

RECORDED - 754295
KATHERINE LEE PAYNE
REGISTER OF DEEDS
GUILFORD COUNTY, NC
BOOK: 5915
PAGE(S): 1730 TO 1759
08/25/2003 09:32:15

1 MISC DOCUMENTS 754295 \$12.00
28 MISC DOC ADDN PGS \$84.00

1 PROBATE FEE \$2.00

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NORTH CAROLINA
GUILFORD COUNTY

DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR WOODCREEK

THIS DECLARATION, made this 14th day of August, 2003, by D.R. HORTON, INC., a Delaware corporation with an office and place of business in Guilford County, North Carolina, hereinafter referred to as the 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:

29/12

All of that certain parcel of land shown on that plat entitled "WOODCREEK, PHASE 1", which appears in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 151, Pages 96, 97, 98.

WHEREAS, Declarant is creating on the above described property a planned residential community to be known as WoodCreek; and

WHEREAS, Declarant desires to provide for the preservation and maintenance of the common elements and for certain other responsibilities in connection with WoodCreek and to this end desires to subject the real property described above, together with such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, and easements hereinafter set forth, each and all of which is and are for the benefit of the property comprising WoodCreek and each owner thereof.

001730

NOW, THEREFORE, Declarant declares that all of the property described above shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions and easements, all of which are for the purpose of protecting the value and desirability of, and which shall run with such real property, shall be binding on all parties having or acquiring any right, title, or interest in the described property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof. It is the intent of the Declarant that the provisions of this Declaration in all respects conform and comply to the requirements set forth in the North Carolina Planned Community Act; and to the extent any provision contained herein does not conform or comply with the North Carolina Planned Community Act, the provisions of the Act shall control.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to WoodCreek Homeowners Association of N.C., Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Bylaws" shall mean the Bylaws of the Association as they now or hereafter exist.

Section 3. "Common Elements" shall mean and refer to all real property (including the improvements thereto) within WoodCreek owned or leased by the Association for the common use and enjoyment of the Owners. "Lots" and dedicated streets are not part of the Common Elements. The Common Elements at the time of the conveyance of the first Lot are described as follows:

All of that land designated as "Common Elements" as shown on that plat entitled "WOODCREEK, PHASE 1", which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina in Plat Book 151, Pages 96, 97, 98.

Declarant reserves the right, in its sole discretion, without the consent of the Association or its Members to convey from time to time additional property to the Association, which property may include any additional land annexed by Declarant pursuant to Article VIII, Section 2, hereof; and the Association shall accept any such conveyance of additional property and thereafter such additional property shall be held and maintained by the Association as Common Elements.

Improvements on the Common Elements may include, but not limited to, roadways, entrance and subdivision signs, landscaping, and retention or detention ponds or erosion control devices.

Section 4. "Declarant" shall mean and refer to D.R. Horton, Inc., its successors and assigns. Declarant may appoint and designate a successor Declarant by an instrument recorded in the Office of the Register of Deeds of Guilford County.

001731

Section 5. "Dwelling Unit" shall mean a residence containing sleeping facilities for one or more persons and a kitchen.

Section 6. "Executive Board" means the body designated in the Declaration to act on behalf of the Association.

Section 7. "Lot" shall mean any separately numbered plot of land, regardless of size, as shown on a recorded subdivision map of WoodCreek. Common Elements and dedicated streets are not Lots. Declarant reserves the right to reconfigure from time to time without the consent of the Owners or the Members of the Association the boundaries of any Lot or Lots owned by the Declarant, to create additional Lots, to eliminate existing Lots or to create additional Common Elements, provided such changes comply with the requirements of the appropriate governmental authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by Declarant, Declarant shall record a revised plat of the affected Lot or Lots; and upon the recording by Declarant of a revised plat, each Lot shown on the previously recorded plat or plats, the boundaries of which are revised by 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 8. "Master Plan" shall mean and refer to the plans for WoodCreek, and any addition thereto, now or hereafter approved by the City of Greensboro or other appropriate governmental authority, as such plans may from time to time be amended and approved.

Section 9. "Member" shall mean and refer to every person or entity entitled to membership with voting rights in the Association.

Section 10. "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 WoodCreek, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 11. "Planned Community Act" shall mean the North Carolina Planned Community Act set out in Chapter 47F of the General Statutes of North Carolina.

Section 12. "WoodCreek" shall mean and refer to that certain real property hereinabove described which is herein made subject to this Declaration and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements and Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Elements, including a non-exclusive easement for egress and ingress over the Common Elements to the extent necessary to provide access to his or her Lot, and for utilities serving that Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to the easements set out in Article VII hereof and to the other provisions of this Declaration.

Section 2. Delegation of Use. Any Owner may delegate his or her rights of enjoyment of the Common Elements to the members of his or her family, lessees, contract purchasers who reside in WoodCreek, or guests.

Section 3. Rules and Regulations. The Association, acting through its Executive Board, shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Elements. Such rules and regulations shall be maintained in a place reasonably convenient to the Members and available to them for inspection during normal business hours. 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 Articles VI and X 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 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 purpose.

Section 4. Regulation of Use of Common Elements. The Association, acting through its Executive Board, shall have the power to limit the number of guests, to regulate hours of use, and to curtail any use or uses of the Common Elements it deems necessary for either the protection of the facilities or the best interests of Members.

Section 5. Suspensions. The Association shall have the power to suspend the voting rights of an Owner for any period during which any assessment against his or her Lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations. The Association also may levy such fines as it deems appropriate against an Owner for any infraction of its published rules and regulations. No such suspension shall constitute a waiver or discharge of the Owner's obligation to pay assessments or abide by all published rules and regulations.

Section 6. Mortgaging Common Elements. The Association, acting through its Executive Board, shall have the power to borrow money for the purpose of improving the Common Elements and facilities thereon and pursuant thereto to mortgage, pledge, deed in trust, or hypothecate ("mortgage") the Common Elements, or any portion thereof, as security for money borrowed; provided, however, that any such action shall be taken only if persons entitled to cast at least eighty percent (80%) of the votes in the Association agree in writing to such action; provided, however, no mortgage, encumbrance or hypothecation or foreclosure of the lien thereby created shall cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances; and provided further that for so long as Declarant shall own any portion of WoodCreek or shall have the right to annex additional properties pursuant to Article VIII, Section 2 hereof, Declarant must also consent to such action.

In addition, any such mortgage given by the Association shall be subject and subordinate to any rights, interests, easements and privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any mortgage irrespective of when executed given by Declarant or any Lot Owner encumbering any Lot or other property in WoodCreek; and any provision in this Declaration and in any such mortgage given by the Association to the contrary notwithstanding, the exercise of any rights by the holder of the mortgage in the event of a default thereunder shall not terminate or cancel any rights, easements or privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any mortgage irrespective of when executed given by Declarant or any Lot Owner encumbering any Lot or other property in WoodCreek.

Section 7. Common Elements Dedication or Transfer. The Association, acting through its Executive Board, shall have the right to dedicate or transfer fee title to all or any part of the Common Elements to any public agency, authority, or utility (including any entity authorized by the City of Greensboro or Guilford County 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 persons entitled to cast at least eighty (80%) of the votes in the Association agree in writing to such action, and by the Declarant if the Declarant then owns any Lot in WoodCreek or has the right to add any additional property under Article VIII, Section 2 hereof. No such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from the Lots or any remaining Common Elements, or deprive any Lot of its rights of support, or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances.

Section 8. Maintenance. The Association shall maintain the Common Elements and facilities and improvements thereon, including, without limitation, the maintenance of any streets which are not accepted for maintenance by the appropriate governmental authority, the maintenance of any street lights or signs erected by the Association, the maintenance of entrances and lighting of Common Elements, the maintenance of landscaped areas, and, as set forth in Section 9 below, the maintenance of any retention or detention or erosion control devices. Any portion of the Common Elements for which insurance is required to be maintained by the Association under the Planned

001734

Community Act which is damaged or destroyed shall be repaired or replaced promptly by the Association except as otherwise provided in Section 47F-3-113 of the Planned Community Act.

Section 9. Maintenance of Watershed Improvements. 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 Elements now or hereafter conveyed to the Association by Declarant or others that are required to be maintained by the governmental offices having jurisdiction for watershed protection as directed by such governmental offices. 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 WoodCreek, 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 such pond or erosion control device.

ARTICLE III

USE RESTRICTIONS

Section 1. Restrictions. All of WoodCreek shall be subject to the covenants, conditions, restrictions and easements contained herein.

Section 2. Designated Residential Property Restrictions; Rental. All Lots shall be used, improved and devoted exclusively to residential use by the Owner thereof, his or her immediate family, guests, invitees and lessees. Any lease or rental agreement for a Lot shall be in writing and for a period of at least thirty (30) days. Such leases shall provide that the terms of the lease are subject to the provisions of this Declaration, the Articles of Incorporation and Bylaws 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. No Owner of any Lot shall permit the use of his or her Dwelling Unit for transient hotel or commercial purposes. Corporate or partnership Owners, other than the Declarant, shall permit the use of a Dwelling Unit owned by it only by its principal officers, directors or partners, or other guests or lessees. Such corporate or partnership Owner shall annually sign and deliver to the Association a written statement designating the name of the party (or parties) entitled to use such Dwelling Unit, together with a written covenant of such party in favor of the Association whereby the party agrees to comply with the terms and provisions of this Declaration and with the rules and regulations which may be promulgated by the Association from time to time and acknowledging that the party's right to use such Dwelling Unit shall exist only so long as the corporation or partnership shall continue to be a member of the Association. Upon demand by the Association to any corporate or partnership Owner to remove a party for failure to comply with the terms and provisions of this Declaration and/or the rules and regulations of the Association or for any other reason, the corporate or partnership Owner shall forthwith cause such party to be removed, failing which, the Association, as agent of the Owner, may take such action as it may deem appropriate to accomplish such removal; and all such action by the Association shall be at the cost

and expense of the Owner who shall reimburse the Association therefor upon demand, together with such attorneys' fees as the Association may have incurred in the process of removal.

Nothing contained in this Declaration shall prevent the Declarant from maintaining a model home or sales office on any Lot and from material or equipment being placed or stored on any Lot in connection with its construction activities.

Section 3. Common Elements Restrictions. All Common Elements, including any recreational facilities and amenities thereon, shall be used, improved and devoted exclusively for the welfare and benefit of the Owners and for the general benefit and enhancement of WoodCreek, subject to those easements set out herein in Article VII and the other provisions of this Declaration.

Section 4. Common Elements Construction or Alteration. No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Elements except at the direction of and with the express written consent of the Association; provided, however, the Declarant shall have the right to place in and reserves an easement over the Common Elements for storm drainage lines, sewer lines, telephone lines, water lines, facilities for management of surface water, electrical and gas lines, cable television lines, and other utility lines and facilities.

Section 5. Nuisance or Annoying Activity. No noxious or offensive activity shall be carried on or upon the Common Elements or any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 6. Parking; Swimming Pools; Satellite Discs; Antennas. The Association may regulate parking of all kind on the Common Elements. Swimming pools on any Lots which are above ground are prohibited; swimming pools which are below ground shall be permitted only with the prior approval of the Architectural Committee as set forth below in Section 2 of Articles IV of this Declaration.

The installation and maintenance of satellite discs which are in excess of twenty inches in diameter and of radio antennas shall be prohibited on Common Elements, Dwelling Units, or Lots. Satellite discs which are twenty inches or less in diameter may be placed on Common Elements, Dwelling Units and Lots only with the prior approval of the Architectural Committee as set forth in Section 2 of Article IV of this Declaration. The Association may regulate or prohibit the erection of television antennas on Common Elements, Dwelling Units, or Lots. The above restrictions in this paragraph are subject to any regulations of the Federal Communications Commission governing such restrictions.

Section 7. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any Dwelling Unit except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and further provided that they are kept and maintained in compliance with all applicable laws and ordinances of the County of Guilford and the City of Greensboro relating thereto.

Section 8. Boats, Trailers and Motor Vehicles. No boats, buses, trailers, campers or recreational vehicles shall be parked on any Common Elements, or within the right of way of any public streets in WoodCreek; such boats or vehicles may be kept or stored on a private driveway located entirely within a Lot, but no nearer to the street than the front building line of the main structure on such Lot. No junked automobiles or any other type of salvage shall be placed or allowed to remain on any Lot, Common Elements, or on any street located within WoodCreek.

Section 9. Metal Storage Buildings, Mobile Homes, Manufactured Homes, Temporary Structures, Etc. No metal storage building of a temporary or permanent character shall be permitted on any Lot. No mobile home, manufactured home, trailer, or other like structure shall be located on any Lot. No structure of a temporary character, recreational or other vehicle, trailer, tent, shack, garage, barn or other out building shall be used on any Lot at any time as a residence either temporarily or permanently. Notwithstanding anything herein to the contrary, Declarant, its agents, employees and contractors, may maintain trailers and other temporary structures to facilitate the construction of improvements within the Properties.

ARTICLE IV

ARCHITECTURAL CONTROL AND EXTERIOR MAINTENANCE

Section 1. Architectural Committee. An Architectural Committee consisting of three (3) persons shall be appointed by the Declarant. At such time as the Class B membership expires, the Architectural Committee shall be appointed by the Executive Board of the Association.

Section 2. Plan or Design Approval. No site preparation or initial construction, erection, or installation of any improvements, including, but not limited to, Dwelling Units, outbuildings, driveways, fences, walls, signs, television antennas, satellite dishes (but satellite dishes in excess of twenty inches in diameter and above ground swimming pools are prohibited as provided in Section 6 of Article III), clothes lines, mailboxes, post lamps and other structures, or excavation, or changes in grade shall be undertaken upon any Lot unless the plans and specifications therefor, showing the nature, kind, shape, height, materials, and location of the proposed improvements shall have been submitted to the Architectural Committee and expressly approved in writing. No subsequent alteration or modification of any existing improvements or construction, erection or installation of additional improvements may be undertaken or allowed to remain without the review and express written approval of the Architectural Committee. No chain link fences shall be permitted on any Lot except for chain link fences used as a dog run, and then any chain link fences used as a dog run must not be visible from any adjoining Lots or property unless first approved by the Architectural Committee as set forth above. No approval shall be required, however, for any improvements made by the Declarant.

Section 3. Effect of Failure to Approve or Disapprove. In the event that the Architectural Committee fails to approve or disapprove any of the foregoing within thirty (30) days after plans and

specifications therefor have been submitted and received (receipt being hereinafter defined), approval will not be required, and the requirements of this Article will be deemed to have been fully satisfied; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Architectural Committee if they contain erroneous data or fail to present full and adequate information upon which the Architectural Committee can arrive at a decision.

For purposes of this Section 3, plans and specifications will not be deemed to have been "received" unless either a member of the Architectural Committee acknowledges in writing such receipt or the plans and specifications are sent by certified or registered mail to a member of the Committee or to the management company of the Association and a return receipt is received acknowledging the receipt thereof by such member or management company.

Section 4. No Liability. Neither Declarant nor any member of the Association's Executive Board, nor any member of the Architectural Committee shall be responsible or liable in any way for any defects in any plans or specification approved by them, nor for any structural defects in any work done according to such plans and specifications. Further, neither the Declarant, nor any member of the Executive Board of the Association, nor any member of the Architectural Committee shall be liable in damages to anyone by reason of mistake in judgment, negligence, misfeasance, malfeasance or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specification or the exercise of any other power or right provided for in this Declaration. Every person who submits plans or specifications for approval agrees, by submission of such plans and specifications, and every Owner of any Lot agrees, that he or she will not bring any action or suit against the Declarant, nor any member of the Executive Board of the Association, nor any member of the Architectural Committee, to recover any damage.

Section 5. Right of Inspection. The Architectural Committee shall have the right, at its election, to enter upon any of the Lots in WoodCreek during preparation, construction, erection or installation of any improvements to determine that such work is being performed in conformity with the approved plans and specifications.

Section 6. Exterior Maintenance. The exterior maintenance of Lots and the Dwelling Units located thereon and other improvements constructed thereon shall be the duty and responsibility of the Owner of such Lot and shall not be the responsibility of the Association. If, however, in the opinion of the Association any Owner shall fail to discharge his or her repair, maintenance or upkeep responsibilities in a reasonable and prudent manner to a standard harmonious with that of other Lots in WoodCreek, the Association, in its discretion, and following ten (10) days written notice to the Owner, may enter upon and make or cause to be made maintenance work or repairs as may be deemed by the Association reasonably required. The Association, or its agents, shall have an easement for the purpose of accomplishing the foregoing. The costs incurred by the Association in rendering such service plus a service charge of twenty percent (20%) of such costs shall be added to and become a part of the assessments to which such Lot is subject.

Notwithstanding the foregoing, in the event that any such property is not in first class condition and repair due to the occurrence of a casualty which is covered under the Owner's casualty insurance policy, the time periods set forth in the foregoing provision shall apply only with regard to such work as is necessary to prevent any health or safety hazards. The restoration of the property and improvements to first class condition and repair shall not be required to commence until such time as the proceeds of the insurance policy have been paid or made available to the Owner or the Owner's mortgagee, but in no event more than six (6) months after the occurrence of the damage or destruction; and after commencement, such restoration shall be diligently pursued to completion.

Section 7. Original Improvements by Declarant. Nothing herein contained shall in any way prevent or interfere with the right of the Declarant to construct the original improvements desired by Declarant on any Lot, or on the Common Elements, and no approval shall be required from the Architectural Committee for any construction by the Declarant.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Section 1. Members. The Declarant, for so long as it shall be an Owner, and every person or entity who is an Owner of a fee simple or undivided fee simple interest in any Lot which is subject by covenants of record to assessments by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of such Lot shall be the sole qualification for membership, and no Owner shall have more than one membership, except as expressly provided hereinafter. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. The Association may promulgate reasonable rules relating to the proof of ownership of a Lot.

Section 2. Classes of Members and Voting Rights. The Association shall have two (2) classes of voting Members:

Class A. Class A members shall be all Owners with the exception of the Declarant during the period Declarant is a Class B Member as defined below. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the required ownership interest. When more than one person or entity holds the required ownership interest in a Lot, all such persons or entities shall be Members. The vote for each such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot, and no fractional votes may be cast.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to six (6) votes for each Lot in which its holds the required ownership interest, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first:

- (a) The total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, or
- (b) Ten (10) years after the date of the recording of this Declaration in the Office of the Register of Deeds of Guilford County.

With the recording of new sections of WoodCreek, and the annexation of additional lands subject to the jurisdiction of the Association, new Class A and Class B memberships shall be created for such section; and any Class A memberships then held by the Declarant as the result of the prior conversion of its Class B memberships to Class A memberships shall revert to and be reinstated as Class B memberships if after such conversion and before the time stated in subparagraph (b) above additional lands are annexed to WoodCreek pursuant to the provisions of Article VIII, Section 2, herein, containing a sufficient number of Lots to give the Class B Member having six (6) votes for each Lot owned a total number of votes in excess of the Class A Members.

Section 3. Right of Declarant to Select Members of the Executive Board of the Association. Notwithstanding anything contained herein to the contrary, until ten (10) years after the date hereof, or until Declarant shall have conveyed or leased ninety percent (90%) of the Lots shown on the preliminary plan of WoodCreek heretofore submitted to the City of Greensboro, whichever first occurs, Declarant (or the assignee of the right granted in this Section) shall have the right to designate and select all of the Members of the Executive Board of the Association. Whenever Declarant shall be entitled to designate and select any person or persons to serve on the 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 or Bylaws of the Association. Declarant shall have the right to remove any person or persons selected by it to act and serve on the Executive Board and to replace such person or persons selected by it to act and serve in the place of any Member of the Executive Board so removed for the remainder of the unexpired term of office of any Member of the Executive Board removed. Any Member designated and selected by Declarant need not be an Owner. Any representative of Declarant serving on the Executive Board of the Association shall not be required to disqualify himself from any vote upon any contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest. Similarly, Declarant, as a member of the Association, shall not be required to disqualify itself upon any vote upon or entrance into any contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest. The method of electing, removing and replacing Members of the Executive Board not appointed by the Declarant shall be as provided in the Articles of Incorporation and/or Bylaws of the Association.

ARTICLE VI

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Owner of any Lot subject to the provisions of this Declaration, by acceptance of a deed therefor, whether or not expressed in any such deed, is deemed to covenant and agrees to pay to the Association:

- (a) Annual assessments or charges as herein provided; and
- (b) Special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as herein provided.

All annual and special assessments on a Lot, together with interest thereon and costs of collection thereof, as hereinafter provided, 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 the Superior Court of Guilford County, North Carolina. Each such assessment, together with interest and costs, and reasonable attorney's fees (as provided in North Carolina General Statutes 6-21.2) incurred by the Association in collecting delinquent assessments shall also be the personal obligation of the person or entity who was the Owner of such Lot at the time when the assessment became due. The personal obligation of an Owner for delinquent assessments shall not pass to his or her successors or assigns in title unless expressly assumed by such successor or assign.

Section 2. Purpose of Assessments.

(a) The assessments levied by the Association shall be used as required or deemed appropriate by the Association exclusively for the purposes of the general enhancement and promotion of WoodCreek, including, without limitation, the recreation, health, safety and welfare of the Owners in WoodCreek, the enforcement of these covenants and the rules of the Association, and, in particular, the improvement, maintenance, replacement and repair of the Common Elements and facilities thereon, including, without limitation, the maintenance and repair of any streets which are not accepted for maintenance by the appropriate governmental authority, the maintenance and repair of drives, roads and parking on the Common Elements, the maintenance of dams and ponds, including retention or detention ponds, or other bodies of water, the maintenance and repair of entrance ways, landscaping and lighting of Common Elements, road medians and islands, traffic islands and landscaping and signs located in public streets, the cost of operating, maintaining and repairing any street lights or signs erected by the Association or the Declarant, the payment of taxes assessed against the Common Elements, the payment of assessments for public capital improvements levied against the Common Elements, establishing reserves for the replacement of capital improvements, the maintenance of liability and other insurance in accordance with the By-laws, the employment of attorneys, accountants, managers, or other agents to represent the Association, and for such other needs consistent with this Declaration as may arise. Repairs and maintenance shall

include, but not be limited to, the costs of repairs, replacements and additions, and the cost of labor, equipment, materials, management and supervision.

(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 operation and managing WoodCreek, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, and the Articles of Incorporation and the Bylaws of the Association. As monies for any assessment are paid to the Association by any 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 or her membership interest therein, except as an appurtenance to his or her Lot. When an Owner shall cease to be a Member of the Association by reason of his or her divestment of ownership of his or her Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of WoodCreek.

Section 3. Annual Assessment. To and including December 31, 2003, the annual assessment shall be shared equally (except as otherwise provided herein in Section 7(b)) and shall not be in excess of Three Hundred Dollars (\$300.00), payable in equal monthly installments of Twenty-Five Dollars (\$25.00), for each Lot, the exact amount of which shall be determined by the Board of Directors; and after December 31, 2003, the annual assessment may be increased in accordance with the following provisions:

- (a) From and after December 31, 2003, the annual assessment may be increased by the Executive Board of the Association effective January 1 of each year, without the vote of the Members, by a percentage which may not exceed the percentage increase reflected in the Consumer Price Index, All Items (1982-84 = 100) U.S. City Average, published by the U.S. Bureau of Labor Statistics, or such index as may succeed the Consumer Price Index, for the twelve month period ending the immediately preceding July 1, or by ten percent (10%), whichever is greater, over the annual assessment of the previous year.
- (b) After December 31, 2003, the annual assessment may be increased without limit by 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 called for such purpose.
- (c) The Executive Board of the Association may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 7 of this Article.

Section 4. Special Assessment for Repairs. In the event any portion of the Common Elements is damaged or destroyed by an Owner or any of his or her guests, tenants, licensees, employees, agents, or family members, the Association is hereby authorized to repair such damaged area in a good and workmanlike manner. The amount necessary for such repairs, labor and material shall become a special assessment upon the Lot of said Owner.

Section 5. Special Assessment for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy one or more special assessments applicable to that year for the purpose of defraying the costs of construction or reconstruction, unexpected repair, or replacement of a capital improvement upon the Common Elements, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Notice and Quorum For Any Action Authorized Under Section 3 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 5 shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast twenty percent (20%) 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 requirement, and the required quorum at the subsequent meeting shall be one half (1/2) of the required quorum at the preceding meeting. If a quorum at the subsequent meeting is not present, subsequent meetings may be called until a quorum is present; the required quorum at each subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment.

(a) With the exceptions set forth in subsection (b) of this Section 7 of this Article VI, both the annual and special assessments (with the exception of the Special Assessment authorized by Article VI, Section 4 above), must be fixed at a uniform rate for all Lots and shall be collected on a monthly or quarterly basis in advance.

(b) There shall be no annual assessment for any Lot owned by the Declarant or owned by any other Owner on which a Dwelling Unit has not been constructed. The full annual assessment on a Lot shall commence and thereafter be due after the construction of a Dwelling Unit on said Lot on the first day of the first month following the earlier of (a) the date of the conveyance of said Lot by the builder of the Dwelling Unit on said Lot to a new Owner, or (b) the date of the occupancy of the Dwelling Unit on said Lot.

Section 8. Date of Commencement of Annual Assessments; Adoption of Budget; Due Dates.

(a) The full annual assessment provided for herein shall commence as to a particular Lot following the construction of a Dwelling Unit on said Lot on the first day of the first month following the earlier of (a) the date of the conveyance of said Lot by the builder of the Dwelling Unit on said Lot to a new Owner, or (b) the date of the occupancy of the Dwelling Unit on said Lot. The annual assessment shall be prorated for the year in which it begins.

(b) The Executive Board shall fix the amount of the annual assessment against each Lot and establish an annual budget at least thirty (30) days in advance of each assessment period. Within thirty (30) days of the adoption of any proposed budget, the Executive Board shall provide to all of 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 ten (10) nor more the sixty (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. The failure to receive such notice shall in no way affect the obligation of each Owner therefor or the lien therefor as provided herein.

(c) The due dates and appropriate penalties for late payment shall be established by the Executive Board. The Association, upon demand at any time, shall furnish a certificate in writing setting forth whether the assessments on a specified Lot have or have not been paid. A reasonable charge may be made by the Association for the issuance of these certificates. Such certificates shall be conclusive evidence of the status of the assessments due.

Section 9. Working Capital Assessment. In addition to the annual assessments authorized above, at the time of the closing of the first sale of each Lot, the purchaser(s) thereof shall pay to the Association an amount equal to two-twelfths (2/12ths) 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 initial operational needs. No such payments made into the Working Capital Fund shall be considered an 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 10. Effect of Nonpayment of Assessments; Remedies of the Association. Assessments authorized by this Declaration shall be due and payable on the dates established by the Executive Board from time to time. Fees, fines, and other charges authorized by this Declaration shall be due and payable within thirty (30) days after written notice thereof from the Association to

001744

an Owner. Any assessment, fee, fine or other charge 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. Any assessment levied against a Lot remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that Lot when a claim of lien is filed of record in the Office of the Clerk of the Superior Court of Guilford County, North Carolina. The claim of lien shall set forth the name and address of the Association, the name of the record owner of the Lot at the time the claim of lien is filed, a description of the Lot and the amount of the lien claimed. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under the power of sale under Article 2A of Chapter 45 of the General Statutes of North Carolina. The Association also may bring an action at law against the Owner personally obligated to pay the same. Interest, costs, fines, other charges 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 Elements or abandonment of his or her Lot.

Section 11. 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 assessments for public improvements or ad valorem taxes levied against the Common Elements, which default shall continue for a period of six (6) months, each Owner of a Lot in WoodCreek 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 WoodCreek. 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 or her 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 12. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for anywhere in this Declaration on any Lot shall be subordinate to the lien of any first mortgage or first deed of trust on such Lot, and subordinate to ad valorem taxes. The sale or transfer of any Lot shall not affect the assessment lien; provided, however, that the sale or transfer of any Lot pursuant to a decree of foreclosure of a first mortgage or first deed of trust thereon or any proceeding or deed in lieu of foreclosure thereof shall extinguish the lien of such assessments, fees, fines or other charges as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments, fees, fines or other charges 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 13. Exempt Property. Any portion of WoodCreek 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; provided, however, no land or improvements devoted to use as a dwelling shall be exempt from said assessments.

Section 14. Reserve Fund. The Executive Board of the Association, in establishing the annual budget for operation, management and maintenance of WoodCreek, may designate therein a sum to be collected and maintained as a reserve fund for repair and replacement of any capital improvements to the Common Elements (Capital Improvement Fund). This Fund shall be for the purpose of enabling the Association to repair and replace structural elements and mechanical equipment and other improvements on the Common Elements and to maintain a sum reasonably necessary to meet anticipated extraordinary repairs or maintenance in the Common Elements. The amount to be allocated to the Capital Improvement Fund shall be established by the Executive Board so as to collect and maintain a sum reasonably necessary to anticipate the need for replacements in the Common Elements. The amount collected for the Capital Improvement Fund may be maintained in a separate account by the Association and such money shall be used only to make capital improvements to the Common Elements. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Executive Board of the Association, be expended for current operation and maintenance. Although the funds held in the Capital Improvement Fund, 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 or her membership interest therein, except as an appurtenance to his or her Lot. The funds held in the Capital Improvement Fund shall not be subject to withdrawal by an Owner.

ARTICLE VII

EASEMENTS

Section 1. Walks, Drives, Utilities, Etc.; Grant of Easements. Common Elements shall be subject to such easements for walkways, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines and cables, and other utilities, ingress, egress and regress and otherwise as shall have been established or hereinafter are established by the Declarant, whether by express easement or by the recording of a plat dedicating or otherwise establishing an easement. The Association shall have the power and authority to grant and establish further easements upon, over, under and across the Common Elements. The Declarant reserves an easement and the right to grant easements over the Common Elements for the aforesaid purposes. The grant of any easement shall not interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or the remaining Common Elements or cause any Lot or the Common Elements to fail to comply with the applicable laws, regulations or ordinances; provided further that for so long as Declarant shall own any portion of WoodCreek or shall have the right to annex additional properties pursuant to Article VIII, Section 2 hereof, Declarant must also consent to such action.

001746

Section 2. Encroachments; Declarant's Easement to Correct Drainage. All Lots and the Common Elements shall be subject to easements for the encroachment of initial improvements constructed by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, bay windows, steps and walls. If any encroachment shall occur subsequent to subjecting WoodCreek to this Declaration as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be and remain a valid easement for such encroachment for the maintenance of the same. For a period of twenty-five (25) years from the date hereof, the Declarant reserves an easement and right on, over and under any property comprising WoodCreek to maintain and to correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut the trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary. After such action has been completed, the Declarant shall restore the affected property to its original condition to the extent practicable. Declarant shall give reasonable notice of intent to take such action to all affected Owners. These rights and reservations are assignable by the Declarant.

Section 3. Easement for Governmental and Public Utilities. An easement is hereby established for county, municipal, state or public utilities serving WoodCreek, their agents and employees over all Common Elements hereby or hereafter established for setting, removing, and reading utility meters, maintaining and replacing utility or drainage facilities and connections, and acting with other purposes consistent with the public safety and welfare, including, without limitation, police and fire protection and collection of garbage.

Section 4. Sign and Landscape Easements. Declarant and the Association shall each have the right to erect within the Common Elements subdivision signs and landscaping and lighting surrounding same. In addition, easements for the maintenance of subdivision signs and landscaping and lighting surrounding same are reserved as indicated on recorded plats. Declarant hereby reserves unto itself and grants, gives and conveys to the Association a perpetual, non-exclusive easement over the portions of Lots designated as "sign easements" on the plat of WoodCreek, now or hereafter recorded, to maintain, repair, and replace the subdivision signs which may be located thereon, and the lighting fixtures and landscaping surrounding same. The Association shall be responsible for maintaining, repairing and replacing any such signs, landscaping and lighting and the costs of such maintenance, repair and replacement shall be part of the common expenses of the Association payable by the Owners. In addition to the easements reserved and granted above as to the portion of Lots designated "sign easement," Declarant hereby reserves unto itself and 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 a part of WoodCreek.

ARTICLE VIII

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation by Members. Except as provided in Section 2 of this Article, additional lands may be added and annexed to WoodCreek only with the consent of two-thirds (2/3) of each class of Members who are voting in person or by proxy at a meeting duly called at where a quorum is present, provided, however, if the Declarant then owns any Lot in WoodCreek or has the right to add any additional property under Section 2 below, Declarant also must consent to such action. A meeting shall be duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days in advance of the meeting.

For the purpose of such meeting, the presence thereof of Members or authorizing proxies entitled to cast sixty percent (60%) of the votes of each class of Members, shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called within sixty (60) days thereafter, subject to the notice requirement set forth above, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

If a quorum is present and a majority of the votes of each class of Members are cast in favor of the annexation, but the majority is less than the two-thirds (2/3) majority of each class of Members required for approval of the annexation, and it appears that the required assent of two-thirds (2/3) of each class may be achieved if the Members not present or voting by proxy assent to the annexation, then and in that event, the Members not present or voting by proxy may assent to or dissent from the proposed annexation in writing within one hundred twenty (120) days following the date of the meeting at which the vote was taken. Each Member assenting or dissenting shall be deemed to have cast, respectively, all of the votes to which he is entitled under Article V, Section 2 of this Declaration either in favor of or against the annexation. If the number of votes cast at the meeting in favor of the annexation, together with the votes (deemed to have been cast) by the Members assenting to the annexation, shall constitute the requisite two-thirds (2/3) majority of each class of all votes entitled to be cast, the annexation shall stand approved.

Section 2. Annexation by Declarant. The Declarant may annex additional lands to WoodCreek in the following manner:

- (a) If, within fifteen (15) years of the date of incorporation of the Association, the Declarant should develop additional lands within the boundaries of that property described in Exhibit "A" attached hereto and incorporated herein by reference, or additional lands adjacent thereto (collectively the "Additional Property"), such Additional Property may be annexed to WoodCreek without the assent of the Members. For the purpose of determining if other property is adjacent to that property described in Exhibit A, the rights-of-way of public roads and utilities, as well as rivers and streams, shall not be deemed to separate otherwise adjacent property.

- 001749
- (b) The Declarant may annex to WoodCreek the Additional Property described in subparagraph (a) of this Section 2 by recording in the Guilford County Registry a Declaration of Annexation and Declaration of Covenants, Conditions and Restrictions, duly executed by Declarant, describing the lands annexed and incorporating the provisions of this Declaration. The additional land shall be deemed annexed to WoodCreek on the date of recordation of the Declaration, and no other action or consent shall be necessary.
- (c) Subsequent to recordation of such Declaration by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any property that is designated as Common Elements within the lands annexed.
- (d) Declarant shall have no obligation of any kind to annex any or all of 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, Declarant may 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 the 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 the use of such property or the exterior appearance, design, size or intended purpose of any improvements now or hereafter erected to such property. Declarant intends to convey a portion of the Additional Property to a non-profit corporation and to construct thereon a swimming pool, as more particularly described in Article IX below, which portion would not be annexed and would not be subject to this Declaration. Declarant also may develop, but is not obligated to develop, a portion or portions of the Additional Property as a residential townhouse development, which townhouse development would not be annexed nor subject to this Declaration, as more particularly described in Article IX below.

ARTICLE IX
WOODCREEK SWIM CLUB ASSOCIATION

Section 1. Organization. The Declarant intends to convey a portion of the property described on the attached Exhibit A to the WoodCreek Swim Club Association, Inc., a North Carolina non-profit corporation (the "Swim Club"), and to construct thereon a swimming pool. The

Swim Club will be operated pursuant to, and its members shall be subject to, the Declaration of Covenants, Conditions and Restrictions of WoodCreek Swim Club to be recorded in the Guilford County Registry (the "Swim Club Declaration") and to its Articles of Incorporation, By-laws and Rules and Regulations adopted and as may be amended from time to time.

Section 2. Membership. All Members of the Association also shall be members of the Swim Club, and shall have, and be subject to, all rights, privileges and responsibilities incident to such membership.

The Declarant may develop, but is not obligated to develop, a portion of the property described in the attached Exhibit A as a residential townhouse development (the "WoodCreek Townhouse Development"), with the owners of the lots in the WoodCreek Development being members of the WoodCreek Townhouse Homeowners Association, Inc. (the "WoodCreek Townhouse Homeowners Association"). The Members of the WoodCreek Townhouse Homeowners Association, if thus organized, also shall be members of the Swim Club.

Section 3. Assessments. All Members of the Association as members of the Swim Club shall be obligated to pay to the Swim Club assessments that may be due the Swim Club pursuant to the Swim Club Declaration (which assessments also are subordinated to the lien of any first mortgage or deed of trust and to ad valorem taxes) and/or its Articles of Incorporation and By-laws. The assessments due the Swim Club are in addition to the assessments due the Association as described in Article VI above. The Executive Board of the Association, if it so elects, may collect from the Members of the Association the assessments which are owed by the members to the Swim Club and transfer and pay the Swim Club assessments then collected to the Swim Club.

ARTICLE X

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, 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.

- 001751
- (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 occurs. 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 therefor, 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 of violations of this Declaration or the Bylaws, Articles 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 Elements, 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 damage 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 Statutes 7A-210, any aggrieved party may request that a hearing be held before an adjudicatory panel appointed by the Board of the Association to determine if an Owner is responsible for damages to any Common Elements 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 Statutes 7A-210. When such claim exceeds the jurisdictional amount established for small claims by North Carolina General Statutes 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 47F-3-116 of the Planned Community Act. Liabilities of the Association determined 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.

ARTICLE XI

RIGHTS RESERVED TO INSTITUTIONAL LENDERS

Section 1. Rights of Lenders and Insurers of First Mortgages. "Institutional Lender" as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors.

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 who has provided notice to the Executive Board of its

interest and requested all rights under the Association documents shall have upon written request therefor the following rights:

- (a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Executive Board of the Association, such financial statement or report to be furnished by April 15 of each calendar year, and to have such other rights to inspect Association documents and records on the same terms as Members..
- (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 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 or eminent domain proceeding or property loss which affects the Common Elements.
- (d) To be notified of any lapse, termination, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.
- (e) To have the right to approve of any alienation, release, transfer, hypothecation or other encumbrance of the Common Elements, other than those specific rights vested in the Association under Article II hereof.
- (f) To be given notice of 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.
- (g) To be given notice of all Amendments to this Declaration, or to the Articles of Incorporation or Bylaws of the Declaration.
- (h) To be given notice of any proposal to terminate the Declaration or dissolve the Association at least thirty (30) days before any action is taken;

Section 2. Requirements of Institutional Lenders. Whenever any Institutional Lender desires to avail itself of the provisions of this Declaration, 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

001753

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.

Section 3. Term and Amendment by Owners. The covenants, conditions and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or any Owner, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless terminated or amended as hereafter provided. The Covenants, Conditions and Restrictions of this Declaration may be amended only by an affirmative vote or written agreement signed by Lot Owners to which at least sixty-seven percent of the votes in the Association are allocated; provided, however, (a) no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant, and (b) so long as Declarant owns a Lot or may annex additional property pursuant to the terms of Article VIII, Section 2 hereof, then Declarant may amend this Declaration to comply with any requirements of HUD, VA, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation without the consent of the Members. No amendment relating to the maintenance, repair, replacement 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, and no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements or affect any lien for the payment thereof established herein.

Section 3. Certification and Recordation of Amendment. Any amendment adopted by the Members must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain a certification by the officers executing the amendment on behalf of the Association that any 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 of Guilford County, North Carolina. Any amendment recorded and certified by the officers executing the amendment shall be conclusively presumed that such amendment has been duly adopted. Additions to existing property constituting WoodCreek pursuant to Article VIII shall not constitute any "amendment."

Section 4. Conflicts. In the event of any irreconcilable conflict between this Declaration and the Bylaws of the Association, the provisions of this Declaration shall control. In the event of an irreconcilable conflict between this Declaration or the Bylaws of the Association and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 5. 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.

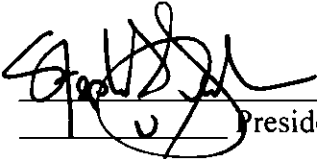
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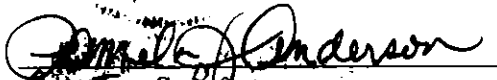
Section 6. Contract Rights of Association. The undertakings and contracts authorized by the initial Executive Board (including contracts for the management of WoodCreek) shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Executive Board duly elected by the membership after the recording of this Declaration, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Executive Board of the Association in accordance with this Declaration, the Articles of Incorporation and the Bylaws; and provided further that any undertaking or contract entered into by the Association at a time the Declarant has the right to appoint a majority of the Executive Board shall contain a provision reserving the right of the Association to terminate such undertaking or contract upon not more than ninety (90) days written notice to the other party(ies) thereto.

IN WITNESS WHEREOF, the undersigned Declarant herein, has caused this Declaration to be duly executed by the undersigned, this the 14 day of August, 2003.

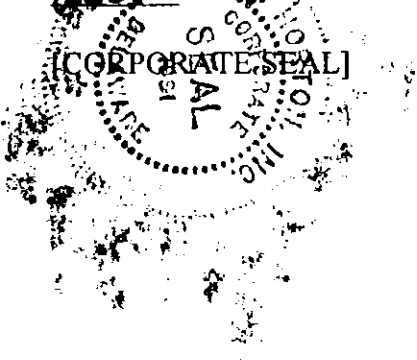
D.R. HORTON, INC.
a Delaware corporation

By:  _____
President

ATTEST:



Secretary

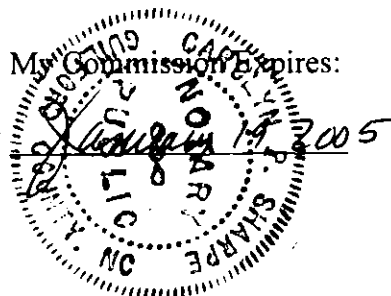


NORTH CAROLINA
GUILFORD COUNTY

I, Carlson P. Sharpe, a Notary Public, do hereby certify that Deanna J. Anderson personally appeared before me this day and acknowledged that she is the Assistant Secretary of D.R. HORTON, INC., a Delaware corporation, and that by authority duly given, and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal, and attested by her self as its Assistant Secretary on behalf of said corporation.

Witness my hand and official seal, this 14 day of August, 2003.

Carlson P. Sharpe
Notary Public



001756

EXHIBIT A

BEGINNING at a new iron pipe set in the eastern right-of-way line of Highway 840 (a.k.a. Painter Boulevard), said beginning point being the southwestern corner of Tract 1 as shown on that plat recorded in Plat Book 142 at Pages 146 and 147 in the Guilford County Registry, said beginning point also being located North 86 deg. 04 min. 27 sec. West 223.77 feet from a new iron pipe marking the intersection of the southern right-of-way line of Knox Road (SR 3142) with the western terminus line of Knox Road, and from said point of beginning thence with the eastern right-of-way line of Highway 840 the following thirteen (13) courses and distances: (1) North 35 deg. 15 min. 19 sec. West 86.66 feet to a D.O.T. 12 inch spike; (2) thence North 28 deg. 11 min. 24 sec. West 254.92 feet to a D.O.T. 12 inch spike; (3) thence North 33 deg. 03 min. 53 sec. West 172.73 feet to a D.O.T. 12 inch spike; (4) thence North 23 deg. 52 min. 36 sec. West 323.23 feet to a right-of-way disk; (5) thence North 66 deg. 17 min. 20 sec. East 16.30 feet to a new iron pipe; (6) thence North 23 deg. 57 min. 35 sec. West 328.19 feet to a right-of-way disk; (7) thence North 23 deg. 58 min. 57 sec. West 252.20 feet to a right-of-way disk; (8) thence North 22 deg. 46 min. 10 sec. West 285.72 feet to a right-of-way disk; (9) thence North 16 deg. 28 min. 44 sec. West 285.65 feet to a right-of-way disk; (10) thence North 10 deg. 26 min. 39 sec. West 167.62 feet to a right-of-way disk; (11) thence North 05 deg. 44 min. 12 sec. West 285.69 feet to a right-of-way disk; (12) thence North 04 deg. 30 min. 31 sec. West 312.95 feet to a right-of-way disk; (13) thence North 04 deg. 30 min. 25 sec. West 517.52 feet to an existing iron pipe, the southwestern corner of Tract 6 as shown on that plat recorded in Plat Book 21 at Page 41 in the Guilford County Registry; thence with the southern line of Tract 6, as shown on Plat Book 21 at Page 41, South 87 deg. 34 min. 48 sec. East 450.33 feet to an existing iron pipe; thence with the southern line of Tract 5 as shown on that plat recorded in Plat Book 21 at Page 41 South 87 deg. 45 min. 24 sec. East 665.71 feet to an existing iron pipe located in the western property line of that property now or formerly owned by Carlton S. Hall and Doris L. Hall (Seed Deed Book 1158, Page 230); thence with the western line of that property now or formerly owned by Carlton S. Hall and Doris L. Hall South 06 deg. 17 min. 35 sec. West 1,398.66 feet to an existing iron pipe; thence with the southern property line of that property now or formerly owned by Carlton S. Hall and Doris L. Hall South 83 deg. 07 min. 21 sec. East 462.11 feet to an existing iron pipe; thence with an eastern property line of that property now or formerly owned by Carlton S. Hall and Doris L. Hall North 05 deg. 33 min. 35 sec. East 749.90 feet to an existing stone; thence with a western property line of that property now or formerly owned by Winfield J. Hunter (see Deed Book 2201 at Page 50) the following four courses and distances: (1) South 17 deg. 41 min. 44 sec. East 551.18 feet to a new iron pipe; (2) thence South 27 deg. 02 min. 34 sec. East 730.87 feet to an existing iron pipe; (3) thence South 27 deg. 01 min. 27 sec. East 463.11 feet to an existing iron pipe; and (4) thence South 27 deg. 05 min. 02 sec. East 290.89 feet to an existing iron pipe; thence with the southern property line of that property now or formerly owned by Winfield J. Hunter the following three courses and distances: (1) North 83 deg. 56 min. 48 sec. East 546.99 feet to an existing iron pipe; (2) thence North 83 deg. 56 min. 16 sec. East 430.11 feet to an existing iron pipe; and (3) thence North 83 deg. 56 min. 06 sec. East 397.26 feet to an existing iron pipe, in the western property line of that property now or formerly owned by the Paisley heirs (see Deed Book 1728 at Page 95); thence South 23 deg. 31 min. 30 sec. West 637.84 feet to an existing stone; thence South 80 deg. 26 min. 07 sec. West 1,025.07 feet to an existing iron pipe; thence North 84 deg. 54 min. 51

sec. West 352.06 feet to a new iron pipe; thence North 50 deg. 35 min. 38 sec. West 185.54 feet to a right-of-way disk, in the northern right-of-way line of Knox Road; thence with the northern right-of-way line of Knox Road North 86 deg. 08 min. 17 sec. West 400.43 feet to a right-of-way disk; thence continuing with the northern right-of-way line of Knox Road North 85 deg. 58 min. 55 sec. West 382.13 feet to a right-of-way disk; thence with the western right-of-way line of Knox Road South 03 deg. 55 min. 33 sec. West 103.39 feet to a new iron pipe, thence leaving the right-of-way of Knox Road and running North 86 deg. 04 min. 27 sec. West 223.77 feet to an iron pipe; the point and place of beginning; the above described property being 111.09 acres, as shown on that survey prepared for D. R. Horton, Inc. by Evans Engineering, Inc., dated January 22, 2003.

001758



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

001759

* * * * *

State of North Carolina, County of Guilford

The foregoing certificate of _____

Cordyn P. Sharp

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: _____

[Signature]
Deputy - Assistant Register of Deeds

* * * * *

**This certification sheet is a vital part of your recorded document.
Please retain with original document and submit when re-recording.**