DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

THE MEADOWS ASSOCIATION OF BURLINGTON

800K 25 PAGE 88

FILED

HAR 27 12 12 PH '07

MARIAN H. PITTHAN REGISTER OF DEEDS ALAHANGE COUNTY, H.O

THIS DECLARATION, made as of the date hereinafter set forth by SIX-RHODES, INC., hereinafter referred to as "Declarant";

WITNESSETH:

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

ALL of that certain parcel of land as shown on the plat entitled "The Meadows Association of Burlington", Section 1, Map 1, which appears of record in the Office of the Register of Deeds of Alamance County, North Carolina, in Plat Book 33, Page 73.

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

ARTICLE I

DEFINITIONS

Section 1 "Association" shall mean and refer to THE MEADOWS ASSOCIATION OF BURLINGTON, its successors and assigns.

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

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

Section 4 "Common Area" shall mean all real property owned by the Association for the common Area to be owned by the Association shall be designated on a plat or plats of The Meadows on the property of Six-Rhodes, Inc., recorded or to be recorded in Alamance County, North Carolina.

Section 5 "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties including lots labels for future buildings with the exception of the Common Area and dedicated streets. Townhouse Lots are those upon which are constructed or are designed for construction thereon of Townhouses.

Section 6 "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residerce.

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

Section 8 "Declarant" stall mean and refer to Six-Rhodes, Inc., its successors and assigns.

ARTICLE II

PROPERTY RIGHTS

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

- (a) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any 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 sixty (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 utility for such purposes and agreed to by the Members. No effective unless an instrument (2/3) of each class of Members, agreeing to such dedication or transfer, has been recorded.
- (d) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

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

Section 3 Parking Rights Ownership of each Townhouse Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces for each Living Unit, which shall be as near and convenient to said Living Unit as reasonably possible, together with the right of ingress and egress in and upon said parking area. The Association shall permanently assign one (1) vehicle parking space for each Living Unit on a Townhouse Lot.

Section 4 Leases of Lots Any Lease Agreement between an Owner and a lessee for the lease of such Owner's Lot shall provide that the terms of the Leases provisions of this Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation and Bylaws of the Association and that any failure by the lessee to comply with the terms of such document shall be a default under ther terms of the Lease. All Leases of Lots shall be in writing. Other than the foregoing there is no restriction on the right of any Owner to lease his Lot.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1 Every Owner of a Lot which is subject to a lien for assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessmen.

Section 2 The Association shall have two (2) classes of voting membership:

Class A Class A Members shall be (i) the Declarant, its successors and assigns, as to Living Units once rented or leased by membership, and (ii) all Owners other than the Declarant. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote of votes for the Living Unit or Living Units on such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Living Unit.

Class B The Class B Member(s) shall be the Declarant (except as to Lots owned by the Declarant, its successors and assigns, and once rented or leased) and shall be entitled to four (4) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
 - (b) on December 31, 1994

Notwithstanding the above, the Class B membership shall continue as to other sections which may be annexed in accordance with the Provisions of Article X, Section 4 of this Declaration.

ARTICLE IV .

COVENANTS FOR MAINTENANCE ASSESSMENTS

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

Section 2 Purpose of Assessments The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the exterior maintenance of the Living Units situated upon Townhouse Lots or for the use and enjoyment of the Common Area, including, but not limited to the costs of repairs, replacements and improvements, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the ByLaws, the payment of charges for common television antenna service to the Living Unit situated upon each Townhouse Lot, the employment of attorneys to represent the Association when necessary, and such other needs as may arise. However, notwithstanding the above purposes, no owner of any Living

Unit situated upon a Townhouse Lot may impose upon the Association the obligation to maintain, repair, service, or improve any additions, alterations, structures, walls, partitions or materials added to, placed upon constructed or created on, under above or adjoining any Townhouse Lot by such Owner (not by or under the auspices of the Association) unless such Owner has both: (a) first obtained the written approval of the Board of Directors or the Architectural Committee of the Association for such addition, alteration, structure, wall, partition or material pursuant to and in accordance with the procedures of Article V hereof and; (b) first obtained the written agreement of the Board of Directors of the Association to assume the obligation to maintain, repair, service and improve such alteration, addition, structure, wall partition or material.

Section 3 Maximum Annual Assessment Until December 31 of the calendar year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Five Honors Fary - Maximum (\$ 540.00) per Living Unit on each Townhouse Lot.

- (a) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for each calendar year thereafter shall be established by the Board of Directors and may be increased by the Board of Directors for any calendar year without approval by the membership by an amount not to exceed ten per cent (10%) of the maximum annual assessment for the previous year.
- (b) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for each calendar year thereafter may be increased without limit by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 4 Payable Annual Assessment The Board of Directors shall fix the payable annual assessment at an amount not in excess of the maximum annual assessment subject to the provisions of Sections 7 and 8 of this Article.

Section 5 Special Assessments for Capital Improvements In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 6 Notice and Quorum for any Action Authorized Under Sections 3 and 5 Written rotice of any meeting called for the purpose of taking any action shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence cast at least sixty per cent membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7 Rate of Annual Assessments

- (a) With the exception set forth in subsection (b) of this Section 7, annual assessments must be fixed at a uniform rate for all Townhouse Lots and at a uniform rate for all Single Family Lots (if any), and shall be collected on a monthly basis. The books and records of the Association will be kept in such a manner that it is possible to determine and ascertain (i) such sums as are expended by the Association for development, improvement, maintenance and upkeep of all facilities of the Association, including those portions of the Common Area which are for the mutual use and benefit of both Single Family Members (if any) and Townhouse Members, and (ii) such development, improvement, maintenance and upkeep of the exterior of Living Units on Townhouse Lots and such portions of the Common Area which are for the primary benefit of Townhouse Members only. Both annual and special assessments must be fixed in such a manner that Single Family Members (if any) are not assessed for such portions of the Association's expenditure as are related to matters which are for the primary benefit of Townhouse Members.
- (b) The annual assessment for each Living Unit on any Lot owned by Declarant and unoccupied as a residence shall be an amount not less than twenty-five per cent (25%) nor more than fifty per cent (50%) of the regular assessment for all other Lots of the same type, whether such Lots are Townhouse Lots or Single Family Lots. The annual assessment for any lot on which a Living Unit has not been constructed shall not be payable by Declarant pursuant to the terms of this paragraph until a Living Unit is constructed on the lot and the Living Unit is completed and ready for occupancy.

Section 8 Date and Commencement of Annual Assessments: Due Dates The annual assessments provided for herein shall be collected on a monthly basis and shall commence on the first day of the month following conveyance of such Lot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors

shall fix the amount of the annual assessment against each Lot and shall send written notice of each assessment 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.

Section 9 Effect of Nonpayment of Assessments: Remedies of the Association Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten per cent (10%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10 Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to, or for the benefit of, the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the rotal number of Lots in the development. If such sum is not paid following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 11 Subordination of the Lien to Mortgages The liens provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lien of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale of transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be supordinate to the lien of any first mortgage or deed of trust.

Section 12 Working Capital Fund In order to insure that the Association will have sufficient monies available to meet

operational needs during the initial month of the Property's existence, the Association has established a Working Capital Fund. At the time of the closing of the first sale of each Lot, the purchaser thereof shall pay into such Fund an amount equal to two-twelfths (2/12ths) of the current annual assessment established by the Association. No such payments made in the Working Capital Fund shall be considered advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of this Declaration and the By-Laws.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or erected or maintained upon any to or change or alteration, including change in painted surfaces, of any living unit 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 said 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 be deemed to have been denied. Provided, however, that notwithstanding the foregoing, nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant of the Property.

ANTICLE VI

PARTY WALLS

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

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

Section 3 Destruction by Fire or Other Casualty If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners

thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4 Weatherproofing Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements and of repairing all damage resulting from such exposure.

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

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

ARTICLE VII

EXTERIOR MAINTENANCE

Section 1

- (a) In addition to maintenence upon the Common Area the Association shall provide (i) exterior maintenance upon each Living Unit on each Townhouse Lot which is subject to assessment hereunder, as follows: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, walks, and other exterior improvements; (ii) maintenance and care of grass lawns, trees, and shrubs that are part of the Lot existing at the time the Lot is first conveyed to Owner other than Declarant. Such exterior maintenance shall not include glass surfaces or screens for windows or doors. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.
- (b) In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the Owner, his family, guests or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircrafts, vehicles, and smoke as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage insurance policies, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject.

Section 2 Lots

- (a) Each Lot Owner shall be responsible for the repair, maintenance and upkeep of the following items located on his Lot: any and all vegetation not a part of the Lot in its improved state existing on the date the Lot was first conveyed in fee to an Owner by Declarant; glass surfaces; window and door screens; basement and crawl space area; any exterior alteration approved by the Architectural Control Committee pursuant to the provisions of Article V hereof; provided, however, the external appearance of such repairs, maintenance and upkeep shall be subject to the regulation and control of the Board of Directors and its Architectural Control Committee as provided in this Declaration.
- (b) Should a Lot Owner fail to discharge his repair, maintenance or upkeep responsibilities in a reasonable and prudent manner to a standard harmonious with that of other Lots in The Meadows, then the Association shall have the right to cause such repair, maintenance and upkeep to be performed and to charge the cost thereof as a part of and in addition to the regular assessment attributable to the Lot and provided for in this Declaration. Should a Lot Owner fail to pay any charge billed in accordance with this subparagraph (b) within fifteen (15) days of such billing, then the Association shall have the right to claim a lien against the Lot and to foreclose such lien, all as provided for in Article IV of this Declaration.

ARTICLE VIII

USE RESTRICTIONS

Section 1 Land Use and Building Type No Lot shall be used except for residential purposes.

- Section 2 Dwelling Specifications No dwelling shall be permitted having a floor area of the main structure, exclusive of open porches, of less than 1,0 20 square feet for a three-bedroom dwelling, nor a floor area of less than 880 square feet for a two-bedroom dwelling.
- Section 3 Nuisance No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.
- Section 4 Temporary Residence No residence of a temporary character shall be erected or allowed to remain on said property; and no trailer, basement, tent, shack, garage, barn or other outbuilding erected on said property shall be used as a residence either permanently or temporarily.
- Section 5 Recreational Vehicles All boats or recreational vehicles such as campers or trailers must be parked at designated areas.

Section 6 Animals No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and kept or maintained inside the exterior walls of the dwelling.

Section 7 Outside Antennas No outside radio or television antennas or other elevated communication towers shall be erected on any Lot or Living Unit on any Townhouse Lot.

ARTICLE IX

EASEMENTS

Section 1 Utilities Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

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

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 the 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 the covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3 Amendment The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety per cent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventyfive per cent (75%) of the Lot Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, dr affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 4 Annexation

- Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of all Members.
- (b) Additional land within the area described in Exhibit A attached hereto and incorporated herein by reference may be annexed by the Declarant without the consent of Members within seven (7) years next following the date of this instrument. Upon annexation such land and the Lots and Common Area, if any, therein shall become a part of The Meadows Association, Inc. and be subject to this Declaration, the Articles of Incorporation and By-Laws of such Association. Such annexation may be (but shall not be required to be) evidenced by a memorandum thereof filed in the office of the Register of Deeds of Alamande County, North Carolina.

FHA/VA Appreval As long as there is a Class B Section 5 Membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties except annexation pursuant to Section 4(b) above, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restriction.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its duly authorized officers and its corporate seal to be hereunto affixed this the 29 day of January 1987.

SIX-RHODES, INC.

President

ATTEST:

NES

The state of the state of

-12-

STATE OF North Cardina
COUNTY OF Guilard
I, Jugueline, Limbe, a Notary Public in and for th
County and State aforesaid, do hereby certify
that (1) B Phodes personally appeared before me this
day and acknowledged that (s)he is Secretary or
SIX-RHODES, INC., a corporation, and that by authority duly given
and as the act of the corporation, the foregoing instrument was
signed in its name by its President, sealed with its
corporate seal, and attested by himself/herself as
its Secretary.
WITNESS my hand and Notarial Seal, this the 39 day
of Thugry, 1987.
ROTARY PUBLIC
MY COMMISSION EXPIRES: 8 16 88 JACQUELINE WOMBLE OUTURE GUILFORD COUNTY, NO