

Prepared by and return to:
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BOOK 2580 PAGE 506

DECLARATION
OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR
ROSEMARY PLACE TOWNHOMES

This declaration is made on the 2 day of MAY 2002 by Orange
Community Housing and Land Trust ("Declarant")

WITNESSETH

9798-64-4974
9798-65-9036
9798-65-6122 MAB

WHEREAS, Declarant is the owner and developer of the townhouse development known as Rosemary Place Townhomes as described in the plat recorded at Plat Book 90, Pages 42-43, Orange County Registry (the "Property"); and

WHEREAS, Declarant intends for Rosemary Place Townhomes to be and to remain affordable for low to moderate income individuals and families; and

WHEREAS, in order to assure the long term affordability of the Townhomes, Declarant, rather than conveying Townhome Lots ("Lot(s)") to purchasers, will lease the individual Lots to qualified purchasers under a long term land lease while conveying the improvements on the Lots to the purchasers subject to the land leases; and

WHEREAS, it is in the best interests of future lessees under the land leases and owners of the improvements on the Lots that certain covenants, conditions, easements, liens, and restrictions governing and regulating the use and occupancy of the Property be established and declared to be covenants running with the land in addition to the covenants and restrictions placed on all property in the Meadowmont Development by the Meadowmont Development Company by Declarations recorded at Book 1919, Page 87 and Book 1919, Page 121; and

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

**ARTICLE I
DEFINITIONS**

Section 1. The following words when used in this Declaration or any Amendment will have the following meaning:

(a) "Association" will mean and refer to Rosemary Place Owners Association, Inc. its successors and assigns.

(b) "Properties" will mean and refer to all such existing properties and additions thereto, as are subject to this Declaration or any Amendment under the provisions of Article II hereof.

(c) "Common Area" will mean and refer to those areas of the Properties (including the improvements thereto) now or hereafter shown as General and Limited Common Areas on the recorded plats of Rosemary Place in the Orange County Registry.

(d) "Lot" will mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of Common Area as heretofore defined.

(e) "Living Unit" will mean and refer to any portion of a building situated upon the Properties designated and intended for use and occupancy as a residence by a single family, whether as owners or tenants.

(f) "Master Declaration" the Declarations of Covenants and Restrictions by Meadowmont Development Company by recorded at Book 1919, Page 87 and Book 1919, Page 121, Orange County Registry

(g) "Owner" will mean and refer to the record owner, whether one or more persons or entities, of the improvements on any Lot within the Properties, but excluding those having such interest merely as security for the performance of an obligation.

(h) "Member" will mean and refer to all those Owners who are members of the Association and to the Orange Community Housing and Land Trust, which will be a Member by virtue of its ownership of the underlying fee interest in the Properties.

(i) "Mortgage" will include the note holder or cestui que trust secured by a deed of trust.

(j) "Declarant" will mean and refer to Orange Community Housing and Land Trust, a North Carolina corporation, its successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

**ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION, ADDITIONS THERETO**

Section 1. Properties. The real property which is, and will be held, transferred, sold, conveyed, and occupied subject to this Declaration is located in Orange County, North Carolina, and is more particularly described in the plat recorded at Plat Book 90, Pages 42-43, Orange County Registry, all of which real property will hereinafter be referred to as the "Properties."

**ARTICLE III
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION**

Section 1. Membership. Orange Community Housing and Land Trust ("OCHLT") and every person or entity who is a record owner the improvements located on any Lot which is subject by covenants of record to assessment by the Association will be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation will not be a Member.

Section 2. Voting Rights. The Association will have two classes of voting membership. Class A members will be all the record owners of the improvements on any the Lots who will be entitled to one vote for each Lot in which they hold the interests required for membership by Section 1 of this Article. When more than one person holds such interest or interests in any Lot all such persons will be Members, and the vote for such Lot will be exercised as they among themselves determine, but in no event will more than one vote be cast with respect to any such Lot. Class B members will be OCHLT which will have two votes for every Lot. Class B members will be entitled to vote on any question only after the Association, after thirty days written notice, fails to correct any failure to perform its duties under this Declaration as determined by OCHLT in its sole discretion.

**ARTICLE IV
PROPERTY RIGHTS AND EASEMENTS**

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3 of this Article, every Owner will have a right and easement of enjoyment in and to the Limited and General Common Area, including rights of access, ingress and egress to and from public streets and walkways and the right to park a motor vehicle in areas specifically designated for such purposes; and such easement will be appurtenant to and will pass with the title to every Lot.

Section 2. Title to Common Area. The Association will have a ground lease with OCHLT for the Common areas while title will remain vested in OCHLT.

Section 3. Extent of Owners' Easements. The rights and easements of enjoyment created hereby will be subject to the following:

(a) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and in aid hereof to execute deed(s) of trust encumbering said properties. In the event of a default upon any such deed of trust the lender's rights there under will be limited to a right, after taking possession of such Common Area, to charge admission and other fees as a condition to continued enjoyment by the Members and, if necessary, to open the enjoyment of such Common Area to a wider public until the mortgage debt is satisfied whereupon the possession of such Common Area will be returned to the Association and all rights of the Members hereunder will be fully restored;

(b) The right of the Association to take such steps as are reasonably necessary to protect the Common Area against foreclosure;

(c) The right of the Association, as provided in its Articles and Bylaws, to suspend the voting rights of any Member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations;

Section 4. General Easements and Associated Undertakings. All of the Properties, including Lots and Common Area, will be subject to such easements for private roads or drives, public streets, water lines, sanitary sewers, storm drainage facilities, gas lines, cable communication transmission, telephone and electric power lines and other public utilities, whether above or below ground, as established by the developer of the property or its predecessor in title, prior to the subjecting of the Properties to this Declaration; and the Association will 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 Properties.

ARTICLE V COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Except as hereinafter specifically provided, each Owner of the improvements on any Lot, by the acceptance of title thereto, will be deemed to covenant and agree to pay to the Association assessments as outlined in this Declaration. These assessments may be classified as (A) Annual assessments for (1) operation, maintenance, repair, replacement and improvement of Common Area; (2) maintenance and repair of the premises of an Owner in accordance with the maintenance obligations and responsibilities of the Association as set forth in Article VIII, Section 1 of this Declaration; (3) the payment of insurance premiums required pursuant to Article IX hereof; and (4) other purposes; and (B) Special assessments for (1) the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto; provided, however, any such Special assessment pursuant to this Article will 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 called for this purpose; and (2) maintenance, repair or improvements of the premises of an Owner as

authorized in Article VIII, Section 1 of this Declaration without the requirement of assent of the Members as aforesaid.

The Annual and Special assessments, together with such interest thereon and cost of collection thereof as hereinafter provided, will be a charge on the improvements on the lot and will be a continuing lien upon the improvements against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, will also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

Section 2. Purpose of Assessment. The assessments levied by the Association will be used exclusively for the purpose of promoting the health, safety, and welfare of the residents in the Properties and in particular for the improvement and maintenance (1) of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area and (2) of the Lots and Living Units situated upon the Properties in accordance with Article VIII, Section 1 of this Declaration and (3) any other purpose that will 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 called for this purpose. Without limitation, such uses will include satisfaction of the Association's obligation regarding the Common Area to pay hazard and liability insurance, ad valorem taxes, establishment of adequate reserves for the replacement of capital improvements, if any, located within the Common Area, maintenance of recreational and other facilities located on the Common Area and payment of assessments for public and private capital improvements made to or for the benefit of the Common Area. It will be further provided that upon default by the Association in the payment of any ad valorem taxes or assessments for public improvements to the governmental authority entitled thereto, which default will continue for a period of six (6) months, the taxing or assessing governmental authority will be vested with a lien on the leasehold interest in each Lot within the development in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots created within the Properties. The governmental authority may foreclose such liens in the same manner as provided for foreclosure of liens for ad valorem taxes and assessments and public improvements.

Section 4. Maximum Increase in Annual Assessment. The maximum annual assessment for each Lot may be increased each year by the Board of Directors not more than ten percent (10%) above the maximum assessment for the previous year without a vote of two-thirds (2/3) of the Owners voting in person or by proxy, at a meeting duly called for this purpose.

Section 5. Notice and quorum for any Action Authorized Under Section 4 and 5. The quorum required for any action authorized in Section 4 of this Article will be as follows:

At the first meeting called, as provided in Section 4 of this Article, the presence at the meeting of Members, or of proxies, entitled to cast fifty percent (50%) of all the votes of the membership will constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Section 4 of this Article, and the required quorum at any such subsequent meeting will be one-half (2) of the

required quorum at the preceding meeting, provided that no such subsequent meeting will be held more than six (6) days following the preceding meeting.

Section 6. Duties of the Board of Directors. The Board of Directors of the Association will fix the date of commencement and the amount of the assessment against each Lot for each assessment period at least thirty (30) days in advance of such date or period and will, at that time, prepare a roster of the properties and assessments applicable thereto which will be kept in the office of the Association and will be opened to inspection by any Owner.

Written notice of the assessment will thereupon be sent to every Owner subject thereto.

The Association will upon demand at any time furnish to any Owner liable for said assessment, a certificate in writing signed by an Officer of the Association, setting forth whether said assessment has been paid. Such certificate will be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 7. Effective of Non-Payment of Assessment: The Personal Obligation of the Owner: The Lien: Remedies of Association. If the assessments are not paid on the date when due (being the dates specified in Section 7 of this Article), then such assessment will be delinquent and will, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon becoming a continuing lien on the Owner's interest in the improvements on any Lot which will bind such property in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such assessment, however, will remain his personal obligation for the statutory period and will not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the delinquency date or a written arrangement for payment consented to by the Association, the assessment will bear interest from the date of delinquency at the highest rate allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the property, and there will be added to the amount of such assessment a charge to be determined by the Association of at least Fifty Dollars (\$50.00) for the cost of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment will include interest on the assessment as above provided and a reasonable attorney's fee of at least Fifty Dollars (\$50.00) to be fixed by the Court together with the costs of this action. For purposes of this Section, the amount of delinquent assessment, and accrued interest, will be considered evidenced by this paragraph and therefore, evidence of indebtedness will exist hereby.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein will be subordinate to the lien of any first deed of trust now or hereafter placed upon the improvements on any Lot subject to assessment; provided, however, that such subordination will apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, a deed of foreclosure under power of sale or any other transfer in lieu of foreclosure. Such sale or transfer will not relieve such Lot from

liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

Section 9. Exempt Property. The following property subject to this Declaration will be exempt from the assessments, charges and lien created herein: (a) all properties to the extent of any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use; and (b) all Common Area as defined in Article I, Section 1, hereof.

ARTICLE VI RIGHTS OF FIRST MORTGAGEES

Section 1. First mortgagees will have the right, upon request and during normal business hours, to examine the books and records of the Association.

Section 2. Upon its written request, the holder of a first mortgage upon a Lot and OCHLT will be entitled to written notification of any default by the Owner of said Lot in the performance of his obligations pursuant to this Declaration or the Bylaws of the Association, if such default is not cured within thirty (30) days.

Section 3. One or more mortgagees of Lots may, jointly or singularly, in respect to the Common Area, pay taxes or other charges that are in default and have or may become a charge against it, pay overdue hazard insurance coverage after policy lapse. The parties making such expenditures will be entitled to immediate reimbursement from the Association.

Section 4. Without having first received written approval from at least Seventy-Five percent (75%) of the first mortgagees (based upon one vote for each mortgagee) of the Lots, the Association may not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the real property which is owned, directly or indirectly, by the Association; provided, however, that the granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the Association will not be deemed a transfer within the meaning of this clause;

(b) change the method of determining the obligations, assessments, due or other charges that may be levied against the Owner of a Lot;

(c) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Living Units, or the upkeep of lawns and planting in the Properties;

(d) fail to maintain hazard insurance on insurable improvements upon the Common Area, if any, in an amount less than One Hundred percent (100%) of the current insurable replacement cost; or

(e) use hazard insurance proceeds from losses to any Common Area for other than the repair, replacement or reconstruction of such improvements.

ARTICLE VII ARCHITECTURAL AND GROUNDS COMMITTEES

Section 1. Review by Committee. No building, fence, wall or other structure nor any exterior painting, planting or landscaping change (other than on the inside of a fenced area) will be commenced, erected or maintained upon the Properties by other than the Declarant nor will any exterior addition to or change or alteration therein be made until the plans and specifications shown the nature, kind, shape, height, materials, and location of the same will have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural review committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fail to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been complied with fully. The Association will have the right to bring an action to enjoin any activity taken in violation of this Article.

ARTICLE VIII EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance. In addition to maintenance of the General and Limited Common Area and the facilities located therein, the Association will provide exterior maintenance upon each Lot which is subject to assessment hereunder as follows:

a. Maintenance to be performed by the Association on Improvements to Lots: The Association will be responsible for the maintenance, repair, and replacement of the exterior surfaces of the Living Units including roofs (including sheathing), siding (including plywood and sheathing, periodic painting and pressure washing) and foundations. The Association will also be responsible for the maintenance and repair of decks, porches, and sidewalks but not for glass surfaces, windows and doors and their frames (unless repairs are for damages caused by lack of regular and/or proper painting of door and window units) screens, skylights, and electrical fixtures.

The Association will not be responsible for the repair and maintenance of any utility connections for Gas, Electric, Water, Sewer, Telephone or Cable TV or any other utility. Nor will the Association be responsible for repair or replacement of trees, shrubs, grass, walks or any landscaping necessitated by repairs by a homeowner or utility company to any utility connection.

The obligation of the Association to provide exterior maintenance hereunder is limited to that made necessary as a result of normal wear and tear, and such obligation will specifically exclude any repair or replacement required as a result of damage or destruction that would normally be an insured loss under an individual homeowners policy, or that is caused by a defect in materials used or that is a result of a builder defect. An example here would be the replacement of defective siding because of defective material and the subsequent painting of newly installed siding. The Association has the authority to accept areas of maintenance which may be described from time to time in an Exterior Maintenance Policy and approved by the Board of Directors, including any maintenance that may be prohibited in this section, but all maintenance that is not specifically described by this Article, or that is not specifically accepted by the Association and will be the responsibility of the owner.

The Association will maintain additions or improvements to lots only if the Architectural Review Committee has approved them, unless otherwise noted in the approval for that addition or improvement.

Section 2. Remedy for Owners Failure to Maintain. Each Owner has the responsibility for all maintenance of his lot that is not described above in Section 1 as being the responsibility of the Association. In the event any Owner does not perform such exterior maintenance upon such Owner's Lot or the Living Unit constructed thereon, which may be deemed necessary in the opinion of the Association, the Association will have the right, through its agents and employees, after approval by two-thirds (2/3) vote of the Board of Directors, to enter upon said Lot and to repair, maintain, and restore the Lot or exterior of the Living Unit erected thereon, and the cost of such exterior maintenance plus a surcharge of 15% for administration will be assessed in accordance with Section 3 of this Article.

Section 3. Assessment of Cost. In the event that the need for maintenance or repair of a lot or the improvements thereon is caused through the willful or negligent acts of its owner or his family, tenants, contract purchasers, guests, or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, or smoke, as the foregoing are defined and explained in North Carolina standard fire and extended coverage insurance policies, the cost of any such maintenance, replacement, or repairs that would normally be the responsibility of the Association will be assessed against the Lot upon which such maintenance is done and will be added to and become part of the Special assessment or charge to which such Lot is subject under Article V hereof and, as part of such Special assessment or charge, it will be a lien and obligation of the Owner and will become due and payable in all respects as provided in Article V hereof.

Section 4. Access at Reasonable Hours. For the purposed solely of performing the exterior maintenance required by this Article, the Association, through its duly authorized agents or employees will have the right, after reasonable notice to the Owner, to enter upon any Lot at reasonable hours on any day.

**ARTICLE IX
INSURANCE**

Section 1. Ownership of Policies. Contracts of insurance upon the Properties will be purchased by the Association for the benefit of the Association, and the Owners and their mortgagees, as their interests may appear. Owners may, at their option, obtain insurance coverage at their own expense upon their own contents, betterments, and personal property, for their personal liability and living expense, and such other coverage as they may desire. The Association may re-evaluate its master insurance coverage from time to time and may provide for such insurance coverage as it deems appropriate.

Section 2. Coverage. All buildings and improvements upon the Properties and all personal property included in the Common Area and facilities will be insured in an amount equal to at least one hundred percent (100%) of their insurable replacement value as determined annually by the Association with the assistance of the insurance company underwriting the coverage. Such coverage will provide protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and such other risks as from time to time will be customarily covered with respect to buildings on the land.

In its discretion the Association may require that all persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association will first be bonded by a fidelity insurer to indemnify the Association from any loss by reason of default in the performance of their duties. Such fidelity insurance or bond may be obtained at the expense of the Association.

Said policies will contain clauses providing for waiver of subrogation, if possible. Public liability insurance will be secured by the Association with limits of liability of no less than One Million Dollars (\$1,000,000) per occurrence and will include an endorsement to cover liability of the Owners as a group to a single Owner. There will also be obtained such other insurance coverage as the Association will determine from time to time to be desirable and necessary.

Section 3. Premiums. Premiums for contracts of insurance purchased by the Association will be paid by the Association and charged ratably to the Owners as an assessment according to the provisions of Article V above.

Section 4. Proceeds. All contracts of insurance purchased by the Association will be for the benefit of the Association, the Owners and their mortgagees, as their interests may appear, and will provide that all proceeds thereof will be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association as insurance trustee will be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein or stated in the By-laws and for the benefit of the Owners and their mortgagees in the following shares:

(a) Proceeds on account of damage to Common Areas and facilities held for the Association.

(b) Proceeds on account of damage to Lots and improvements thereon be held in undivided shares for the Owners of damaged Lots and improvements in proportion to the cost of repairing the damage suffered by each Owner, which cost will be determined by the Association.

(c) In the event a mortgage endorsement has been issued with respect to an improved Lot, the share of the Owner will be held by the Association in trust for the mortgagee and the Owner as their respective interests may appear.

Section 5. Distribution of Insurance Proceeds. Proceeds of contracts of insurance received by the Association, as insurance trustee will be distributed to or for the benefit of the beneficiary or beneficiaries thereof in the following manner:

(a) Reconstruction or Repair. The proceeds will be paid first to defray the cost of reconstruction and repair of casualty so covered.

(b) Expense of the Trust. Any expense of the insurance trustee may be paid from proceeds after payment of reconstruction or repair expenses. Any proceeds remaining thereafter will be distributed to the beneficiary or beneficiaries of the trust.

ARTICLE X PARTY WALLS

Section 1. General Rules of Law to Apply; Easement. Each wall which is built as part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots, and all reconstruction or extensions of such walls, will 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 of liability for property damaged due to negligent or willful acts or omissions will apply thereto. Each owner grants to the adjacent townhome lot owner(s) easements for minor encroachments of the party walls over the lot lines.

Section 2. Sharing of Repair and Maintenance. The conveyance of each Lot separated from any Lot by a party wall will include an undivided interest and so much of the width of the entire length of said party wall separating such Lot from the adjoining Lot as is located on said Lot together with a grant of easement of lateral support for such party of said wall as is situated on the adjoining Lot, and there will be reserved in the conveyance of each of said Lots a like easement of lateral support. The cost of reasonable repair and maintenance of the party wall will be shared by the Owners who make use of the wall in proportion to such use. Whenever a party wall or any part thereof will be rebuilt, it will be constructed on the same site and will be of the same size and of the same or similar materials of like quality as the party wall prior to such repair or reconstruction.

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 adjoining Owner thereafter makes use of said wall, such Owner will contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owner to call for a larger contribution from the other Owner under any rule of law regarding liability or negligent or willful acts or omissions as respects party walls.

Section 4. Weather Proofing. Notwithstanding any other provisions of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements will bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right of Contribution Runs With the Land. The party walls constructed in accordance with this Article will be and will remain party walls for the perpetual use and benefit of the Owners of the Lots burdened by such party walls and said Lots will be conveyed subject to the covenants, restrictions, reservations and servitudes set forth herein. The right of any Owner to contribution from any other Owner under this Article will be appurtenant to the land and will pass to such Owner's successors in title.

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

ARTICLE XI GENERAL PROVISIONS

Section 1. Prohibited Uses. No Lot or Living Unit will be used for any purpose that is not permissible under applicable governmental residential zoning regulations or the Master Declarations.

Section 2. Prohibited Activities. No noxious or offensive trade or activity will be carried on upon or in any Lot or Living Unit, nor will anything be done thereon or therein which may be or become an annoyance or nuisance to the neighborhood. Home occupations or business that are not discernable outside of the Lot or Living Unit are permitted. A home occupation or business is discernable outside of the Lot or Living Unit, if it has any noticeable impact on any other Living Unit or on the Common Areas. Impacts would include, but not be limited to, noise, odors, automobile traffic and additional demands on parking in the common areas. Notwithstanding the foregoing limitation, a home business or occupation which has discernable impacts may be permitted with the approval of a majority of the Class A members of the Association in attendance at a regular or special meeting of the members of the Association where all members have been given fifteen days prior notice that the issue will be put to a vote.

Section 3. Temporary Structures Prohibited. No trailer, mobile home, tent, shack or garage will at any time be used for human habitation temporarily or permanently, nor will any structure of a temporary character be used for human habitation.

Section 4. Signs. No commercial signs, with the exception of a "For Sale" or "For Rent" sign, no more than two feet in width and three feet in height, will be erected or maintained on any Lot or common areas without advance permission of the Board of Directors.

Section 5. Adoption of Rules. The Board of Directors will have the authority to adopt rules for the use of the Common Area and any Lot and will furnish a written copy of said rules to the Owners. Any violation of such rules will be punishable by fine and/or suspension of the voting rights. The Board of Directors will also have the power to adopt rules and regulations which prohibit or limit the types of animals or household pets which may be kept in or about the Lots or Living Units and which govern their allowance upon the Common area.

Section 6. Duration. The covenants and restrictions of this Declaration shall run with and bind the land, and will inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty (20) years from the date this Declaration is recorded, after which time said covenants will be automatically extended for successive periods of ten (10) years.

Section 7. Amendment. This Declaration may be amended by the approval of at least seventy-five percent (75%) of the Members cast in person or by proxy at a meeting duly called for this purpose, written notice of which, including the subject matter of the proposed Amendment, will be sent to all Members at least thirty (30) days in advance. Any such Amendment will become operative and binding upon all Members and their properties when set forth in an Amendment and recorded in the Office of the Register of Deeds of Orange County, North Carolina.

Section 8. Addition of Recreational Facilities. The Declarant will not add any recreational facilities as amenities for the Association without first obtaining the written consent of the Board of Directors.

Section 9. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration will be deemed to have been properly sent when mailed, or otherwise delivered, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 10. Enforcement. Enforcement of this Declaration will be by any preceding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to enforce any lien created by these covenants; and failure by the Association or any Owner to enforce any covenant or restriction herein contained will in no event be deemed a waiver of the right to do so thereafter.

Section 11. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order will in no wise affect any other provisions that will remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Amendment the day and year first above written.

Orange Community Housing and Land Trust

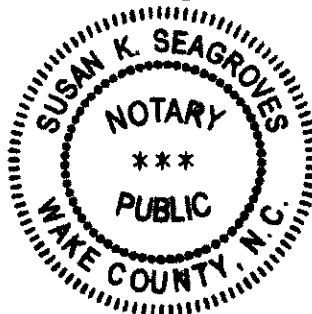
By: Alison Weiner
President

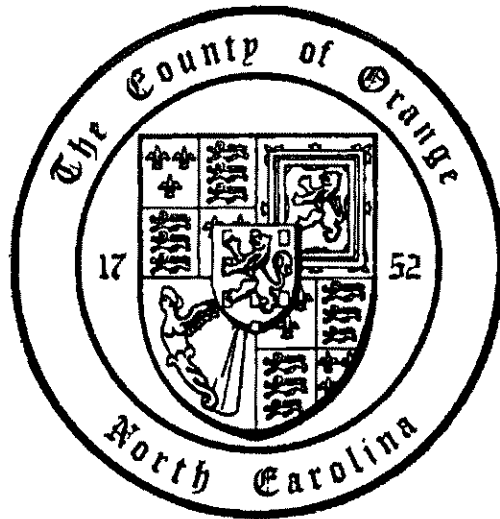
NORTH CAROLINA
Orange COUNTY

Susan K. Seagroves
I, Alison Weiner, a Notary Public of the State and County aforesaid, certify that Alison Weiner personally appeared before me this day and acknowledged that he/she is President of Orange Community Housing and Land Trust, a corporation, and that he/she as President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and seal this the 2nd day of May, 2002.

Susan K. Seagroves
Notary Public
My Commission Expires: 11-22-2003





Joyce H. Pearson
Register of Deeds
Orange County
North Carolina

FILED
02 MAY 2002, at 02:56:06pm
Book 2580, Page 506 - 520
Joyce H. Pearson
Register of Deeds,
Orange County, N. C.

see

State of North Carolina, County of Orange

The foregoing certificate/s of Susan K. Seagroves, Notary/Notaries Public for the Designated Governmental units is/are certified to be correct. See filing certificate herein.

This day May 2, 2002

JOYCE H. PEARSON, REGISTER OF DEEDS By:

Linda E. Clayton
Deputy/Assistant Register of Deeds

