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RECORDED
KAY F. PAVSEAVOURAS
REGISTER OF DEEDS
GUILFORD COUNTY, NC

DECLARATION

TO BE
PICKED UP

OF

SEP 26 3 05 PM '04

COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by Cherokee Hills of High Point, Inc., a North Carolina Corporation, hereinafter referred to as "Declarant".

W I T N E S S E T H:

THAT WHEREAS, Declarant is the owner of certain real property in Guilford County, City of High Point, High Point Township, State of North Carolina, which is more particularly described as all of that certain parcel of real property designated as Phase I, Section 3, Tract C, of Cherokee Hills which appears of record in the Office of Register of Deeds of Guilford County, North Carolina, in Plat Book 74 at Page 138;

AND WHEREAS, the Declarant desires to insure the continued worth and value of the improved real property herein described and pursuant thereto, desires to impose the covenants, conditions, and restrictions stated herein to such property;

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

ARTICLE I

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DEFINITIONS

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Section 1. "Association" shall mean and refer to Cherokee Hills Association, its successors and assigns.

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

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions

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thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as all of that real property designated "Common Area" as shown on the plat entitled Phase I, Section 3, Tract C, of Cherokee Hills, which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 74, Page 138.

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

Section 6. "Declarant" shall mean and refer to Cherokee Hills of High Point, Inc., its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

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

Section 8. "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence.

Section 9. "Invitee - User" shall mean and refer to any person who is not a Member of the Association as defined in Article I, Section 7 and Article III, Section 1 of this Declaration who becomes entitled to the use of any common facilities erected on the Properties by paying a separate charge on each occasion that he uses the common facilities.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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

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

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(c) the right of the Association to grant easements and rights of way, to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility (including any entity authorized by Guilford County or the City of High Point to supply cable television service) for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by at least two-thirds (2/3) of each class of Members, agreeing to such dedication or transfer, has been recorded;

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

(e) the right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose or improving the Common Area and facilities thereon; and

(f) the right of the Association to exchange portions of Common Area with the Developer for substantially equal areas of the Properties for the purpose of eliminating unintentional encroachments of townhouses or other improvements onto portions of the Common Area; provided, however, that any such exchange shall require the consent of two-thirds (2/3) of each class of members.

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

Section 3. Parking Rights. Ownership of each Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces for each Lot, which shall be as near as and convenient to said Lot as reasonably possible, together with the right of ingress and egress in and upon said parking area. The Association shall permanently assign one (1) vehicle parking space for each Lot. Guests of any Owner or Owners may use the parking spaces allowed herein during the period they are guests of the Owner or Owners. No junk or disabled vehicles shall be parked in any parking space or on any part of the Common Area. Any vehicle that is inoperative for a period in excess of twenty-one (21) days shall be conclusively presumed to be disabled and, if not removed by its Owner, may be towed from the Properties at the expense of the Owner. In such instance, the Owner shall further be responsible for any storage charges occasioned by the removal and storage of any inoperable vehicle. Permission to allow an inoperative vehicle to remain in excess of twenty-one (21) days may be granted in the sole discretion of the Board of

Directors of the Association. No trailer, camper, camp truck, house trailer, boat, bus, commercial vehicle (other than unmarked automobiles used for commercial purposes), or similar vehicles shall be kept upon the Properties. No bicycles, scooters, baby carriages or similar vehicles or toys or other personal articles shall be allowed to stand unattended in the Common Area. Special written permission may be requested from the Board of Directors of the Association to park a camper, boat or trailer upon the Common Area subject to such reasonable limitations as to space and time the Board may see fit to impose.

Section 4. 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 By-Laws of the Association and that any failure by the Lessee to comply with the terms of such document 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 any Lot.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. 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. The Association shall have two classes of voting membership:

Class A. Class A Member(s) shall be (i) the Declarant, its successors or assigns, as to Lots on which the Living Unit constructed on that Lot has been rented or leased by the Declarant and as to Lots retained by the Declarant upon the termination of Class B membership, and (ii) all Owners other than the Declarant. Class A Members shall be entitled to one vote for each Lot owned. When more than one person holds an interest on any Lot, all such persons shall be Members. The vote or votes for 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.

Class B. The Class B Member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned as to which the Declarant is not a Class A Member. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

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

(b) on 1 June, 1992.

With the recording of new sections of Cherokee Hills and the annexation of additional lands subject to the jurisdiction of the Association, new Class A and Class B memberships shall be created, and any Class A memberships then held by the Declarant shall revert to Class B memberships to be held in common with the Class B memberships created by the annexation of a new section of Cherokee Hills.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and (3) to the appropriate governmental taxing authority: (a) a pro rata share of ad valorem taxes levied against the Common Area; and, (b) a pro rata share of assessments for public improvements to or for the benefit of the Common Area if the Association shall default in the payment of either or both for a period of six (6) months, all as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments.

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

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replacement of all paved surfaces lying within the Common Area or within easement areas access to which is held by any Member; the payment of taxes assessed against the Common Area; the procurement and maintenance of insurance in accordance with the By-Laws; the payment of charges for common television antenna service; the payment of charges for garbage collection services to the Properties; the employment of attorneys to represent the Association when necessary; and such other needs as may arise including providing a private community television antenna system if cable television service is not available.

(b) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Property, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the By-Laws of the Association. As monies for any assessment are paid 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 fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Properties.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be forty-five dollars (\$45.00) per Lot.

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

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

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(c) The Board of Directors 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 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 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. Special assessments may be levied to maintain, repair, or replace any paved surfaces lying within the Common Area or lying within any easement areas access to which is held by any Member, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each Class of Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 and 4 shall be sent to all members not less than fifteen (15) days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty per cent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis; provided, however that each Lot owned by the Declarant shall be assessed for both annual and special assessments at one-fourth (1/4) or twenty-five percent (25%) of the assessment for Lots owned by Owners other than the Declarant, but such twenty-five percent (25%) assessment ratio for a particular Lot owned by the Declarant shall terminate immediately upon the transfer of said Lot from the Declarant to an Owner other than the Declarant and thereafter, the full one hundred percent (100%) assessment for such Lot shall apply.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall be collected on a monthly basis and shall commence as to all Lots on the first day of the month following the month in which a

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Certificate of Occupancy for the residence on such lot is issued by the City of High Point. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment to every Owner subject thereto. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. At the request of an Owner, the Association shall establish an automatic draft of the Owner's bank account for payment of the Owner's monthly installment. 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. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosures of Deeds of Trust, and interest, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided 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 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

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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 first 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 devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

ARCHITECTURAL CONTROL

Section 1. The Architectural Control Committee. An Architectural Control Committee consisting of five (5) or more persons shall be appointed by the Class B Member. At such time as the Class B membership expires, the Committee shall be appointed by the Board of Directors of the Association.

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

Section 3. Conditions. No improvements, alterations, additions (including by way of example only, aerials, and antennas, and awnings), repairs, change of paint colors, plantings, excavations, changes in grade or other work which in any way alters the exterior of any Lot or the improvements located thereon from its natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant to an Owner shall be made or done without the prior written approval of the Architectural Control Committee. No building, fence, wall, residence or other structure shall be commenced, erected, maintained or improved, altered, removed, created or abandoned without the prior written approval of the Architectural Control Committee. Notwithstanding the foregoing, the approval of the Architectural Control Committee shall not be required in any instance where Kirkland Development Co. has approved the

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erection of any fence on any Lot prior to the first conveyance of such Lot from the Declarant. Kirkland Development Co. may surrender to the Architectural Control Committee, at any time, the fence approval authority reserved for itself herein.

Section 4. Procedures.

(a) Any person desiring to make any improvement, alteration or change described in Section 3 above shall submit the plans and specifications therefore, showing the nature, kind, shape, height, materials and location of the same, to the Architectural Control Committee. The Architectural Control Committee shall review such requests on the basis of harmony and compatibility of external design and location in relation to surrounding structures, vegetation, topography, and public safety. In the event the Architectural Control Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, a notification of the submission of plans and specifications shall be given to the Architectural Control Committee by the Owner. In the event the Architectural Control Committee fails to approve or disapprove such design and location within thirty (30) days after notification of the submission of plans and specifications have been given, approval will not be required and compliance with this article will be deemed to have occurred. This article, Article V, shall not be construed to permit interference with the development of the Properties by the Declarant so long as said development follows the general plan of development of Properties previously approved by the City of High Point.

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

ARTICLE VI

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between Lots shall constitute a party wall, and, to the extent

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not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence, or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or 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 entire cost of furnishing the necessary protection against such elements.

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

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

ARTICLE VII

EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each dwelling on each Lot which is subject to assessments hereunder, as follows: Paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces; window and door screens; patios; wooden decks or any portion thereof, including railings, supports and steps; attic vent fans; or subsurface leakage into basement areas or crawl spaces. Water used in the maintenance of the grounds will be obtained from spigots located in the outside walls of the individual Living Units,

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and grounds keeping personnel will make every effort to evenly distribute such use among the Living Units. The Association shall repair, maintain, or replace, as necessary, any paved surfaces lying within the Common Area or lying within easement areas access to which is held by any Member. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

In the event the need for maintenance, repair or replacement 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 a strike, civil commotion, aircrafts, vehicles and smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage insurance policies, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject. The Owner of a Living Unit shall therefore maintain a North Carolina Standard Fire and Extended Coverage insurance policy in an amount sufficient to repair or replace his or her Living Unit in case of damage resulting from any of the above described events, and the proceeds of said policy shall be promptly applied to the repair or replacement of any Living Unit that is damaged or destroyed by the occurrence of one of the above described events. Each owner shall annually submit to the Board of Directors of the Association a statement certifying compliance with this section.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Land Use and Building Type. Each Lot shall be used for residential purposes only, except for temporary uses thereof by Declarant for Declarant's sales office and model Living Unit. No rooms may be rented except as part of the entire Living Unit; provided, however, this restriction as to room rental shall not apply to any Lot Owner desiring to rent one (1) or more rooms to any person temporarily attending the High Point Furniture Market provided such rental period shall not exceed ten (10) consecutive days per furniture market session.

Section 2. Dwelling Specifications. No dwelling shall be permitted having a ground area of the main structure, exclusive of one-story open porches, of less than nine hundred (900) square feet for a one-story dwelling nor less than four hundred fifty (450) square feet for a dwelling of more than one story.

Section 3. Nuisances. No nuisance shall be allowed upon the Properties and no person shall engage in any use, practice

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or activity upon such Properties which is noxious, offensive or a source of annoyance to any Owner or which interferes with the peaceful possession and proper use of the Properties by an Owner. All parts of the Properties shall be kept in a clean and sanitary condition, and no fire hazard shall be allowed to exist. No Owner shall permit any use of his Living Unit or make any use of the Common Area which will increase the rate of insurance upon the Properties or cause the insurance to be subject to cancellation.

Section 4. Animals. No pets other than household pets shall be kept in or on the Properties at any time. No savage or dangerous animal shall be kept. No pets may be raised or bred for sale or maintained for commercial purposes. Further, the Board of Directors of the Association may require the permanent removal of any pet causing or creating a nuisance or unreasonable disturbance or noise and such a decision of the Board of Directors of the Association shall be absolute and final. Moreover, the Board of Directors of the Association may promulgate such further rules and regulations concerning pets kept in or on the Property as it deems just and proper. Any cleaning or repair of the Common Area as a result of damage or soiling by a pet shall be the responsibility of the Member who owns that pet, and, upon the failure of that Member to promptly clean or repair such damage, the Board of Directors of the Association is authorized to have such cleaning or repair performed and collect the cost thereof from that Member.

Section 5. Decorations. Except for draperies, blinds, shutters, and temporary holiday ornaments or decorations, no Owner shall place in any window any reflective or other material.

Section 6. Signs. No signs or other advertising devices shall be displayed so as to be visible from the exterior of any Living Unit or be posted in the Common Area, with the exception of a single "For Sale" sign, without the written permission of the Board of Directors of the Association. Nothing herein contained shall prevent the Declarant from erecting signs necessary to the promotion and marketing of units.

Section 7. Damages. All damages to any portion of the Common Area caused by an Owner, his family, friends, guests or servants shall be paid by the Owner.

Section 8. Prohibition on Use. The Common Area and that portion of any Lot not occupied by the Living Unit, or any deck or patio appurtenant thereto, constructed on the Lot shall not be used for storage of supplies, personal property, trash or refuse of any kind. Neither shall the Common Area or the unoccupied portion of any Lot be used in any way for the drying, shaking or airing of clothing or other fabrics. Steps, entrances, sidewalks, yards, driveways and parking areas shall not be obstructed in any way, nor shall

unauthorized persons or pets play therein or thereon or use them for other than their intended purposes. In general, no activity shall be carried on nor any condition maintained by any Owner, upon either a lot or the Common Area, which despoils the appearance of the Properties.

ARTICLE IX

EASEMENTS

Section 1. Utilities. Easements for installation and maintenance of utilities (including cable television service) 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 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 Guilford County (and any other person or firm providing services to the properties under agreement with or at the direction of the Association) over all Common Areas as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting of fires and collection of garbage. Representatives of any provider of utilities shall have free access at any time, on any lot, to any meter or other device required for the periodic monitoring of such utility.

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

ARTICLE 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 residences.

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Section 2. Obligation of Association to Institutional Lenders. So long as any Institutional Lender shall hold any first lien upon any Lot, or shall be the Owner of any Lot, such Institutional Lender shall have the following rights:

(a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Board of Directors of the Association, such financial statement or report to be furnished by April 15 of each calendar year.

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

(c) To receive notice of any condemnation of the Common Area or any portion thereof.

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

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

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

ARTICLE XI

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the

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provisions of the Declaration, the Articles of Incorporation or By-Laws of the Association. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Association shall have the right to request that law enforcement, public safety and animal control officers come onto the Properties 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 during the first twenty (20) year period by an instrument signed by not less than ninety per cent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners; provided, however, 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. Any amendment must be recorded.

Section 4. Annexation.

(a) Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of members.

(b) 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 within eight (8) years of the date of this instrument.

Section 5. Approval of Federal Housing Administration or Veterans Administration.

(a) The annexation of properties in addition to that property described in the metes and bounds description indicated on Exhibit A attached hereto and incorporated herein by reference shall require the prior approval of either the Federal Housing Administration or the Veterans Administration provided there continues to exist a Class B membership at the time of such proposed annexation.

(b) The dedication of any Common Area on property in addition to that property described in the metes and bounds

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description indicated on Exhibit A attached hereto and incorporated herein by reference shall require the prior approval of either the Federal Housing Administration or the Veterans Administration provided there continues to exist a Class B membership at the time of such proposed dedication.

(c) The amendment of this Declaration of Covenants, Conditions and Restrictions shall require the prior approval of either the Federal Housing Administration or the Veterans Administration provided there continues to exist a Class B membership at the time of such proposed amendment.

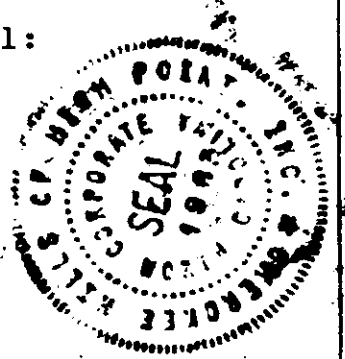
IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, this the 25th day of September, 1984.

CHEROKEE HILLS OF HIGH POINT, INC.

By: James M. Marlowe
President

ATTEST:
James M. Marlowe
Secretary

Corporate Seal: ✓



NORTH CAROLINA

GUILFORD COUNTY

I, Linda Gail Parrish (Little), a Notary Public of said County and State, do hereby certify that James M. Marlowe personally came before me this day and acknowledged that he is Secretary of Cherokee Hills of High Point, Inc., a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Secretary.

Witness my hand and notarial seal, this the 25th day of September, 1984.

Linda Gail Parrish (Little)
Notary Public

My commission expires:
12-9-86

Seal - Stamp

LINDA GAIL PARRISH
NOTARY PUBLIC
GUILFORD COUNTY, NC
My Commission Expires December 9, 1986

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NORTH CAROLINA - GUILFORD
The Notary certificate(s) of

Linda Gail Parrish (Little)
A Notary (Notaries) Public is
(are) certified to be correct.

SEP 26 1984

This Kay F. Peterson Register of Deeds
Walter B. Dunson
Deputy, Register of Deeds

EXHIBIT A

NORTH CAROLINA - GUILFORD COUNTY - HIGH POINT TOWNSHIP

BEGINNING at an iron pipe, the northwest corner of the Jane Kearns Marlowe Property (Deed Book 3296, Page 661, Guilford County Registry), said beginning point being also a common corner with James B. Sloan and Lois Gay; thence along the Gay Property line south 89 degrees 38 minutes 33 seconds east 400.42 feet to an iron pipe; thence south 10 degrees 34 minutes 25 seconds east 477.45 feet to an iron pipe; thence south 70 degrees 15 minutes 03 seconds east 64.07 feet to an iron pipe; thence continuing with the western line of Cherokee Court along a curve to the left having an arc distance of 80.06 feet, a chord bearing of south 26 degrees 24 minutes 23 seconds east and a chord distance of 71.77 feet to an iron pipe, the point of tangency; thence continuing with the north line of Cherokee Court along a curve to the right having an arc distance of 67.62 feet, a chord bearing of south 72 degrees 57 minutes 12 seconds east and a chord distance of 66.85 feet to an iron pipe, the point of tangency; thence south 16 degrees 52 minutes 27 seconds west 424.19 feet to an iron pipe in the northern right of way line of Parkwood Drive (see Plat Book 23, Page 47, Guilford County Registry); thence continuing along the northern right of way line of Parkwood Drive south 61 degrees 06 minutes 22 seconds west 45.61 feet to an iron pipe; thence continuing along the northern right of way line of Parkwood Drive along a curve to the left having an arc distance of 203.18 feet, a chord bearing of south 57 degrees 05 minutes 22 seconds west and a chord distance of 203.01 feet to an iron pipe, the point of tangency; thence continuing along the northern right of way of Parkwood Drive south 53 degrees 04 minutes 22 seconds west 136.00 feet to an iron pipe; thence continuing along the northern right of way line of Parkwood Drive along a curve to the left having an arc distance of 208.75 feet, a chord bearing of south 26 degrees 58 minutes 23 seconds west and a chord distance of 201.61 feet to an iron pipe; thence continuing along the western right of way line of Parkwood Drive south 00 degrees 52 minutes 23 seconds west 6.08 feet to an iron pipe; thence continuing along the western right of way line of Parkwood Drive along a curve to the left having an arc distance of 128.33 feet, a chord bearing of south 16 degrees 18 minutes 43 seconds east and a chord distance of 126.41 feet to an iron pipe; thence north 89 degrees 37 minutes 53 seconds west 93.21 feet to an iron pipe, said point being the northwest corner of Lot Number 66 of the Revised Plat of Cherokee Hills, Section 2, Plat Book 23, Page 47, Guilford County Registry; thence along the Smith Richardson line north 02 degrees 44 minutes 59 seconds east 1,154.71 feet to an iron pipe; thence north 89 degrees 28 minutes 28 seconds west 58.78 feet to an iron pipe; thence along the James B. Sloan Property line north 02 degrees 31 minutes 44 seconds east 330.63 feet to the point and place of BEGINNING.

This tract comprises approximately 12.720 acres and is the same property as that appearing on the survey by Davis-Martin & Associates, Inc., dated 14 March 1984, Job Number S-18968, Final Map of Cherokee Hills, Section 3, Tract C, Property of Mrs. James M. Marlowe.

Back Reference: 3296-661.

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