

NORTH CAROLINA

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR SHERIDAN PLACE

ALAMANCE COUNTY

THIS DECLARATION, made and entered into this the 3rd day of November, 1983, by MJM ENTERPRISES and HALL-MAYSE PROPERTIES, North Carolina General Partnerships, hereinafter collectively referred to as Declarant, each of whose address is 2613 Hickory Avenue, Burlington, Alamance County, North Carolina 27215.

W I T N E S S E T H :

WHEREAS, Declarant is the owner of real property located in Alamance County, North Carolina, which property is more particularly described in Exhibit A attached hereto and incorporated herein by reference; and,

WHEREAS, Declarant intends to develop said property into fifty-five (55) townhouse Lots and to convey said Lots and the associated Common Areas subject to the Covenants, Conditions and Restrictions contained in this Declaration,

NOW, THEREFORE, Declarant declares that all the property described in the attached Exhibit A shall be held, sold, and conveyed subject to the following covenants, conditions and restrictions. The purpose of said covenants, conditions and restrictions is to protect the value, desirability and attractiveness of the aforesaid real property. Said covenants, conditions and restrictions shall be appurtenant to and run with the land and shall be binding on all parties having any right, title or interest in the described real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE ONE

DEFINITIONS

Section 1 - "Association" shall mean and refer to THE SHERIDAN PLACE HOMEOWNERS' ASSOCIATION, INC., its successors and assigns.

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

Section 3 - "Property" shall mean and refer to that certain real property described in Exhibit A, and such additions thereto, or phases, as may hereafter be made subject to this Declaration.

v, v, w, B, a
Prepared By &
Return to:

R. MICHAEL PIPKIN, P.A.
ATTORNEY AT LAW
SUITE 30 NCNB PLAZA
P O BOX 3808
CHAPEL HILL, N. C. 27514

Section 4 - "Common Area" shall mean and refer to all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners subject to this Declaration and the By-Laws of the Association.

Section 5 - "Lot" shall mean and refer to those parcels of property numbered 1 through 55 as shown upon the recorded subdivision plats of the Property, and the numbered parcels of any phases or additional lands annexed thereto, with the exception of the Common Area.

Section 6 - "Declarant" shall mean and refer collectively to MJM Enterprises and Hall-Mayse Properties, North Carolina General Partnerships, their successors and assigns, if such successors and assigns should acquire more than one undeveloped lot from Declarant for the purpose of development.

ARTICLE TWO

PROPERTY RIGHTS

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

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

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

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility 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 agreeing to such dedication or transfer signed by 2/3 of the members has been recorded in the Office of the Register of Deeds of Orange County, North Carolina.

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

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ARTICLE THREE

MEMBERSHIP AND VOTING RIGHTS

Section 1 - Membership. Every Owner of a Lot, including the Declarant, shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 2 - Voting Rights. The Owner of any Lot, including the Declarant, shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Section 3 - Transfer of Control. The Declarant shall transfer control of the Association to the Lot Owners, not later than the earlier of the following events:

- (i) 120 days after 70% of the Lots in Phase I of SHERIDAN PLACE have been conveyed to Lot purchasers; or,
- (ii) Three years following the conveyance of the first Lot to a Lot purchaser.

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

ARTICLE FOUR

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1 - Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of 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 assessment, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on each Lot and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the

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Owner's successors in title unless expressly assumed by them. Declarant shall not be liable for annual or special assessments.

Section 2 - Purpose of Assessments. The annual assessments levied by the Association shall be used to pay common charges such as, but not limited to, electricity for the Common Area, landscape, building and parking lot maintenance, building and liability insurance and pest control. The Association shall maintain a reasonable capital and contingency reserve in the annual assessment account. Special assessments may be used for capital improvements authorized by the Association as provided in Section 4.

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 Three Hundred Sixty (\$360.00) Dollars per Lot, payable at the rate of Thirty (\$30.00) Dollars per month.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may not be increased more than 5% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 5% by a vote of two-thirds (2/3) of the members, voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4 - Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property; provided, that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members, voting in person or by proxy, at a meeting duly called for this purpose.

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 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice

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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 shall be collected on a monthly basis.

Section 7 - Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence on the first day of the month following the conveyance of the first Lot to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8 - Effect of Nonpayment of Assessment: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from that date at the rate of 6 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or may foreclose the lien against the property in the manner provided by law. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9 - Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer except that such an extinguished lien may be reallocated and assessed to all of the Lots as a common expense. No sale or transfer shall relieve such Lot for liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE FIVE

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Property, nor shall any

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exterior addition to or change or alteration therein be made 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 Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event the Board or its designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed fully complied with.

ARTICLE SIX

PARTY WALLS, ROOFS, FOUNDATIONS AND FOUNDATION WALLS

Section 1 - General Rules of Law to Apply. Each wall, roof, foundation and foundation wall which is built as a part of the original construction of the homes upon the Property and which is placed on or traverses the dividing line between the Lots and all reconstruction or extensions of such structures shall constitute a party wall, roof, foundation and foundation wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and lateral support in below-ground construction and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

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

Section 3 - Destruction by Fire or other Casualty. If a party wall, roof, foundation or foundation wall is destroyed or damaged by fire or other casualty, any Owner who has used the structure may restore it, and if the other Owners thereafter make use of the structure, they shall contribute to the cost of restoration thereof in proportion to such use; without prejudice, however, to the right of any such Owner 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 - Easement for Construction. The Owner of any Lot may construct, reconstruct or extend a party wall, roof, foundation or foundation wall in any direction (subject to and within the limitations of architectural control and other limitations of this Declaration) with the right to go upon the adjoining Lot to the extent reasonably necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

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Section 5 - 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 such elements.

Section 6 - Right of 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 7 - Certification by Adjoining Property Owner that No Contribution is Due. If any Owner desires to sell his property, he may, in order to assure a prospective purchaser that no adjoining property Owner is owed any money under any right of contribution as provided for hereunder, request the adjoining property Owner or property owners to certify that no money is then due under any right of contribution. It shall be the duty of each adjoining property Owner to make such certification immediately upon request and without charge; provided, however, that where the adjoining property owner claims an amount of money due under a right of contribution the certification shall contain a recital of the amount so claimed.

Section 8 - Arbitration. In the event of any dispute arising concerning a party wall or other external improvements covered by this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the dispute shall be resolved by the decision of the majority of all the arbitrators.

ARTICLE SEVEN

EXTERIOR MAINTENANCE

Section 1 - Common Area and Lot Maintenance. In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: painting and/or staining, grass mowing, leaf raking, sidewalk snow removal, and the repair, replacement and care of roofs, gutters, downspouts, and all original exterior improvements, excluding glass surfaces. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association and its duly authorized agents the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as herein provided.

Section 2 - Individual Lot Maintenance. The Owner of any Lot may, at his election, plant harmonious trees, shrubs, flowers and grass in the Lot's yard space; provided, however, that such plantings and voluntary Owner maintenance does not hinder the Association in performing its maintenance of the exterior of the townhouses, the Common Area, and the remaining yard space. No

such maintenance by a Lot Owner shall reduce the assessment payable by him to the Association.

Section 3 - Willful or Negligent Acts. In the event that the need for maintenance or repair is caused by or through the willful or negligent act of the Owner, his family, guests, or invitees, the cost of such maintenance or repairs shall be added and become a part of the assessment to which such Lot is subject. It is specifically contemplated that such maintenance as provided for herein shall arise for normal usage and weathering and does not include maintenance made necessary by fire or other casualty.

ARTICLE EIGHT

EASEMENTS

Section 1 - General. All of the Property, including Lots and the Common Area, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewer lines, storm drainage facilities, gas lines, cable TV, telephone and electric power lines and other public utilities as shall be or shall have been granted by the Declarant or by its predecessors in title. The Association's Board of Directors shall have the power and authority to grant and establish upon, over, under and across the Common Area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property.

Section 2 - Initial Improvements. All Lots shall be subject to easements for encroachment of initial improvements constructed on adjacent Lots or the Common Area to the extent that such initial improvements actually encroach, including, but not limited to, such items as overhanging eaves, gutters and downspouts, steps, porches and walls.

ARTICLE NINE

USE RESTRICTIONS

Section 1 - Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the yard space of each Lot and the Common Area.

Section 2 - Use of Property. No portion of the Property (except for temporary office of the Declarant and/or model townhouses used by Declarant for sales purposes) shall be used except for residential purposes and related incidental purposes.

Section 3 - Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood. No trash, rubbish, stored materials, wrecked or inoperable vehicles or similar unsightly

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items shall be allowed to remain on any lot outside an enclosed structure; provided, however, that this shall not be construed to prohibit temporary deposits of trash, rubbish, and other such for pickup by governmental or other similar garbage/trash removal services.

Section 4 - Signs. No signs of any kind except those advertising an individual lot "For Sale" or "For Rent" and those signs used by the Declarant in the advertising of the Property, shall be displayed for public view in and about the premises.

Section 5 - Use of Common Area. No planting or gardening shall be done upon or in any Common Area except as authorized by the Board of Directors of the Association.

ARTICLE TEN

EASEMENT FOR CONSTRUCTION PURPOSES

The Declarant, or its duly authorized agents, shall have full rights of ingress and egress to and through, over and about the Common Area during such period of time as the Declarant is engaged in any construction or improvement work on or within the Property described herein or any additional property which may, subject to the provisions of this Declaration, be annexed to the Property. Declarant shall further have an easement for the purposes of storage of materials, vehicles, tools, equipment and so forth which are being utilized in such development or construction. No Lot owner, his guests, licensees, clients or invitees shall in any way interfere or hamper Declarant, its employees, successors, agents, or assigns in connection with construction.

ARTICLE ELEVEN

PARKING

Ownership of each Lot shall entitle the Owner or Owners thereof to the use of not more than two automobile parking spaces which shall be located as near and convenient to said Lot as is reasonably practicable, together with the right of ingress and egress in, upon and through that portion of the Common Area wherein the parking spaces are located.

ARTICLE TWELVE

STAGED OR PHASED DEVELOPMENT

Declarant intends to construct all of SHERIDAN PLACE in eleven (11) phases. To that end, development of and construction on all the land described in Exhibit A hereto may be phased or staged by the Declarant without the consent of members within five years of the date of this instrument provided that FHA and VA determine that the phasing or staging is in accordance with the general plan heretofore approved by these agencies.

ARTICLE THIRTEEN

INSURANCE PROVISIONS

Section 1 - General Provisions. Insurance coverage on the Property shall be governed by the following provisions:

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

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

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

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

(iii) Such policies shall contain clauses providing for waiver of subrogation. Public liability insurance shall be secured by the Association with limits of liability of not less than One Million Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the townhouse Owners as a group to a single townhouse Owner. There shall also be obtained such other insurance coverage as the Homeowners Association shall determine from time to time to be desirable and necessary.

(c) Premiums. Premiums upon insurance policies purchased by the Homeowners Association shall be paid by the Homeowners Association and charged ratably to the townhouse Owners as an assessment according to the provisions of Article Four above.

(d) Proceeds. All insurance policies purchased by the Homeowners Association shall be for the benefit of the Homeowners Association and the townhouse Owners and their

mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Homeowners Association as insurance trustee under this Declaration. The sole duty of the Homeowners Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein or in the By-Laws and to hold such proceeds for the benefit of the townhouse Owners and their mortgagees in the following shares:

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

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

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

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

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

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

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

ARTICLE FOURTEEN

GENERAL PROVISIONS

Section 1 - Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations,

liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

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

Section 4 - Annexation. Additional residential property and Common Area, other than that described in Exhibit A attached hereto and incorporated herein by reference as stipulated hereinabove, may be annexed to the Property with the consent of two-thirds (2/3) of the members. Declarant may at its option, however, annex additional contiguous property without consent of any members, provided such development is in accord with its original 55 Lot development plan.

Section 5 - FHA/VA Approval. The following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area and amendment of this Declaration.

Section 6 - Mortgagee's Rights. A first mortgagee, or the insurer or guarantor of a first mortgage shall be entitled, upon written request, to receive copies of this Declaration, the By-Laws, Rules and Regulations, and Articles of Incorporation of The Highlands Homeowners' Association, Inc.; entitled to inspect the books and records of the Association during normal business hours or under other reasonable circumstances; entitled to receive, at no additional cost, the annual audited financial statement within ninety (90) days following the end of the fiscal year; entitled to receive copies of all insurance policies maintained by the Association; entitled to receive written notices of meetings of the Association and to designate a representative to

attend all such meetings; entitled to receive timely notice of any substantial damage to or destruction of a townhouse or any part of the common area and facilities; entitled to receive notice if any townhouse lot or any part of the common area and facilities are subjected to a condemnation or eminent domain proceeding or are otherwise sought to be acquired by a condemning authority; entitled to receive notice of any sixty (60) day delinquency in the payment of assessments or charges of any owner of any townhouse lot upon which that mortgagee, insurer or guarantor holds a mortgage; entitled to receive notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and entitled to receive notice of any proposed action which requires the consent of a specified percentage of mortgage holders.

Section 7 - Additional Rights and Duties of Association.

The Association shall have a reasonable right of entry upon any townhouse Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of Sheridan Place. In addition, the Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the common area and facilities including roofs, gutters and downspouts. This reserve account shall be funded from regular assessments for common charges.

Section 8 - Working Capital Account. Upon the sale and conveyance of a townhouse Lot, there shall be transferred to the Association two month's worth of regular assessments to create or be added to the Association's working capital account. Such funds shall not be deemed an advanced payment of the regular assessment.

Section 9 - Reserved Rights of Lot Owners. No Lot Owner shall be subject to a restraint imposed by the Association upon this right to sell, transfer, or otherwise convey his Lot. Under no circumstances shall the Association have a right of first refusal upon the sale and conveyance of any townhouse Lot. No townhouse Lot Owner shall be subject to any restraint imposed by the Association upon his right to mortgage his lot with any institution and upon such terms and conditions as the Lot Owner is willing to accept.

Section 10 - Contracts. Any contract, lease or agreement entered into by the Association on its own behalf or by Declarant on behalf of the Association prior to transfer of control must be terminable by either party, without penalty, after transfer of control. It must be terminable without cause upon not more than ninety (90) days notice to the other party and with cause upon not more than thirty (30) days notice to the other party. The contract, lease or agreement must also provide that if terminated, no termination fee shall be required to be paid to the

party terminated. This provision shall include, but not be limited to, contracts for professional management of the project.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed on the day and year first above written.

MJM ENTERPRISES, a North Carolina
General Partnership

By: Milton Lanphear, Jr.
Milton Lanphear, Jr.,
General Partner

HALL-MAYSE PROPERTIES, General Partner

By: John M. Hall
John M. Hall, General Partner

By: Mike Mayse
Mike Mayse, General Partner

HALL- MAYSE PROPERTIES, a North
Carolina General Partnership

By: John M. Hall
John M. Hall, General Partner

By: Mike Mayse
Mike Mayse, General Partner

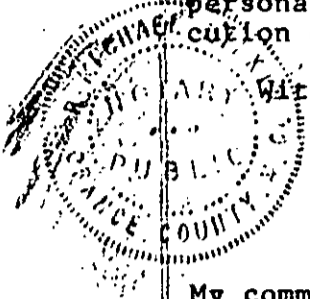
NORTH CAROLINA

COUNTY OF ORANGE

I, R. Michael Pipkin, a Notary Public, do hereby certify that Milton Lanphear, Jr., a General Partner in MJM ENTERPRISES, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and seal this 3rd day of November, 1983.

R. Michael Pipkin
R. Michael Pipkin
Notary Public



My commission expires October 19, 1987.

NORTH CAROLINA

COUNTY OF ALAMANCE

I, E. Lawson Brown, Jr., a Notary Public, do hereby certify that John H. Hall and Mike Mayse, General Partners in Hall-Mayse Properties which Partnership is a General Partner in MJM ENTERPRISES, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and seal this 14 day of November, 1983

E. Lawson Brown, Jr.
Notary Public



My commission expires: 10-14-87

NORTH CAROLINA

COUNTY OF ALAMANCE

I, E. Lawson Brown, Jr., a Notary Public, do hereby certify that John H. Hall and Mike Mayse, General Partners in Hall-Mayse Properties, a North Carolina General Partnership, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and seal this 14 day of November, 1983

E. Lawson Brown, Jr.
Notary Public



My commission expires: 10-14-87

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STATE OF NORTH CAROLINA, COUNTY OF ALAMANCE

The foregoing certificate(s) of R. Michael Pipkin - E. Lawson Brown, Jr.
a Notary (or Notaries) Public of the governmental units designated (are) certified to be correct.
Filed for registration on the 16 day of November, 1983 at 10:35 o'clock A.M.,
and duly recorded in the Office of the Register of Deeds of this County in Book of Deeds No. 487 page 690

Marian H. Pittman, Register of Deeds

By Steph J. Crumwell Assistant Deputy

"FILMED 11-22-83"

27-750

VVWBIA ←

EXHIBIT "A"

DESCRIPTION

A tract of land in Boone Station Township, Alamance County, North Carolina, adjoining State Highway 100, a 20 foot easement, property of Alamance County Board of Education, Elon College, George A. Noah, Buford V. Frye and others and being more particularly described as follows:

BEGINNING at an existing iron stake in the northern margin of Highway 100 and the southwestern corner of Buford V. Frye; thence with the right-of-way of State Highway 100, South 66 degrees 41' 35" West 188.84 feet to an existing iron pin corner with the southeastern corner of a 20 foot easement; thence with the eastern margin of the easement, North 6 degrees 45' East approximately 388.29 feet to an iron stake in the line of John M. Hall and P. Michael Mayse (which iron stake is located South 84 degrees 14' 35" East 20 feet from an iron stake in the line of the Alamance County Board of Education); thence with the line of Hall and Mayse, South 84 degrees 14' 35" East 70 feet to an iron stake; thence again with Hall and Mayse, North 23 degrees 30' 5" East 136.18 feet to an iron stake; thence again with Hall and Mayse, North 83 degrees 50' West 130 feet to an iron stake in the line of the Alamance County Board of Education; thence with the Board of Education, North 6 degrees 10' East 928.19 feet to an iron stake (iron stake set in this line 525.89 feet from the property of Hall and Mayse); thence South 75 degrees 21' 55" East 260.2 feet to an iron stake in the line of Elon College; thence with Elon College, South 6 degrees 15' 25" West 750.13 feet to an iron stake; thence again with the College, North 86 degrees 56' 10" East 19.98 feet to an iron stake; thence South 0 degrees 47' 5" West 293.13 feet to an iron stake in the line of George A. Noah; thence with Noah and Frye, South 80 degrees 12' 25" West 130.27 feet to an iron stake; thence with Frye South 5 degrees 45' 25" West 240.46 feet to the point of BEGINNING and being the property of MJM Enterprises and Paul Michael Mayse and John M. Hall, as shown on surveys of the same by David Thompson, surveyor, dated July 25, 1983 and November 10, 1983.