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NORTH CAROLINA

**DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR FRIENDLY ACRES TOWNHOMES**

GUILFORD COUNTY

THIS DECLARATION, made this 14th day of September, 2004, by **STARMOUNT RESIDENTIAL, INC.**, a North Carolina corporation having 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:

All of that certain parcel of land shown on that plat entitled "Final Plat Friendly Acres Townhomes", which appears in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 156, Page 112.

WHEREAS, Declarant is creating on the above described property a Planned Community, as defined in the North Carolina Planned Community Act, which shall be a residential community of townhomes to be known as Friendly Acres Townhomes; and

WHEREAS, Declarant desires to provide for the preservation and maintenance of the common elements and for certain other responsibilities in connection with Friendly Acres Townhomes 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

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hereinafter set forth, each and all of which is and are for the benefit of the property comprising Friendly Acres Townhomes and each owner thereof.

NOW, THEREFORE, Declarant declares that all of the property described above shall be held, sold, occupied 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 Friendly Acres Townhomes Homeowners Association, 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) owned or leased by the Association for the common use and enjoyment of the Owners. "Lots" 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 "Final Plat Friendly Acres Townhomes", which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina in Plat Book 156, Page 112.

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 XI, Section 4, 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.

Section 4. "Declarant" shall mean and refer to Starmount Residential, 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.

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Section 5. "Declarant's Development Period" shall mean and refer to the period of time commencing on the date of this Declaration and continuing for so long as the Declarant or any affiliate of Declarant shall own any Lot within the Property.

Section 6. "Dwelling" shall mean and refer to a single-family residence constructed on a Lot in the Property.

Section 7. "Executive Board" means the body designated in the Declaration to act on behalf of the Association.

Section 8. "Friendly Acres Townhomes" shall refer to the residential development of townhomes constructed on the Property.

Section 9. "Lot" shall mean any separately numbered plot of land, regardless of size, as shown on a recorded subdivision map of the Property. Common Elements 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 10. "Member" shall mean and refer to every person or entity entitled to membership with voting rights in the Association.

Section 11. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 12. "Planned Community Act" shall mean the North Carolina Planned Community Act set out in Chapter 47F of the General Statutes of North Carolina.

Section 13. "Plat" shall mean and refer to all of that certain parcel of land shown on that plat entitled "Final Plat Friendly Acres Townhomes", which appears in the office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 156, Page 112.

Section 14. "Property" 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;
COMMON ELEMENTS

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 VIII 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 on such Lot, or guests.

Section 3. Rules and Regulations. The Declarant during the Declarant's Development Period, and thereafter the Association acting through its Executive Board, shall have the power to formulate, publish and enforce rules and regulations concerning the use and enjoyment of the Common Elements, including specifically, rules and regulations concerning parking and vehicular traffic flow. 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 IV and XI 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.

Section 4. 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 5. 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 of 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

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Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances, and shall not interfere or obstruct utility service to, or ingress, egress, and regress to or from the Lots or the Common Elements; and provided further that for so long as Declarant shall own any portion of the Property, 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 any other part of the Property; 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 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 Friendly Acres Townhomes.

Section 6. Common Elements Dedication or Transfer. The Association, pursuant to Section 47F-3-112 of the Planned Community Act, 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), or to transfer to any other party 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 on the Property. 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 7. Encroachments. The Association, acting through its Executive Board, shall have the right to exchange portions of Common Elements with Declarant for substantially equal areas of property for the purpose of eliminating unintentional encroachments of Dwellings or other improvements onto portions of the Common Elements or for the purposes of enhancing the utility of the Common Elements to be retained by the Association.

Section 8. Maintenance. The Association shall maintain the Common Elements and facilities and improvements thereon, as hereinafter provided in Section 1 of Article VI. Any portion of the Common Elements for which insurance is required to be maintained by the Association under the Planned 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.

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ARTICLE III

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 eight (8) votes for each Lot in which it 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) When the total votes outstanding in the Class A membership equals or exceeds the total votes outstanding in the Class B membership; provided, however, that the Class B Membership shall be reinstated if after such conversion and before the time stated in subparagraphs (b) below, additional lands are annexed to the Property pursuant to the provisions of Article XI, Section 4 herein, containing a sufficient number of Lots to give the Class B Member a total number of votes in excess of the Class A Member; 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.

Section 3. Right of Declarant to Select Members of the Executive Board of the Association. Notwithstanding anything contained herein to the contrary, Declarant (or the assignee

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of the right granted in this Section) during the Declarant's Development Period shall have the right to designate and select all of the persons who shall serve as 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 with another person or persons 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 or herself 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 IV

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay:

- (a) to the Association:
 - (i) annual and other assessments and charges provided for herein, together with interest and late fees, costs and reasonable attorney's fees;
 - (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and

- (b) to the appropriate governmental taxing authority:
 - (i) a pro rata share of ad valorem taxes levied against the Common Elements; and
 - (ii) a pro rata share of assessments for public improvements to or for the benefit of the Common Elements if the Association shall default in the payment of either or both for a period of six (6) months.

(d) declare the office of a director, other than a director selected and designated by Declarant, to be vacant in the event such director shall be absent from three (3) consecutive regular or special meetings of the Board of Directors without consent of the President;

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(f) contract with any person or entity to maintain the Common Elements;

(g) procure adequate insurance, including hazard insurance on the Common Elements and facilities, directors liability insurance, and such other insurance as it shall deem necessary and appropriate; and include the cost of such insurance in the annual assessment of the Members;

(h) employ attorneys to represent the Association when deemed necessary;

(i) formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Elements. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors shall be recorded in the Book of Resolutions, which shall be maintained in a place reasonably convenient to the Owners and available to them for inspection during normal business hours;

(j) lease the use of any recreational facilities for functions, lessons or special events, and to allow such lessee to charge admission or other fees for functions, lessons, or special events;

(k) limit the number of guests, to regulate hours of operation, and behavior, and to curtail any use or uses it deems necessary for either the protection of facilities or the peace and tranquility of adjoining residents;

(l) maintain any nondedicated streets within the Common Elements; and

(m) maintain any dedicated streets within the Common Elements which are not accepted for dedication by the appropriate governmental authority.

(n) delegate to other persons or to a managing agent such powers as determined from time to time by the Board.

(o) impose reasonable charges for late payment of assessments, and after notice and an opportunity to be heard, suspend privileges or services provided by the Association (except rights of access to Lots) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer (the procedure for fines and

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All assessments and charges provided for herein, together with interest, any late fees, costs and reasonable attorney's fees, shall be a charge on the land and shall constitute a continuing lien upon the property against which each such assessment is made when a claim of lien is filed of record in the Office of the Clerk of Superior Court, Guilford County, North Carolina. Each such assessment and charge, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his or her successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Elements, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, and the payment of taxes assessed against the Common Elements; the maintenance of water and sewer mains in and upon the Common Elements; the maintenance of open spaces and streets which have not been accepted for dedication by a public authority, roadway medians and islands, drives and parking areas within the Common Elements; the procurement and maintenance of liability insurance in accordance with the By-Laws; the maintenance of entranceways, landscaping and lighting of Common Elements, road medians and islands and entranceways; the cost of leasing, owning, operating, maintaining and repairing any street lights erected by the Association or the Declarant in the streets (whether public or private), or other Common Elements, or in any other easement provided therefor within the Property; the payment of assessments for public and private improvements made to or for the benefit of the Common Elements; charges for garbage collection services furnished to the Lots; the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Elements; the exterior maintenance of the Lots and the exterior maintenance of the Dwellings located thereon as herein provided in Section 1 of Article VI; the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and for such other needs as may arise.

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

(c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operation and managing the Property, 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

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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 membership interest therein, except as an appurtenance to his or her Lot. When any Owner shall cease to be a Member of the Association by reason of his 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 the Property.

Section 3. Adoption of Budget and Fixing of Annual Assessments; Annual Assessment.

(a) At least thirty (30) days in advance of each annual assessment period, the Executive Board shall establish an annual budget and fix the amount of the annual assessments in advance for the following year. Within thirty (30) days of 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 10 nor more than 60 days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting the Owners of a majority of the Lots reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board. The failure to receive such notice shall in no way affect the obligation of each Owner therefor or the lien therefor as provided herein.

(b) Until December 31 of the year of the conveyance of the first Lot to an Owner, the annual assessment for each Lot shall be Two Thousand Four Hundred Sixty Dollars (\$2,460.00) a year, or Two Hundred Five Dollars (\$205.00) a month. The annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall be established by the Executive Board and may be increased by the Executive Board without approval by the membership by an amount not to exceed fifteen percent (15%) of the annual assessment of the previous year. The annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter may be increased without limit by a vote of the Members entitled to cast at least two-thirds (2/3) of the votes of each class of Members of the Association who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, if Declarant then owns a Lot, Declarant must also consent to such action.

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(c) The Executive Board may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized herein above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of the Members entitled to cast at least two-thirds (2/3) of the votes of each class of Members of the Association who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, if Declarant then owns a Lot, Declarant must also consent to such action. All special assessments shall be fixed at a uniform rate for all Lots (subject to the exceptions in Section 6 below) and may be collected on a monthly, quarterly or semi-annual basis, as determined by the Members approving such assessments.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 of this Article shall be sent to all Members not less than fifteen (15) days not 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. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Rate of Annual Assessment. Both the annual and special assessments must be fixed at a uniform rate for all Lots; provided, however, (a) if there is not a Dwelling on a particular Lot or (b) a Dwelling on any Lot owned by Declarant or assignee of Declarant's development rights is unoccupied as a residence, the amount of the assessment for each such Lot shall be an amount equal to twenty-five percent (25%) of the regular assessments fixed for each Lot.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance by Declarant of the first Lot in the Property to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The due dates shall be established by the Executive Board. Annual assessments may be collected on a monthly, quarterly or semi-annual basis, as determined by the Executive Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. 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 thereof shall pay to the Association an amount equal to two-twelfths (2/12ths) of the then current annual assessment

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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 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 a rate from time to time established by Association not to exceed eighteen percent (18%) per annum. In addition, the Association may charge a reasonable late fee, the amount of which shall be established from time to time by the Executive Board of the Association, for assessments not paid within thirty (30) days after the due date. After notice and an opportunity to be heard, the Association may suspend privileges or services provided by the Association (except rights of access to Lots) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer, which suspension may continue without further hearing until the delinquency is cured. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosure of a mortgage or deed of trust on real estate under power of sale, and interest, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of any of the Common Elements or abandonment of his or her Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

Section 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 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 the Property shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the Property. 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 11. Subordination of the Lien to Mortgages; Foreclosure of First Mortgages. The lien provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust, and subordinate to ad valorem property taxes. When the holder of a first mortgage or first deed of trust of record, or other purchaser of a Lot, obtains title to the Lot as a result of foreclosure of a

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first mortgage or first deed of trust or deed in lieu of foreclosure, such purchaser and its heirs, successors and assigns, shall not be liable for the assessments against such Lot which become due prior to the acquisition of title to such Lot by such purchaser. Such unpaid assessments shall be deemed to be common expenses collectible from all Owners, including such purchaser, its heirs, successors and assigns. Such sale or transfer of any Lot which is subject to any such first mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer; provided, however, no such sale or transfer shall relieve such Lot or the Owner thereof from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or first deed of trust.

Section 12. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V
ARCHITECTURAL CONTROL

Section 1. Improvements. No improvements, alteration, repair, change in paint color, excavation, change in grade, planting, landscaping or other work (including, without limitation, yard ornaments, bird baths and feeders, flags, storm doors and similar items) which in any way alters the exterior of any Lot or the improvements located thereon from their natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant to an Owner shall be commenced, erected or maintained upon any Lot, and no building, shed, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered or removed, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Declarant during the Declarant's Development Period and thereafter by the Executive Board or by an architectural committee composed of three (3) or more representatives if appointed by the Executive Board (the "Architectural Control Committee"). Landscaping improvements or plantings of flowers, shrubs and trees by the Owner shall require approval by the Declarant during the Declarant's Development Period and thereafter by the Executive Board or the Architectural Control Committee if appointed. Nothing herein contained shall prevent or interfere with the right of Declarant to improve and develop the Property, including the Lots, as Declarant chooses. Accordingly, Declarant need not seek or obtain the approval of the Executive Board or the Architectural Control Committee for improvements erected on the Property by or at the direction of Declarant.

Section 2. Procedures.

(a) Any person desiring to make any improvement, alteration or change described in Section 1 above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Declarant during the Declarant's Development

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Period and thereafter by the Executive Board or the Architectural Control Committee if appointed, which shall evaluate such plans and specification in light of the purposes of this Article.

(b) Upon approval of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specification, as approved, shall be deposited for permanent records of the Association and a copy of such plans and specific action bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot of any plans and specifications shall not be deemed a waiver of the right of the Declarant, Executive Board, or Architectural Control Committee, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot. Approval of any such plans and specification relating to any Lot, however, shall be final as to that Lot and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specification, as approved. For any request made under this Article, the Association may require that the Owner requesting such change be liable for any cost of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Owner shall evidence consent thereto by a written document in recordable form satisfactory to the Association. Thereafter, the Owner, and any subsequent Owner of the Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, are deemed to covenant and agree that the cost of maintaining, repairing and insuring such alteration shall be a part of the annual assessment or charge set forth herein, and subject to the lien rights described herein.

(c) Neither Declarant, nor any other member of the Executive Board or Architectural Control 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 Declarant, nor any member of the Executive Board or Architectural Control 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 specifications 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 Declarant, or any member of the Association's Executive Board or Architectural Control Committee, to recover any such damage.

ARTICLE VI
MAINTENANCE

Section 1. Maintenance to be Performed by the Association. The Association shall maintain the Common Elements and shall maintain the grounds of each Lot which is subject to assessments hereunder as follows: mow, seed and fertilize all grassed areas, mulch, remove dead or diseased trees or shrubs, replace dead or diseased trees or shrubs, prune all trees or shrubs, maintain any other landscaped areas and do such other things as the Association determines is necessary to maintain the Common Elements and the grounds of each Lot in an attractive and well-kept condition. In addition, the Association (a) shall provide exterior maintenance for the Dwelling located on each

general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove a director or officer.

Section 4. Quorum. The presence at the meeting of Members eligible to vote or authorized proxies amounting to ten percent (10%) of the votes entitled to be cast shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. The quorum requirement at the next meeting shall be one-half (½) of the quorum requirement applicable to the meeting adjourned for lack of quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, or previously reduced, until such time as a quorum is present and business can be conducted.

Section 5. Voting; Proxies.

(a) If only one of the multiple owners of a Lot is present at a meeting of the Association, the Owner who is present is entitled to cast all the votes allocated to that Lot. If more than one of the multiple Owners are present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. Majority agreement is conclusively presumed if any one of the multiple owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot.

(b) Votes allocated to a Lot may be cast pursuant to a proxy duly executed by a Lot Owner. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. A Lot Owner may not revoke a proxy given pursuant hereto except by actual notice of revocation to the person presiding over the meeting of the Association. A proxy is void if not dated. A proxy terminates eleven (11) months after its date, unless it specifies a shorter time.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a Board of not fewer than three (3) nor more than seven (7) directors, as may be fixed or changed from time to time within the minimum and maximum by the Members of the Association or by the Board of Directors. Directors need not be Members of the Association. The initial Board shall consist of three (3) directors designated by the Declarant. The initial directors shall serve until the first meeting of the Association.

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Lot which is subject to assessments hereunder, as follows: paint, repair, replace and care of roofs, gutters, downspouts, mailboxes, exterior building surfaces including doors (but excluding glass surfaces, window or door screens, and any storm doors installed by Owners) steps, fences, exterior post lights, and other exterior improvements; (b) shall maintain, repair and replace as needed all walkways, driveways, streets, parking areas, patios, and street lights located on the Lots and/or Common Elements, (c) shall maintain, repair and replace all waterlines serving a Dwelling which are located outside the foundation of the Dwelling and all sanitary sewer lines serving the Dwelling which are located on the other side of the sewer clean out from the Dwelling; and (d) shall maintain all entrances. Such exterior maintenance shall not include the exterior maintenance to be performed by the Owners as provided in Section 2 below. In the event that the need for any maintenance, repair or replacement required hereunder to be performed by the Association is caused through the willful or negligent act of the Owner, his family, guests or invitees, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject.

The Owner of any Lot may plant flowers, shrubbery or trees on his Lot only with the prior written consent of the Association, as provided herein in Section 1 of Article V. No such plantings by an Owner shall reduce the assessment payable by the Owner to the Association.

Section 2. Maintenance to be Performed by the Owners. Each Owner shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of the interior of the Dwelling, of all glass surfaces, window or door screens, any storm doors installed by Owner (any such installation being subject to Article V hereof), air conditioning and heating equipment of the Dwelling. The Owner also shall maintain, repair and replace, unless the obligation of the Association under Section 1 above, all utility lines, fixtures and/or their connections on the Owner's Lot which are required to provide water, light, power, telephone, cable television, sewage and sanitary service to his or her Lot which are not publicly maintained, and all flower boxes, water faucets, and exterior lights and flood lights on his or her Lot. In the event that the Owner neglects or fails to provide such maintenance in a manner consistent with other Lots and Dwellings within the Property, the Association may provide such maintenance, and all cost incurred by the Association in providing such maintenance, plus a service charge of twenty percent (20%) of such costs, shall be added to the annual assessment for such Lot and subject to the lien rights described in Article IV; provided, however, that the Association shall first give written notice to the Owner of the specific items of exterior maintenance or repair the Association intends to perform and the Owner shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance himself or herself. The determination as to whether an Owner has neglected or failed to maintain his or her Lot and/or Dwelling in a manner consistent with other Lots and Dwellings within the Property shall be made by the Executive Board of the Association, in its sole discretion.

Section 3. Easement to Perform Maintenance. 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.

ARTICLE VII
USE RESTRICTIONS

Section 1. Land Use. No Lot shall be used except for single-family residential townhome purposes. No building shall be erected, altered, placed, or permitted to remain on any Lot other than one attached single-family townhome dwelling. Notwithstanding the foregoing, Declarant shall have the right to maintain (i) one or more sales offices and one or more model homes in Dwellings located on Lots owned or leased by Declarant for the promotion and sales of Lots and Dwellings within the Property, and (ii) one or more temporary trailers and other temporary structures on any Lot owned by the Declarant or on the Common Elements to facilitate the construction of improvements within the Property.

Section 2. Dwelling Specifications. No Dwelling shall be erected or allowed to remain on a Lot if the heated area of the main structure, exclusive of open porches, decks and garages, shall be less than twenty-seven hundred (2,700) square feet. Both the Declarant and the Executive Board of the Association shall have the right to waive minor violations of, and allow minor variances from, the restrictions contained in this Section 2, where the same resulted unintentionally or without gross carelessness on the part of any Owner (including, without limitation, Declarant) and is not materially harmful to the Property. Any such waiver granted shall be in writing, and any matter so waived shall no longer be deemed a violation of these covenants.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot or the Common Elements nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. In addition, no activity deemed noxious or offensive by the Executive Board shall be carried on upon any Lot or within the Common Elements nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood as determined by said Executive Board. The Executive Board may establish reasonable rules and regulations for enforcing the provisions of this Section.

Section 4. Signs. Except for signs erected by Declarant or the Association within the Common Elements and signs erected by Declarant on Lots owned or leased by Declarant advertising the sale, lease or other promotion of Lots within the Property, no sign, permanent flag or flag pole shall be placed or allowed to remain on any Lot except for One (1) "For Sale" sign of such size as the Executive Board may approve. No sign deemed by Declarant or the Association to be a nuisance or a detriment to the Property shall be permitted or allowed to remain on any Lot within the Property.

Section 5. Outside Antennas and Satellite Dishes. No outside antennas or satellite dishes and no free standing transmission or receiving towers shall be erected on any Lot or Common Elements within the Property without the prior written permission of the Executive Board or the Architectural Control Committee.

Section 6. Animals. No animals, livestock or poultry of any kind shall be raised or kept on any Lot, except that dogs, cats or other household pets may be kept on Lots provided that said

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animals are kept in compliance with applicable local ordinances and are not kept for commercial purposes and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina and the City of Greensboro relating thereto, and (ii) such rules and regulations pertaining thereto as the Executive Board may adopt from time to time. Each Owner owning or having possession, charge, care, custody or control of any dog shall keep such dog exclusively upon his or her Lot and housed in the Owner's Dwelling; provided, however, that such dog may be temporarily off the Lot if it is under the control of a competent person and restrained by a chain, leash or other means of adequate physical control. Each Owner will be responsible for cleaning up any and all waste deposited by his or her animal upon any Lot or Common Elements.

Section 7. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish; and all trash, garbage or other waste shall be stored in sanitary containers in accordance with the rules and regulations of any health or public safety authority having jurisdiction over the Property. The sanitary container only shall be placed outside at the earliest the evening before garbage pickup day and immediately shall be returned inside the garage after garbage has been picked up. All incinerators or other equipment shall be kept in clean and sanitary condition. No trash, garbage or other waste may be placed within the Common Elements, except in containers approved by the Executive Board.

Section 8. Parking and Garages. Each Owner, and the Owner's families, tenants, guests, invitees and agents shall have the exclusive right to park in the garage located on the Lot of such Owner and on the driveway leading from the Dwelling of such Owner to the private street located in front of such Dwelling; provided that the Owner, and Owner's families, tenants, guests, invitees and agents of Lot 12 and 13 as shown on the Plat shall have the exclusive right to park on that driveway located on the Common Elements between Lot 12 and 13, and the Owner and Owner's families, tenants, guests, invitees and agents of Lot 3 and Lot 4 as shown on the Plat shall have the exclusive right to park on that driveway located on the Common Elements between Lot 3 and Lot 4, but shall not park so as to obstruct access to the garages on said Lots.

Any boats, boat trailers, motorcycles, mopeds, campers or recreational vehicles must be parked solely in garages.

No garage may be used for residential or recreational purposes, and each Owner shall keep the interior of his or her garage in a neat and orderly condition and shall keep garage doors closed except when entering or leaving the garage.

The Association, acting through its Executive Board, shall have the power to formulate, publish and enforce rules and regulations concerning parking on the Common Elements or other parts of the Property, as provided herein in Section 3 of Article II, and may have towed at the Owner's expense any vehicle which is parked in an area where parking is not then permitted.

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ARTICLE VIII
EASEMENTS

Section 1. Utility and Drainage Easements; Services to Lots. An easement is hereby established for the benefit of the City of Greensboro (and any other person or firm providing services to the Property under agreement with or at the direction of the Association) over all Common Elements as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting of fires and collection of garbage, and the delivery of mail. The Association and the Declarant shall have the power and the authority to grant and establish upon, over and across the Common Elements such additional easements as are necessary or desirable for the providing of service or utilities to the Common Elements or Lots.

Section 2. Sign Easements. The Association shall maintain all subdivision signs and landscaping and lighting surrounding same now or hereafter erected within the Common Elements. The costs of all such maintenance, repair and replacement of such signs, landscaping and lighting shall be part of the common expenses of the Association, payable by the Owners as set out in Article IV hereof. Further, while Declarant owns any Lot, Declarant shall have (i) the right to erect within the Common Elements additional subdivision signs and landscaping and lighting surrounding the same to be maintained by the Association as herein provided and (ii) the right to erect within the Common Elements signs advertising the sale and promotion of Lots.

Section 3. Easements Reserved By Declarant. Declarant hereby reserves such easements on, across and over the Common Elements as shall be reasonably necessary for (i) the exercise by Declarant of any right herein reserved, (ii) for the purpose of construction of improvements within the Property, including the temporary storage of construction materials on the Common Elements.

Section 4. Additional Drainage Easements. In order to implement effective and adequate erosion control, the Association shall have the right to enter upon any portion of the Property before and after improvements have been constructed thereon for the purpose of performing any grading or constructing and maintaining erosion prevention devices; provided, however, no such activities shall interfere with any permanent improvements constructed on the Property.

Section 5. Encroachments. In the event that any improvements on a Lot shall encroach upon any Common Elements or upon any other Lot as a result of the initial improvements constructed by Declarant or for any reason not caused by the purposeful or negligent act of the Owner or agents of such Owner, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the Common Elements or other Lot for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Elements shall encroach upon any Lot, then as easement shall exist for the continuance of such encroachment of the Common Elements into any such Lot for so long as such encroachment shall naturally exist.

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ARTICLE IX
RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

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

Section 2. Obligation Of Association To Institutional Lenders. So long as any Institutional Lender shall hold a 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 intent and has 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 annual financial statement and report of the Association prepared by a certified public accountant designated by the Executive Board, 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 of Covenants, Conditions and Restrictions or the Articles of Incorporation or By-Laws of the Association or of any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association.

(c) To receive notice of any condemnation or casualty loss affecting the Common Elements or any portion thereof.

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

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

**ARTICLE X
PARTY WALLS**

Section 1. General Rules Of Law To Apply. Each wall which is built as a part of the original construction of the Dwellings upon the Property and placed on the dividing line between Lots and all reconstruction or extensions of such wall 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. Repair And Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make the 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. Easement and Right to Entry for Repair, Maintenance and Reconstruction. Every Owner shall have an easement and right of entry upon the Lot of another Owner to the extent necessary to perform repair, maintenance or reconstruction of a party wall. Such repair, maintenance or reconstruction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements and repairing any damage resulting from such exposure.

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Section 6. 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 7. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose an arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

**ARTICLE XI
GENERAL PROVISIONS**

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

(a) The Association or any Owner at any time, or the Declarant during the Declarant's Development Period, 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 Property to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

(b) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to assess reasonable fines against an Owner for violations of this Declaration, the Bylaws of the Association or the Association's published rules and regulations by such Owner, or such Owner's family, guests, invitees and lessees in an amount not to exceed \$150.00 for each violation, and without further hearing, for each day after the decision that the violation 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

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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 Executive Board 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 or the Declarant during the Declarant's Development Period 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.

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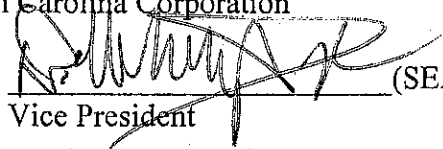
are voting in person or by proxy at a meeting duly called at where a quorum is present; provided, however, if the Declarant then owns any Lot, Declarant also must consent to such action. A meeting shall be duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days in advance of the meeting.

(b) If, within fifteen (15) years of the date of incorporation of the Association, the Declarant should develop additional lands adjacent to the Property (the "Additional Property"), such Additional Property may be added to and annexed to the Property by Declarant without the consent of the Members. For the purpose of determining if other property is adjacent to that Property, the rights-of-way of public roads and utilities, as well as rivers and streams, shall not be deemed to separate otherwise adjacent property.

Section 5. Amplification. The Provisions of this Declaration are amplified by the Articles of Incorporation and Bylaws of the Association; but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration on the one hand, and the Articles of Incorporation and Bylaws of the Association on the other be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything contained in the Articles of Incorporation or Bylaws of the Association.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed in its name this 14 day of September, 2004.

STARMOUNT RESIDENTIAL, INC.
a North Carolina Corporation

By:  (SEAL)
Vice President

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NORTH CAROLINA

GUILFORD COUNTY

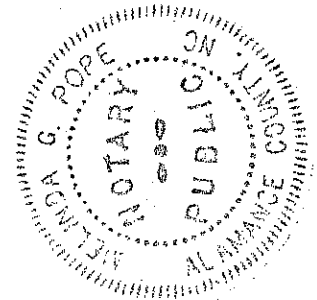
I, the undersigned notary public, do hereby certify that Dale W. Worthington personally appeared before me this day and acknowledged that he is Vice President of Starmount Residential, Inc., a North Carolina Corporation, and that he executed the foregoing instrument as Vice-President of, for and on behalf of Starmount Residential, Inc.

Witness my hand and seal, this 14th day of September, 2004.

Melinda E. Rpe
Notary Public

My Commission Expires:

May 27, 2006





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

* * * * *

State of North Carolina, County of Guilford

The foregoing certificate of Melinda J. Pope

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: Peggy H. Boone
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.**