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NORTH CAROLINA

DECLARATION OF COVENANTS, CONDITIONS AND  
RESTRICTIONS FOR CLAREMONT SUBDIVISION

ORANGE COUNTY

THIS DECLARATION, made and entered into this the 11th day of June, 2007 by PARKER LOUIS, LLC., hereinafter referred to as "Declarant," whose address is 180 Providence Road, Suite 1-B, Chapel Hill, North Carolina 27514.

W I T N E S S E T H:

WHEREAS Declarant is the owner of 28.64 acres, more or less, of real property located in Orange County, North Carolina and being more particularly shown on the plat recorded in Plat Book 102, at Pages 46-49, Orange County Registry, to which plat reference is hereby made for a more particular description of same, said land being identified herein as the "Property;"

WHEREAS Declarant expects to acquire additional property which will be added to the Property and shall be subject to these Declarations and Restrictions;

AND WHEREAS Declarant will convey lots from the Property subject to the terms and conditions of this Declaration.

NOW, THEREFORE, Declarant declares the Property shall be held, sold and conveyed subject to the following restrictions, covenants and conditions. The purpose of these restrictions, covenants and conditions is to protect the value, desirability and attractiveness of the Property. These restrictions, covenants and conditions shall be appurtenant to and run with the land and shall be binding on all parties having any right,

title or interest in the Property 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 CLAREMONT HOMEOWNERS' ASSOCIATION, INC., its successors and assigns.

Section 2: "Property" shall mean and refer to certain real property, as more particularly set forth in Plat Book 102, Pages 46-49, Orange County Registry.

Section 3: "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of all the Lot Owners, and all amenities and structures located thereon. The Common Area shall be identified upon all recorded subdivision plats of the Property, and shall include all of the Open Space, buffers, club houses, swimming pool, trails, designated Recreation Areas, and dedicated public right-of-ways as shown on the plat of CLAREMONT SUBDIVISION, as recorded in Plat Book 102, at Pages 46-49, Orange County Registry, and subsequent plats to which plat(s) reference is hereby made for a more particular description of same.

Section 4: "Lot" shall mean and refer to any plot of land shown upon the recorded subdivision plat or plats of the Property with the exception of the Common Area.

Section 5: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title or of a ground lease interest under a ground lease for an original term of at least fifty (50) years to any Lot which is a part of the Property with the exception of the Common Area. "Owner" shall not include those who have an interest in the Lot merely as security for the performance of an obligation.

Section 6: "Declarant" shall refer to Parker Louis, LLC., its successors and assigns.

Section 7: "Declaration" shall mean and refer to this instrument as executed, made applicable to the Property and recorded in the Office of the Register of Deeds of Orange County.

Section 8: "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 9: "Board of Directors" shall mean the Board of Directors of the Association.

Section 10: "Design Review Committee" shall mean the entity vested with the authority to promulgate and enforce architectural control standards.

Section 11: "Phase" shall mean and refer to the development of the Property shown in

ARTICLE II  
HOMEOWNERS' ASSOCIATION

Section 1: Declarant has created the CLAREMONT HOMEOWNERS' ASSOCIATION, INC. ("the Association"), to serve the purposes set forth herein and in its Articles of Incorporation and By-Laws, and thereby to promote and protect the enjoyment and beneficial use and ownership of the Property. The purposes of the Association shall be:

(a) To own, maintain and preserve all open space, designated recreation areas, greenways, buffers, clubhouse, swimming pool and other tracts or easements and any amenities or structures located within the Common Area or other tracts or easements reserved or conveyed herein, and to provide landscaping services, including without limitation, laying sod and irrigation and the planting, preservation and care of trees and shrubbery located within the Common Area;

(b) To maintain and operate the storm water system located within the Subdivision in accordance with the Operations & Maintenance Manual attached hereto as Exhibit A;

(c) To enforce the provisions of these Declarations, any amendments to these Declarations, and of any by-laws and rules and regulations promulgated by the Association; and

(d) To promote and protect the enjoyment and beneficial use and ownership of the Lots.

Section 2: The members of the Association shall enact and adopt any by-laws, rules and regulations, subject, however, to the terms and conditions of these Declarations, that they deem necessary for the operation of the Association, which by-laws, rules and regulations shall be binding upon all members.

ARTICLE III  
COMMON AREA

Section 1: Description/Maintenance: Included among the amenities and structures located within the Common Area shall be landscaping, signs, fences, a club house, swimming pool, swimming pool maintenance facility, entry way structures, parking lots and parking lot lighting, storm water quality features and systems, recreational and playground areas, and trails. The Association shall be responsible for the management, maintenance and operation of the Common Area and all amenities and structures located thereon, and for the payment of all property taxes and other assessments which are liens against the Common Area and amenities and structures, from and after the date of recording of this Declaration. The obligations of the Association shall also include the mowing of grass and

maintenance of the trees located in the areas between the sidewalks and roads and within the easements containing OWASA sanitary sewer lines, and until such time as the Property is annexed and responsibility assumed by the Town of Carrboro, North Carolina, the Association shall maintain the public greenway trails and sidewalks located on the Property.

Section 2: Conveyance of Common Area: Declarant shall, prior to the conveyance of the first Lot, convey fee simple title to the Common Area in each phase of CLAREMONT SUBDIVISION to the Association, subject to Declarant=s reserved rights as set forth herein, but free of all encumbrances except for street rights of way, sidewalks, parking areas, and utility easements.

Section 3: Sales Office: For so long as Declarant owns at least one Lot subject to this Declaration, Declarant, shall have the right, free of charge, to maintain a sales office in the club house and/or a model home located on any Lot owned by Declarant. The purpose of the sales office shall be to market and sell Lots and houses, and to post and display a sign or signs on any Lots owned by Declarant. Sales office signs and all other structures and appurtenances pertaining to the sale of Lots and houses shall not be considered Common Area property and shall remain the property of Declarant. Declarant, in its sole discretion, may, in writing, assign in whole or in part its rights to operate and maintain a sales office.

Section 4: Owners' Easements of Enjoyment: Every Owner shall have a right and easement of enjoyment in common with every other Owner and Declarant for access to, in, over and through the Common Area for the use and enjoyment thereof, subject however to any retained rights of the Declarant or other limitations set forth in this Declaration, which easements shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association, as part of its homeowner=s dues to charge reasonable admission and other fees for the use of the Common Area and any amenities and structures located thereon;

(b) the right of the Association to charge non-owners reasonable admission and other fees for the use of the Common Areas and any amenities and structures located thereon;.

(c) the right of the Association to suspend the voting rights and the right to the use of the Common Area and amenities and structures 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 these covenants or its published rules and regulations;

(d) the right of the Association to borrow money for the purpose of improving the Common Area and its amenities and structures and as security for

such to impose upon the Common Area a mortgage, all in accordance with the Association's Articles of Incorporation and By-Laws;

(e) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective prior to the conversion of Class B memberships to Class A memberships pursuant to Article IV hereinbelow unless an instrument agreeing to such dedication has been signed by Declarant and recorded, or after said conversion of Class B to Class A memberships, unless an instrument agreeing to such dedication or transfer signed by a two-thirds (2/3) majority of the Class A members has been recorded;

(f) the right of the Association to make and amend its By-Laws and make rules and regulations governing the use of the Common Area and amenities and structures located thereon;

(g) the right of the Declarant to develop Claremont Subdivision, including additional property, and to sell Lots to purchasers, and each Owner releases Declarant from any claim that the Owner might have for interference with his quiet enjoyment of the Common Areas due to the development of Claremont Subdivision, whether or not the construction operations are performed on the Common Area, additional property, or on any Lots owned by Declarant.

Section 5: Delegation of Use: Any Owner, provided that such Owner is current in the payment of his homeowner's dues as required hereinafter and is not in violation of any other covenants as are set forth herein, may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and amenities and structures located thereon to the members of his family, his guests and invitees, and his tenants, or contract purchasers who reside on the property.

#### ARTICLE IV MEMBERSHIP AND VOTING RIGHTS

Section 1: Every Owner of a Lot which is subject to assessment shall be a Member of the Association, and shall be subject to the terms and conditions of these Covenants. Except as provided otherwise herein, membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2: The Association shall initially have two classes of voting members:

Class A: Class A members shall be all Owners, excepting Declarant, each of whom shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members, subject, however, to the provision

that only one vote may be cast per Lot.

Class B: The Class B member shall be the Declarant, its successor or assigns, who shall be entitled to ten (10) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events:

- (a) When the total number of votes of Class A members exceeds the total number of votes of Class B members;
- (b) December 31, 2016, or
- (c) In Declarant's sole discretion, at any time prior to December 31, 2016, upon recording an instrument converting its Class B membership to Class A membership.

Section 3. Notwithstanding the terms set forth in Section 2 above, at any time after substantial completion of Phase I of Claremont Subdivision, Declarant reserves the right upon ninety (90) days written notice to the owners of lots located in Phase I, to create a transition committee composed of Class A memberships in Phase I. Except for any rights reserved to Declarant in the By-Laws or these Covenants and Restrictions and any amendments thereto, the transition committee will be responsible for carrying out the duties of the Association with respect to Phase I in the a manner substantially similar to a Board of Directors.

Section 4. Upon the cessation of Class B membership and so long as Declarant owns any property within Claremont Subdivision, the Declarant shall have the right to appoint one member of the Board of Directors of the Association. Upon the cessation of Class B membership, the Board shall initially consist of at least seven members. Any Director appointed by the Declarant pursuant to this provision shall not be required to be a Member of the Association.

Section 5. All Owners of lots in any phase of Claremont Subdivision shall have equal rights to use the pool(s), playground(s) and other amenities located in any phase of Claremont Subdivision. Nothing herein shall be construed to limit the right of the Association from creating additional membership classes in the future, or from granting to individuals who are not Owners membership rights to use the pool or other amenities, provided, however, that such rights shall not be created by Declarant earlier than such time as forty (40) Lots have been purchased and occupied by families in Phase I. In such event, the Association shall determine the rights, privileges and obligations of the members who are not Owners.

Section 6. Unless otherwise provided herein or in the by-laws or Articles of the Association, all voting matters shall be decided by a simple majority vote of those Members present or voting by proxy at a duly called meeting of the Members.

ARTICLE V  
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1: Creation of the Lien and Personal Obligation of Assessments: Each Owner of a Lot, by acceptance of deed or ground lease, whether or not it shall be so expressed in such deed or ground lease 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. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land or ground leasehold, and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. Declarant shall not be liable for any annual assessments or special assessments for any lots owned by Declarant.

Section 2: Purpose of Assessments: The assessments levied by the Association shall be used solely to promote the recreation, health, safety, and welfare of the residents of the Property, to purchase insurance policies as herein stipulated, and for the improvement and maintenance of the Common Area and any improvements located thereon or upon any easement reserved or conveyed herein, including, but not limited to, all pedestrian trails, entryways, club house, swimming pool, recreational equipment, retaining walls, rock wall, pond or any other structure or improvement of whatsoever nature or kind, payment of premiums for hazard and liability insurance on the Common Area, payment of local ad valorem real property taxes, if any, on the Common Area, and the creation of adequate reserves for replacement of capital improvements located within the Common Area..

Section 3: Maximum Annual Assessment: The initial maximum annual assessment shall not exceed Nine Hundred Dollars (\$900) per Lot, payable in quarterly installments of two hundred twenty-five dollars (\$225). Declarant reserves the right to charge Owners who are building dwellings on lots within the Subdivision for profit, a lesser sum to be determined by Declarant in its sole discretion. The initial quarterly payment shall be made on the day any lot is first transferred, and shall be pro-rated to reflect the ratio of the number of days the new owner will own the lot in such quarter and the number of days included in the entire quarter..

(a) From and after January 1, 2008 the maximum annual assessment may be increased yearly by the Board of Directors without a vote of the membership by an amount no greater than necessary to cover all anticipated costs of the Association except for capital improvements. The maximum annual assessment may be increased by more than this amount only by a ballot of two thirds (2/3) of the

votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, provided, however, that Declarant reserves the right without formal procedure to increase the assessment of Owners who are building dwellings on Lots for profit up to any sum equal to or less than the maximum annual assessment. All annual assessments shall be established by the Board of Directors as provided hereunder.

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

Section 4: Capital Fund: Five percent of the funds raised by annual assessments shall be allocated into a Capital Fund maintained in a separate account. The Capital Fund shall be used exclusively for the maintenance and upkeep of the Common Areas and the improvements and facilities located thereon.

Section 5: Special Assessments for Capital Improvements: In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or upon any easement reserved or conveyed herein, 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 the members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6: Notice and Quorum for Any Action Authorized Under Sections 3 and 4: Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty-six and two-thirds percent (66-2/3%) of all votes 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: Uniform Rate of Assessment: Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a quarterly basis, provided, however, that Owners of Lots who are building dwellings for profit may be charged a lower annual assessment as long as such assessment is the same for all other Owners of Lots who are building dwellings for profit.

Section 8: Date of Commencement of Annual Assessments: Due Dates. The annual assessment period shall be the calendar year. The initial annual assessments provided for herein shall commence as to all Lots on the first day of the first month following the

recording of the subdivision plat to provide a working capital fund. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of the beginning of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a specified Lot is binding upon the Association as of the date of its issuance.

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 eight percent (8%) 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. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10: Subordination of the Lien to Mortgages: The Lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage on the fee or on a ground leasehold. Sale or transfer of any Lot or ground leasehold shall not affect the assessment lien. However, the sale or transfer of any Lot or ground leasehold pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer except that such an extinguished lien may be reallocated and assessed to all of the Lots as a common expense. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11: Fines: Notwithstanding any other provision to the contrary contained herein, any fine imposed under or pursuant to these Covenants and Restrictions may be added to the annual assessment in accordance with the By-Laws and these Covenants and Restrictions, even if by adding such sum an Owner is charged more than the maximum annual assessment.

## ARTICLE VI ARCHITECTURAL CONTROL

Section 1: Plans and Specification Review: No building, outbuilding, fence, wall, porch, deck, patio, or other structure of any kind including without limitation skateboard ramps, swing sets and play structures, satellite dish or antenna, landscaping, or tree removal shall be commenced, erected, or maintained upon any of the Lots, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, schedule of exterior color, finish, roofing, changes in topography, roof drainage, area drainage and/or elevation, landscaping, tree disturbance or removal and locations of the same shall have been submitted to and approved in writing by the Declarant, or its successors and/or assigns

(hereinafter referred to in this Article as "the Design Review Committee"), as to harmony of external design and location in relation to surrounding structures, topography, and appearance, all as provided in Section 2 hereunder.

Section 2: Design Review Procedure: Upon request, the Design Review Committee shall provide a standard set of application forms consisting of an Application, Improvement Information List, Documents List, Construction Site Requirements, and such other documents as shall be required by the Design Review Committee, which collectively shall set forth the information and documentation required in the application review process. All applications must be submitted to the Design Review Committee, and to be complete, must provide all of the information requested in said forms. The application forms may provide for expedited review of minor matters such as placement of swing sets, tree removal and other matters.

An application may be approved, approved subject to conditions, or rejected. Actions taken by the Design Review Committee shall be final and not subject to appeal or review. However, a revised application made in accordance with the Design Review Committee's recommendations may be resubmitted for consideration by the Design Review Committee.

An application shall be deemed "submitted" when the applicant receives a signed receipt from the Design Review Committee. Any application shall be deemed accepted if the Design Review Committee fails to take any action within thirty (30) days after an application has been submitted. An action shall be deemed to have been taken by the Design Review Committee upon the earlier to occur of; (a) the applicant signing a copy of the Design Review Committee's written decision, or (b) the date upon which a copy of the Design Review Committee's written decision is post marked to the applicant's last known address by certified mail, return receipt requested.

Section 3: Right to Inspect: The Design Review Committee or its agents shall have the right to inspect all construction and/or land disturbance to ensure that such work is performed in accordance with the approved application, and the Review Committee shall have the right to bring an action to enjoin any activity taken in violation of this Article or the approved application.

Section 4: Assignment: As of the date the Association has only one membership class, Declarant's responsibility pursuant to this Article shall be assigned to and become the responsibility of the Board of Directors of the Association or any committee established by the Board pursuant to its By-Laws.

Section 5: Enforcement: In the event any Owner fails to comply with the terms and conditions of this Article VI, the Design Review Committee shall notify the Owner of such violation in writing. If the Owner does not correct the violation within thirty (30) days of receiving said notice, the Design Review Committee shall report such non-compliance to

the Board of Directors or transition committee, as is appropriate, for further action. In addition to any other remedies available under these Restrictions or North Carolina law, the Board of Directors or transition committee may impose a fine of fifty dollars (\$50.00) for any violation of the terms and conditions of this Article VI. If a fine is imposed, the Board or transition committee shall provide the Owner with written notice thereof and a brief explanation. The Owner shall have the right to ask for review of the decision by serving written notice upon the Board or transition committee no later than five (5) days after receipt of said notice. Upon receipt of said notice, the Board of Directors or transition committee shall notify the Owner of the time and place of hearing, which shall be no less than fifteen (15) days and no more than sixty (60) days from the date the notice is placed in the mail. The decision of the Board or transition committee shall be final. If payment in full of the fine is not made and the violation corrected within fifteen (15) days of the initial decision in cases where the initial decision is not appealed, or within fifteen (15) days after a final decision in cases where the initial decision is appealed, an additional fine of fifty dollars (\$50.00) shall accrue every month thereafter until such time as the total fine has reached two hundred dollars (\$200.00). That sum shall then be added to the Owner's annual assessment, and shall be subject to the terms and conditions of Article V hereof. Further, in such circumstances when payment of a fine is not made when due after a decision becomes final, the Association may suspend the right of the Owner to use the Common Areas and amenities and structures from June 1<sup>st</sup> through July 31<sup>st</sup> following the date of non-compliance.

## ARTICLE VII EASEMENTS

Section 1: All of the property, including Lots and Common Area, shall be subject to such easements for water lines, water quality monitoring, sanitary sewer lines, storm water drainage features, water quality facilities and elements, sidewalks, public greenways, pedestrian access, gas lines, cable TV, telephone and electric power lines and other public utilities as shall be or shall have been granted by the Declarant or by its predecessors in title. Prior to the conveyance of the Common Area to the Association by the Declarant, the Declarant shall have the exclusive right, power and authority (without the necessity of the joinder of any Owner) to grant and establish upon, over and across the Common Area such other easements as the Declarant deems appropriate and/or necessary for the development of the Property. After the conveyance of the Common Area, the Association's Board of Directors shall have the power and authority to grant and establish upon, over, under and across the Common Area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property.

Section 2: An access easement over, across and through Area C of the Common areas depicted on the Plat shall be granted to the Town of Carrboro or its assigns for the purpose of monitoring the water quality in the creek and intermittent stream shown on the Plat.

Section 3: An access easement over, across and through a ten (10) foot strip of land along the southern boundary of lots 44/45, 46/47, 48/49 and 50/51 depicted on the Plat is hereby granted to the Association for the purpose of inspecting and maintaining an underground pipe which provides drainage for roof runoff for said lots. The easement shall extend five feet on both sides of the pipe as it runs from lot 50/51 to the southeast corner of lot 44/45. Lot Owners may not plant trees or construct any structures or devices within the easement that will interfere with the Association's rights herein, and the Association shall not be responsible for safeguarding or moving or replanting any shrubs, grass, flower beds or any other article or thing which must be removed by the Association in carrying out its obligations herein.

## ARTICLE VIII AFFORDABLE LOTS

Claremont Subdivision shall include twelve (12) "Affordable Lots," as that term is defined in Section 15-182.4 of the Carrboro Land Use Ordinance, as amended from time to time. All affordable lots shall be designated on all Plats by the letter "A." The affordable lots will be owned by the Orange County Community Housing and Land Trust ("OCHLT"), which will grant long term ground leases on the lots and convey any improvements thereon to qualified buyers. The ground leases will contain provisions insuring that the lots and any improvements thereon remain affordable for at least one hundred (100) years. The initial price point for the affordable lots is one hundred fifteen thousand dollars (\$115,000.00) For purposes of this Declaration, the term "Owner" will include individuals in possession of an affordable housing lot under a ground lease from OCHLT. The single family residences constructed on the affordable lots shall be two stories and shall consist of at least nine hundred (900) square feet of heated space.

## ARTICLE IX USE RESTRICTIONS

Section 1: Use of Property: No Lot shall be used except for single-family residential purposes, which shall include any dwelling unit contained in a duplex or townhouse, and in accordance with the restrictions hereinafter set forth. "Single-family residential" purposes may also include "light housekeeping" apartments containing no more than one bedroom.

(a) Except for the dwellings contained in duplexes or townhouses, or houses built on the affordable lots, all single family residences shall be two stories and shall consist of at least two thousand (2000) square feet of

heated space. Porches, breezeways, steps and garages shall not be included in the square footage calculations. Dwelling units contained in duplexes or townhouses shall contain at least one thousand (1000) square feet of heated space.

(b) Building setbacks shall be as shown on the Plat.

(c) There shall be no further subdivision of any Lot shown on any recorded plat of CLAREMONT SUBDIVISION. Nothing in this provision shall be construed to limit the right of Owners of adjacent Lots to adjust by mutual agreement the boundary lines between their respective Lots.

(d) No buildings or other structures of any kind, other than the crossing of a sidewalk or entrance driveway, shall be allowed in the set back areas.

(e) No commercial, inoperative, abandoned, unlicensed motor vehicles or recreational vehicles, boats or sailing vessels, farm or construction machinery and any trailers or carriers or like equipment, or mobile or stationary trailers of any kind shall be kept or permitted to remain on any Lot, without the prior written approval of the Declarant and even with such approval, such vehicles must be stored away from view. Under no circumstances shall any such vehicle be parked on the streets of Claremont Subdivision.

(f) Use of minibikes or motorcycles for recreational purposes, or motor-propelled bicycles or go-carts is prohibited on all streets, perimeter trails and easements within the Property. All recreational vehicles shall be kept in a garage.

(g) Swing sets, play houses and play areas shall be located at the rear of the Lot.

(h) At no time shall any Lot or parcel be stripped of its topsoil and trees, or allowed to be eroded by being excavated or neglected. After construction of a single-family residence upon a lot, no deciduous tree with a diameter of six inches or more may be removed without the prior written consent of the Design Review Committee unless the tree is a safety hazard.

(i) Each Owner shall maintain and preserve his or her lot in a clean, orderly, and attractive condition. Maintenance and preservation of the Lot shall include, for example, the trimming of shrubs, the mowing of grass, landscaping, and the removal of trash, leaves, debris and fallen trees or limbs.

(j) No mobile home, trailer, manufactured home or modular construction pre-fabricated unit shall be allowed on any Lot. No outbuilding shall be placed at the front of a lot unless approved by Declarant, who may reject an outbuilding without cause. No dwelling shall be moved from any other location onto a Lot.

(k) The driveway and vehicle parking area for each lot shall be constructed of asphalt, concrete or other equivalent material and completed prior to the occupancy of any dwelling constructed on that Lot. .

(l) No lumber, brick, stone, excavated earth, cinder block, cement, or other materials used for building purposes shall be stored upon any Lot longer than a reasonable time for the completion of construction in which they are used without the written consent of the Declarant. None of these materials may be stored, or heavy equipment or vehicles parked, within the dripline of any significant trees on or adjacent to the Lot during or after construction.

(m) When the construction of any dwelling has commenced, work thereon must be prosecuted diligently and must be completed within a reasonable time not exceeding twelve (12) months from the date of commencement of construction; provided, however, the Declarant may modify such requirement in its sole discretion.

(n) Each Owner shall be responsible for the costs and expenses for any road, utilities, sidewalk or other infrastructure improvement necessitated by damage done as a result of the construction of improvements upon the Owner's Lot.

(o) All utility or cable lines from the public road and within the lots shall be properly installed underground, provided, however, that some above-ground lines may be used temporarily during construction. Where practical all lines should be placed in a common trench along the boarder of the driveway leading from the street to the Lot. No exposed or exterior radio or television transmission or receiving antennas shall be erected, placed or maintained on any part of the Property which shall exceed the height of the trees on the Lot or that can be seen from the roadway or adjoining Lot(s).

(p) No noxious or offensive activity shall be conducted upon any Lot or the Common Area, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to neighborhood or to the occupants of any adjoining Lots.

(q) No industrial or commercial activity whatsoever is permitted on a Lot, including but not limited to a boarding house, fraternity or sorority house, manufacturing, or antique, gift or any kind of shop. This provision shall not be construed to prohibit any owner or member of his or her family from making a secondary use of a portion of the residence for business purposes as long as such use does not violate any other provision of these covenants.

(r) No animals other than a limited number of ordinary household pets such as dogs, cats, birds, fish, and hamsters shall be kept or allowed to remain on any Lot, for any purpose. No more than three dogs, exclusive of litters of puppies, may be kept by any Owner. No animals or pets may be kept, bred, and/or maintained on the Lots for commercial purposes. Owners shall be responsible for the acts of their pets, including without limitation reimbursing neighbors for damages to their property, controlling excessive noise and foul odors, and cleaning up any waste products on the property of neighbors or the Common Areas. Owners must abide by all relevant ordinances of the Town of Carrboro pertinent to the control and activities of their pets.

(s) No structure of a temporary character, such as trailers, tents, or shacks or other outbuilding shall be used or permitted to remain on any Lot or the Common Area at any time as a residence, either temporarily or permanently, or for any other purpose of whatsoever nature or kin, provided, however, that Declarant or its agents may keep temporary structures on the Property for construction purposes..

(t) No clotheslines except for umbrella clotheslines shall be allowed or maintained on any Lot or in the Common Area. The location and style of all umbrella clotheslines must be reviewed and approved by the Design Review Committee.

(u) In the event that individual mailboxes are permitted by the Town of Carrboro then all such mailbox holders shall be of a standard size and design and shall be purchased from Declarant, its successors or assigns.

(v) Solar panels and/or collectors shall not be installed or constructed on the side of any structure constructed on a Lot that faces any street or installed or constructed anywhere on such structure if such solar panels and/or collectors are visible from any street in the subdivision.

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

(x) No satellite or other receiving devices exceeding a dish diameter of 18" shall be allowed or maintained on any Lot or in the Common Area.

(y) No heating or air conditioning systems (including window units), Jacuzzi, backup generating system or other substantial mechanical equipment shall be installed on or placed on any Lot without approval of Declarant.

(z) All entry lighting, exterior clubhouse lights, and street lights shall be of a "cut-off" variety in order to reduce glare to surrounding properties and to limit upward light trespass.

Section 2: Items to be Approved by Homeowners Association: Without the prior written approval of the Association as to location, style, type, size and composition, no antennae, aerials, pole towers, or similar structures, no fuel tanks or any similar type of storage receptacle, and no temporary structures such as sheds, mobile homes or trailers or tents may be placed upon any Lot or the Common Area. This provision shall not be construed to limit the use of satellite or other receiving devices under Section 1 (x) above.

Section 3: Construction and Marketing Structures: Notwithstanding any other provision to the contrary contained herein, Declarant may place one or more construction trailers and/or marketing trailers or facilities on any Lot or the Common Area during construction, provided the same are removed within a reasonable period of time after construction in that area has been completed.

## ARTICLE X INSURANCE

Section 1: Ownership of Policies: All insurance policies insuring the Common Area and providing for liability thereon shall be purchased by the Association for the benefit of the Association and its mortgagees as their interests may appear.

Section 2: Master Policy: All buildings and all improvements located within the Common Area and Recreational Area and facilities shall be insured under a master policy of fire and extended casualty insurance in an amount equal to the maximum insurable replacement value (100% of current replacement costs) as determined annually by the Board of Directors with the assistance of the insurance company providing such coverage, and liability insurance coverage in an amount deemed proper by the Association but not Less than Two Million Dollars per occurrence. The liability insurance coverage shall include coverage of the playground and recreation areas.

Section 3: Premiums: Premiums for said insurance policies purchased by the Board of

Directors shall be paid by the Board of Directors as a common expense from the monthly assessments provided for herein.

Section 4: Proceeds: All insurance policies purchased by the Board of Directors shall be for the benefit of the Association and the Lot Owners and shall provide that all proceeds thereof shall be payable to the Board of Directors as insurance trustees shall be to receive such proceeds and to hold the same in trust for the purposes elsewhere stated herein or stated in the By-Laws.

Section 5: Distribution of Insurance Proceeds: Proceeds of insurance policies received by the Board of Directors as insurance trustees shall be held and paid to defray any and all costs of reconstruction, repair or liability insurance considerations. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners.

## ARTICLE XI GENERAL PROVISIONS

Section 1: Enforcement: The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of any future right to do so.

Section 2: Severability: Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provision herein contained which provisions 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 a successive period of ten (10) years. Declarant may amend this Declaration prior to the time that the Homeowners= Association has a single class of voting members by recording a written instrument at the Register of Deeds. After the Homeowners= Association has a single class of voting members, this Declaration may be amended by recording an instrument signed by not less than sixty-six and two-thirds percent (66-2/3%) of the Lot Owners.

Section 4: Mortgagee's Rights: A first mortgagee on the fee or a ground leasehold and Orange Community Housing and Land Trust or any successor entity holding title to the affordable Lots, or the insurer or guarantor of a first mortgage, shall be entitled, upon written request, to receive copies of this Declaration, the By-Laws, Rules and Regulations, and Articles of Incorporation of CLAREMONT HOMEOWNERS= ASSOCIATION; entitled to inspect the books and records of the Association during normal business hours or under other reasonable circumstances; entitled to receive at no additional cost the annual financial statement within ninety (90) days following the end of the fiscal year; entitled to

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

Section 5: Future Development: As part of the approval process Declarant shall provide stub outs from the roads in Claremont Subdivision for the purpose of providing access to contiguous parcels of land, which will be developed in the future.

Section 6: Reserved Rights of Lot Owners: No Lot Owner shall be subject to a restraint imposed by the Association upon his right to sell, transfer, or otherwise convey his Lot. Under no circumstances shall the Association have a right of first refusal upon the sale and conveyance of any Lot. No Lot Owner shall be subject to any restraint imposed by the Association upon his right to mortgage his Lot with whomever or whatever institution and upon those terms and conditions the Lot Owner is willing to accept.

Section 7 Contracts: Any contract, lease or agreement entered into by the Association on its own behalf must be terminable by either party without cause upon not more than ninety (90) days' notice to the other party. If so terminated, no termination fee shall be required to be paid to or by either party.

Section 8: FHA/VA/FNMA Approval: As long as there is a Class B member, the following actions may require the prior approval of the Federal Housing Administration, the Veterans' Administration or the Federal National Mortgage Association: Annexation of additional properties to the CLAREMONT HOMEOWNERS= ASSOCIATION, dedication of Common Area, or encumbering the Common Area in any Phase with a lien.

Section 9: Applicability of Declaration, By-Laws, Rules and Regulations: All Lot Owners, tenants and occupants of Lots shall be subject to and shall comply with the provisions of the CLAREMONT SUBDIVISION Declarations, the By-Laws, and the Rules and Regulations, as the same may be amended from time to time. These provisions shall be deemed covenants running with and appurtenant to the land.

IN WITNESS WHEREOF, Declarant has hereunto caused this Declaration to be executed in its name by its officer and its corporate seal to be affixed hereto, on the day and year first above written.

PARKER LOUIS, LLC

By: \_\_\_\_\_  
Adam Zinn, Member-Manager

By: \_\_\_\_\_  
Omar Zinn, Member-Manager

STATE OF NORTH CAROLINA, COUNTY OF ORANGE

I, the undersigned Notary Public of the County and State aforesaid, certify that Adam Zinn and Omar Zinn personally came before me this day and acknowledged that they are the Member-Managers of Parker Louis, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of the company, each signed the forgoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial seal this 11<sup>th</sup> day of June, 2007.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public