

(xii) Any provision which is for the express benefit of mortgagees.

SECTION 6. INSURANCE. The Association shall maintain, to the extent reasonably available, the insurance coverage required by Section 47F-3-113 of the Planned Community Act, as that section may from time to time be amended.

SECTION 7. AMPLIFICATION. The Provisions of this Declaration are amplified by the Articles of Incorporation and Bylaws of the Association; but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration on the one hand, and the Articles of Incorporation and Bylaws of the Association on the other, be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything contained in the Articles of Incorporation or Bylaws of the Association.

ARTICLE XI

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

SECTION 1. ENTITIES CONSTITUTIONAL 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 residences, 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 any annual financial statement or report of the Association.

(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 Material 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 this Declaration or the planned unit development hereby created (said notice to be given at least thirty (30) days prior to any action) or any proposed extraordinary action of the Association described in Article III, Section 5 hereof.

(c) To receive notice of any condemnation or casualty loss affecting the Common Elements or any portion thereof, resulting in losses greater than 10% of the annual budget for the Association.

(d) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(e) Upon the demand of a majority of Institutional Lenders, to require professional management of the Association or to demand an audit of the Association's financial records.

(f) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Lot encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

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SECTION 3. REQUIREMENTS OF INSTITUTIONAL LENDERS. 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.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed in its name as of the 6 day of December, 2000.

Triad Property Group, LLC

By: [Signature]
member/manager

STATE OF North Carolina

COUNTY OF Randolph

I, Jennifer J. Higgins, a Notary Public for said County and State, certify that R. Dale Britt Member / Manager of Triad Property Group, LLC, a limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the company.

[Signature]
Notary Public

My Commission Expires 6.16.03





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KATHERINE LEE PAYNE, REGISTER OF DEEDS
GUILFORD COUNTY
201 SOUTH EUGENE STREET
GREENSBORO, NC 27402

* * * * *

State of North Carolina, County of Guilford

The foregoing certificate of Jennifer J. Higgins

A Notary (Notaries) Public is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time shown herein.

KATHERINE LEE PAYNE, REGISTER OF DEEDS

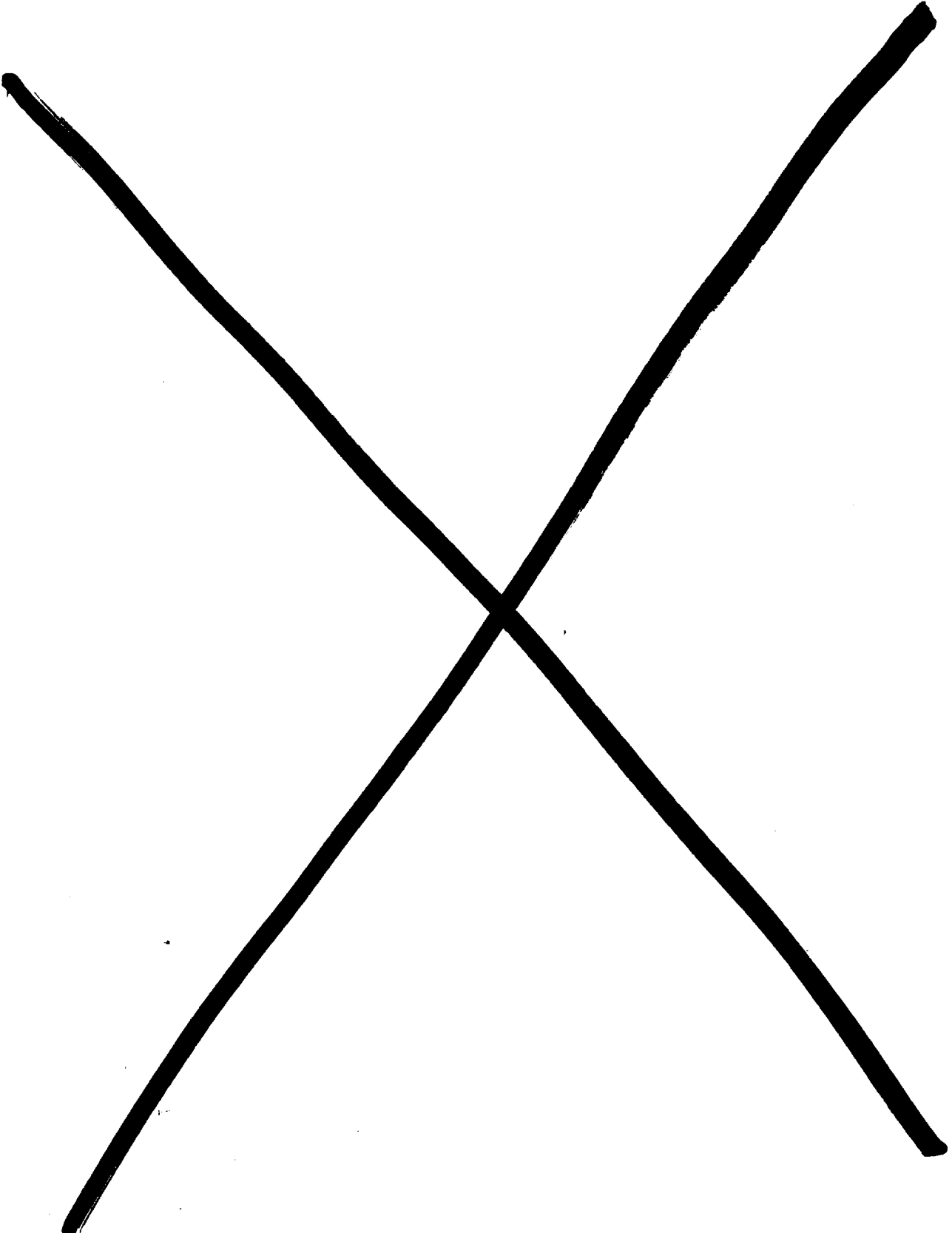
By: M. Steven Parrish
Deputy - Assistant Register of Deeds

* * * * *

THIS CERTIFICATION SHEET MUST REMAIN WITH THE DOCUMENT

03/29/00

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