

PREPARED BY: Glenamar LLC

HOLD FOR:

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P.O. Box 72365
Durham, NC 27712

FOR REGISTRATION REGISTER OF DEEDS
WILLIE L. COVINGTON
DURHAM COUNTY, NC
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STATE OF NORTH CAROLINA

COUNTY OF DURHAM

**DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR YORK WOODS TOWNHOMES**

THIS DECLARATION, made on the date hereinafter set forth by GLENAMAR, LLC, d/b/a GLENAMAR DEVELOPMENT GROUP, a North Carolina Limited Liability Company, hereinafter referred to as the "Declarant";

WITNESSETH:

WHEREAS, the Declarant has contractual rights to purchase or has purchased a portion of certain property containing 6.161 acres more or less in the City of Durham, Durham County, North Carolina, a portion of which is more particularly described as "York Woods Townhomes" as shown on plat of survey prepared by S.D. Puckett & Assoc. Inc, dated September 13, 2000 and recorded in Plat Book 150, Page 95, Durham County Registry.

WHEREAS, Declarant will convey the said properties, subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth;

WHEREAS, Declarant desires to provide for the preservation and enhancement of the property values, amenities and conceptual intent of York Woods Townhomes, for the maintenance of Common Properties and improvements thereon as described herein, and accordingly desires to subject the Property, together with such additions and/or deletions as may hereafter be made, to the covenants, restrictions, easements, affirmative obligations, charges, and liens as hereinafter set forth, (the "Declaration" as herein defined) each and all of which is hereby declared to be for the benefit of said Property and each and every owner of any and all parts thereof; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities of York Woods Townhomes to create an agency to which shall be delegated and assigned the power and authority of owning, maintaining and administering the Common Properties as defined herein, administering and enforcing the covenants and restrictions governing said Common Properties, collecting and disbursing all assessments and charges necessary for such activities, and promoting the recreation, health, safety, and welfare of the residents;

NOW, THEREFORE, Declarant hereby declares that all of York Woods Townhomes, containing 6.161 acres as shown on a subdivision map of York Woods Townhomes, recorded in Plat Book 150, Page 95, Durham County Registry, above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the real property. These easements, covenants, restrictions and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE I - DEFINITIONS

Section 1. "Amenities" shall mean the facilities constructed, erected or installed on the Common Areas for the use, benefit and enjoyment of Members.

Section 2. "Architectural Control Committee" shall be referred to herein as "ACC".

Section 3. "Association" shall mean and refer to YORK WOODS HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 4. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 5. "Common Expenses" shall mean and include:

- (a) Expenses for maintenance of the Property, as provided in this Declaration;
- (b) Expenses of administration, maintenance, repair, or replacement of the Common Areas;
- (c) Expenses declared to be common expenses by the provisions of this Declaration or the Bylaws;
- (d) Hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require the Association to purchase;

(e) Ad valorem taxes and public assessment charges lawfully levied against common areas;

(f) Expenses agreed by the members to be common expenses of the Association;

Section 6. "Common Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the owners. All "Common Areas" are to be devoted to and intended for the common use and enjoyment of the Owners, subject to the fee schedules and operating rules adopted by the Association.

Section 7. "Declarant" shall mean and refer to GLENAMAR DEVELOPMENT GROUP and its successors and assigns to whom the rights of Declarant hereunder are expressly reserved or transferred, in whole or in part, and subject to such terms and conditions as the Declarant may impose.

Section 8. "Dwelling" shall mean and refer to a place of residence constructed upon a Lot within the Property.

Section 9. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties on which such plot appears (provided said map has been approved by Declarant), with the exception of the Common Area and Limited Common Areas, if any. It is recognized that Common Area and Limited Common Areas and easements may be portions of a Lot.

Section 10. "Lot in Use" shall mean and refer to any lot on which a dwelling unit has been substantially constructed and made substantially ready for occupancy as a dwelling unit. It is the intent that when a dwelling is ready for occupancy, excepting final punch list items and decorative items to be selected by a home buyer, that the dwelling be subject to payment of full Association dues. In the event of a dispute, the ruling of the ACC shall be binding. In addition to the foregoing, a Lot may become a Lot in Use by contractual agreement between the Declarant and the Owner of such lot. Any dwelling for which a Certificate of Occupancy has been issued will be regarded as a "Lot in Use".

Section 11. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 12. "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 Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation such as a transfer in a deed of trust.

Section 13. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee, or other legal entity.

Section 14. "Property" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 15. "York Woods Townhomes" or "Property" shall mean and refer to that certain real property described in Exhibit A attached hereto and incorporated by reference and such additions and/or deletions thereto as may hereafter be brought within or taken from the jurisdiction of the Association as subjected to this Declaration or any Supplemental Declaration.

ARTICLE II

PROPERTY AND PROPERTY RIGHTS IN THE COMMON AREAS

Section 1. *Property Made Subject to Declaration.* The Property is hereby made subject to this Declaration and the Property shall be owned, held, leased, transferred, sold, mortgaged and/or conveyed by Declarant, the Association and each Owner subject to this Declaration and the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens set forth in this Declaration.

Section 2. *Annexation/Removal of Property.* If Declarant is the owner from time to time of any property ("Additional Property") which it desires to add to the scheme of this Declaration, it may do so by filing of record a Supplemental Declaration (herein so called) which shall extend the scheme of this Declaration to such Additional Property; provided, however, that such Supplemental Declaration as applied to the Additional Property covered thereby, may include such specific additional controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens as may be set forth in such Supplemental Declaration; and if a person or entity other than Declarant desires to add property to the scheme of this Declaration, such property may only be added with the assent of two thirds (2/3) of the votes of Class A and Class B members, if any. If Declarant, in the development process, deems it appropriate not to include subsequent phases in the Association, the Declarant has such right under this Declaration. It is anticipated that the Declarant will annex all the land described in Exhibit B. Declarant reserves the right to annex other land contiguous to the land subject to this Declaration.

Section 3. *Contents of Supplemental Declaration.* Each Supplemental Declaration shall set forth the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens to which the Additional Property covered thereby shall be subject. Such controls, covenants, conditions, restrictions, easements, development guidelines, charges and

liens may contain additions, deletions and modifications from those contained in this Declaration, as the parties subjecting such Additional Property to the scheme of this Declaration may desire; provided if such party is other than Declarant, as a condition to such party's right to so impose such additions, deletions or modifications, such party must obtain the prior written consent thereto of Declarant and the Association, acting through its Board. In no event, shall such Supplemental Declaration revoke, modify or add to the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens established by this Declaration or a previously filed Supplemental Declaration as it applies or they apply to the Property or to previously added Additional Property except as provided in Section 5 of this Article. All common properties contained in Additional Property will be conveyed to the Association in conformity with Article II, Section 7 "Title To Common Area".

Section 4. Merger or Consolidation. Upon a merger or consolidation of the Association with another association which is a nonprofit corporation composed of owners of Additional Property, the properties, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the property, rights and obligations of the Association as the surviving corporation pursuant to a merger. The surviving or consolidated association shall be considered the Association and shall administer the terms and provisions of this Declaration and any applicable Supplemental Declarations, if any, affecting the portions of the Property in the jurisdiction of such Association, together with the covenants and restrictions established upon any other properties, as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the terms and provisions of this Declaration or any Supplemental Declaration pertaining to the Property or any portion thereof except as specifically provided in this Declaration.

Section 5. Members' Easements of Enjoyment. Subject to the provisions of these Covenants and the rules and regulations of the Association, every member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall run with the title of every lot, subject to the following restrictions set forth in Section 9 hereof.

Section 6. Delegation of Use. Any Member may delegate in accordance with the By-Laws of the Association, his right to enjoyment to the Common Properties and facilities to the members of his family, his tenants, or contract purchasers who reside on such Members' Lot.

Section 7. Title to Common Area. The Declarant hereby covenants, for itself, its successors and assigns that it shall convey fee simple title to the Common Area shown on the aforementioned map recorded in Plat Book 150, Page 95, Durham County Registry, to the Association. Similarly, the Declarant will convey to the Association Common Areas which are parts of the Property as those portions are annexed in the future until all Common Areas, as shown on recorded plats have been conveyed to the Association.

Section 8. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, in accordance with its Articles of Incorporation, to borrow money for the purpose of improving the Common Properties and in aid thereof to mortgage said properties subject to the provisions of Article XI, Section 2 of this Declaration. The right to borrow money must be subordinated to the Declaration. The Association may not use easement property as security for any loan.

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

(c) The right of the Association to give, sell or lease all or any part of the Common Properties to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift, sale or lease shall be effective unless authorized by the vote of two-thirds (2/3) of the members of each class of Members at a duly called meeting and unless written notice of the proposed action is sent to every Member at least twenty (20) days in advance of any action taken. A true copy of such resolution together with a certificate of the result of the vote taken and a certificate of mailing executed by the Secretary of the Association or the managing agent and such certificate shall be annexed to any instrument affecting the Common Properties, prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership.

ARTICLE III - MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment 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. No Owner shall have more than one membership per Lot. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors may make reasonable rules as to proof of ownership of a Lot.

ARTICLE IV - VOTING RIGHTS

Section 1. The Association shall leave two classes of voting Membership and fractional voting shall not be permitted.

Class A. Class A members shall be all those Owners as defined in Article III with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article III. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Article III, 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 Class A membership exceeds the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in Subparagraph (b) below, such additional lands are annexed to the Properties without the assent of Class A members on account of the development of such additional lands by the Declarant, all as provided for in Article II, Section 2 above, or

(b) on December 31, 2005.

Section 2. Voting Right Suspension. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and for any period during which any assessment of a member remains unpaid according to the provisions of Article IV, Section 8 of the By-Laws.

ARTICLE V - PROPERTY RIGHTS

Section 1. Members' Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Common Area (including access, ingress, and egress to and from public streets and walkways) and such easement shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

(a) The right of the Association, in accordance with its Articles and Bylaws and with the assent of members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property unless prohibited by law, and the rights of such mortgagee in said properties shall be subordinate to the rights of the homeowners hereunder;

(b) 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; provided, however, that no conveyance of Limited Common Area shall deprive any Member of the full use thereof. No such dedication or transfer shall be effective unless an instrument signed by Members entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Member not less than 30 days nor more than 60 days in advance.

(c) The right of the Association to transfer portions of the common area to the Declarant under circumstances whereby the Declarant or Builder has inadvertently placed a lot or constructed a townhome which encroaches into the common area. In such cases the Declarant shall deed back to the Association an equal amount of common area.

Section 2. Delegation of Use. Any Member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

Section 3. Restricted Parking Rights. No boats, trailers, campers, motor homes, limousines, trucks, tractors or similar personal property owned by a Member, his guests, family members or tenants shall be parked within the right of way of any public or private street in or adjacent to the Property; nor shall any of these be parked on the Properties except in an enclosed garage, or in areas if any designated by the Association. Members shall keep their garage doors closed at all times excepting ingress and egress into and out of said garage. The Association shall have the right to adopt appropriate rules for the temporary parking of these items on the Properties.

Section 4. Antennas and Satellite Receiving Devices. The erection of antennas and/or satellite receiving devices of any kind whatsoever on individual Lots shall be prohibited unless specifically approved by the ACC established herein below, which ACC shall have the absolute discretion in permitting or denying any request by a townhome owner. The granting of permission to certain townhome owners to erect an antenna or satellite device shall not be deemed consent or permission for other owners to erect the same or similar devices. The ACC should take into consideration the aesthetics of the placement of any such devices as to other owners and the general public, and the overall effect on the Properties.

ARTICLE VI - COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each owner of any Lot by

acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(a) annual assessments or charges, and

(b) 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 attorneys fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, cost 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.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property and in particular for the acquisition, improvement and maintenance of properties, including the maintenance, repair and reconstruction of any easements situated on the Common Area. Assessments are also to be used for services and facilities devoted to this purpose and related to the exterior maintenance of the residences situated upon the Properties or for the use and enjoyment of the Common Area, including but not limited to, the cost of repairs/replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Area.

Section 3. Exterior Maintenance and Exclusions. In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, mailboxes, fences installed by Declarant or the Association, exterior post lights (excluding electricity or power thereof), and other exterior improvements. Such exterior maintenance shall not include glass surfaces, or the repair or reconstruction of any improvements on any lot, the cost of which repair or reconstruction would normally be covered by casualty insurance, whether or not a policy of casualty insurance is in effect. Further, the owner of any lot may, upon approval from the ACC, plant trees, shrubs, flowers and grass in his yard and may also maintain portions or all of his yard provided that such maintenance by the owner does not hinder the Association in performing its maintenance of the exterior of the house and the remaining yard spaces. No such maintenance by a lot owner shall reduce the assessment payable by him to the Association. If, in the opinion of the association any such owner fails to maintain his yard in a neat and orderly manner, the Association may revoke the owner's maintenance rights for a period not to exceed one year. The Owner shall not plant any vegetation in the front yard except with the prior written approval of the Architectural Control Committee.

In addition to those items excluded from maintenance and repairs by the Association hereinabove described, the maintenance responsibility of the Association shall not include garage

doors and all other doors of whatever nature and wherever located, windows, window screens, porches, decks and stairs and driveways in their entirety.

(As a matter of information to future members of this Association, the developers wish to make it known that it is a part of the original plan of development to construct a variety of dwellings with a variety of exteriors for the good of the entire subdivision. Some dwellings will require more maintenance than others because of the types of exterior exposures. Nevertheless, in order to avoid monotony and in order to achieve a harmony of design and textures, all of those connected with the conception, design and construction of this subdivision as originally planned, are in accord in their belief that all members of the Association will be benefited by the variety of exteriors and, therefore, the Association should provide exterior maintenance and make a uniform rate of charge without regard to the actual cost of maintenance of each particular dwelling.)

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, or guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such lot is subject.

Section 4. Amount of Assessment.

(a) **Capital Reserve Fund.** The capital reserve fund shall not be in excess of Five Hundred Dollars (\$500.00) per Lot in Use payable at closing. The exact amount of which shall be determined from time to time by the Association.

(b) **Increase by Association.** From and after December 31, 2001, the annual assessment effective for any year may be increased by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the greater of ten percent (10%) or the percentage increase reflected in the U.S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates (published by the U.S. Bureau of Labor Statistics, Washington, DC), or such other Index as may succeed the Consumer Price Index, for the twelve-month period ending the immediately preceding October 1.

(c) **Increase by Members.** From and after December 31, 2001, the annual assessment may be increased by a percentage greater than permitted by this Article by an affirmative vote of a majority of each class of members who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(d) **Criteria for Establishing Annual Assessment.** The original annual assessment shall not exceed Twelve Hundred Dollars, (\$1,200.00), to be paid in equal quarterly installments due on the first calendar day of each quarter, beginning on January 1 of each year. In establishing the annual assessment for any subsequent assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not increase the annual assessment in an amount in excess of the greater of ten percent (10%) or the sums derived by application of the consumer Price Index formula provided in subsection (b) without the consent of the Members required in subsection (c) of this Section 4.

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 in part, the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the common area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The amount of the proposed assessment need not be stated.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and Lots in Use, on a per Lot and per Lot in Use basis, and may be collected on either a monthly, quarterly, semiannual or annual basis.

Section 7. Quorum for any Action authorized under Section 4 or 5 of this Article, the presence at the meeting of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, subsequent meetings may be called, subject to the notice requirement set forth in Sections 4 or 5, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the next preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the next preceding meeting.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided herein for Lots in Use may be paid in installments and the payment of such shall commence as to each Lot in Use on the first day of the first month following the date on which the first lot has become a Lot in Use. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer

of the Association or by its management company, setting forth whether the assessments on a specified lot have been paid. A reasonable charge may be made for providing this information. A properly executed certificate of the Association or its Management Company as to the status of assessments on a 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 assessments or portion thereof which are not paid when due shall be delinquent. The Board of Directors of the Association shall have the power to establish when dues and assessments are delinquent and the late charges or penalties as a result of any delinquencies, and the rate of interest applicable to late payments. The Association may bring an action against the owner personally obligated to pay the same, and interest, costs, late payment charges and reasonable attorney's fees resulting from any such action shall be added to the amount of such assessment. If any law permits the filing of a lien and the foreclosure of such lien, or other similar action, as a method of enforcement of the Association's right to collect assessments, the Association may use such remedy. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the common area or abandonment of his Lot.

Section 10. Special Individual Assessments. The Board may impose fines against any Lot and such fines shall be treated as a Special Assessment otherwise due to the Association, and as such will be a lien against the Owner's Residential Unit or Lot. Fines shall be paid not later than thirty (30) days after notice of the imposition or assessment of the fines. These fines shall not be construed to be exclusive, and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; however, any fine paid by the offending owner(s) shall be deducted from or offset against any damages that the Association may otherwise be entitled to recover by law from such Owner. Fines shall be as follows:

- (a) First non-compliance or violation: a fine not in excess of Fifty Dollars (\$50.00).
- (b) Second non-compliance or violation: a fine not in excess of One Hundred Dollars (\$100.00).
- (c) Third and subsequent non-compliance, or violation or violations that are of a continuing nature: a fine not in excess of One Hundred Dollars (\$100.00) for each week of continued violation or non-compliance.

Section 11. Effect of Nonpayment of Assessment. If an assessment is not paid when due, the Association may bring an action at law against the Owner personally or foreclose the lien against the Lot, and there shall be added to the amount of such assessment the costs of collection, including reasonable attorneys' fees and expenses, and interest as established by the Board. No Owner may waive or escape liability for the assessments provided for herein by non-use of the Common Properties or abandonment of his Lot. Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents or assigns, the right and power to bring all actions against such Owner or Member personally liable for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the

enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or a deed of trust lien on real property and such Owner hereby expressly grants to the Association a power of sale in connection with foreclosure of said Lien. The Lien provided for in this action shall be in favor of the Association.

Section 12. Subordination of the Lien To Mortgages. The lien of the assessments provided for herein on any Lot shall be subordinate to the lien of any first mortgage on such Lot. The transfer of any lot 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. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 13. Omission of Assessments. The omission of the Board, before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

ARTICLE VII - PARTY WALLS

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

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

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. In such event, every member shall be responsible for payment of the deductible required under said policy of insurance.

Section 3A. Individual Insurance. Each Owner shall be required to obtain and continue in effect adequate blanket all-risk casualty insurance on their respective Unit(s). Such insurance shall be in such form as the Board shall deem appropriate and shall be in an amount sufficient to

cover one hundred percent (100%) of the replacement cost of the Unit(s) so covered in the event of damage or destruction from any insured hazard. Each Owner shall provide to the Association on or before the date of closing of said Owner's purchase of the Unit(s), a certificate establishing to the satisfaction of the Association that the Owner has obtained insurance.

All such insurance coverage obtained by each Owner shall be written to include the name of the Association as an additional insured party. Such insurance shall be governed by the provisions hereinafter set forth:

- (a) All policies shall be written with a company licensed to do business in North Carolina which holds a Best's rating of A or better and is assigned a financial size category of XI or larger as established by A.M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.
- (b) Exclusive authority to adjust losses under policies in force on the Property obtained by the Owners shall be vested in the Board, provided, however, no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.
- (c) All property insurance policies shall have a guaranteed, replacement cost endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Durham County, North Carolina, area.
- (d) Each owner shall be required to secure insurance policies that will provide the following:
 - (i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its managers, the Owners, and their respective tenants, servants, agents, and guests;
 - (ii) a waiver by the insurer of its rights to repair and construct instead of paying cash;
 - (iii) that no policy may be canceled, invalidated, or suspended on account of the conduct of any Owner, or any Director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner or mortgagee;
 - (iv) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and
 - (v) that the Owner and the Association will be given at least thirty (30) days prior written notice of any cancellation, substantial modification or nonrenewal.

Each Owner shall additionally be responsible for obtaining contents insurance on any of his possessions within the Unit or any personal property of the Owner and liability insurance for matters occurring within the Units, the Association having no responsibility for obtaining such insurance. Any renter of a Unit shall be required to obtain an HO4 Renter's Policy with a minimum Three Hundred Thousand Dollar (\$300,000.00) liability coverage limit.

Section 4. The owner of any Lot may construct, reconstruct, repair, or extend a party wall in any direction (subject to and within the limitations of architectural control and other limitations of these Covenants) with the right to go upon the adjoining Lot to the extent reasonably necessary to perform such construction. Such construction 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.

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. Certification by Adjoining Property Owner That No Contribution is Due. If any Owner desires to sell his property, he may, in order to assure a prospective purchaser that no adjoining property owner has a right of contribution as provided in this Article V, request of the adjoining property owner or property owners a certificate that no contribution exists, whereupon it shall be the duty of each adjoining property owner to certify whether or not a claim of contribution exists.

Section 8. Arbitration. In the event of any dispute arising concerning party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided by the laws of North Carolina, relating to arbitration as then existing.

ARTICLE VIII - ARCHITECTURAL CONTROL

Section 1. The Architectural Control Committee ("ACC") shall consist on one (1) or more persons designated by the Declarant. At such time as Declarant no longer owns any real property within the Properties (or earlier if the Declarant shall surrender this right in a written instrument in recordable form executed by Declarant), the Declarant shall assign to the Association the rights, powers, duties and obligations of the ACC, whereupon the Board shall appoint three (3) or more persons as the Members of the ACC. This Article may not be amended

without the Declarant's written consent so long as the Declarant owns any real property subject to this Declaration or subject to annexation to this Declaration.

No building, flags, sign, except Builder's signage, fence, outside lighting, hedge, wall, walk, antenna, clothesline or other structure or planting shall be constructed, erected or planted until their plans and specifications showing the nature, kind, shape, height, elevation, materials, floor plans, color scheme, and location with respect to the topography and finished ground elevation shall have been submitted to and approved in writing by the ACC. The ACC shall have the right to refuse to approve any plans and specifications which are not suitable nor desirable, in its sole discretion, for aesthetic or any other reasons, provided such approval is not unreasonably withheld. In approving or disapproving such plans and applications, the ACC shall consider the suitability of the proposed building, improvements, structure or landscaping that is proposed to be erected, the harmony thereof with the surrounding area and the effect thereof on an adjacent or neighboring property. In the event the ACC shall fail to specifically approve or disapprove the plans and specifications submitted in final and complete form within thirty (30) days after written request for final approval or disapproval, such plans and specifications shall be deemed approved.

There is specifically reserved unto the ACC, the right of entry and inspection upon any Lot for the purpose of determination by the ACC whether there exists any construction of any improvement which violates the terms of any approval by the ACC or the terms of this Declaration or of any other covenants, conditions and restrictions to which its deed or other instrument of conveyance makes reference. The ACC and the Board of Directors is specifically empowered to enforce the provisions of this Declaration by any legal or equitable remedy, and in the event it becomes necessary to resort to litigation to determine the propriety of any constructed improvements, or to remove any unapproved improvements, the prevailing party shall be entitled to recovery of all court costs, expenses and reasonable attorney's fees in connection therewith.

The Association, Declarant, ACC or any officer, employee, agent, director or member thereof shall not be liable for damages to any persons submitting plans and specifications for approval by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval, disapproval or failure to approve any plans and specifications. Every person who submits plans and specifications for approval agrees, by submission of such plans and specifications, that it will not bring any action or suit against the Association, Declarant or ACC to recover any such damages.

Section 2. If, in the event information submitted to the ACC is, in its opinion, incomplete or insufficient in any manner, it may request and require the submission of additional or supplemental information.

Section 3. Unless specifically excepted by the ACC, all improvements for which approval of the ACC is required under this Declaration shall be completed within a reasonable time from the date of commencement of said improvements or within the time set by ACC in the event that the approval is so conditioned.

Section 4. The ACC shall in all cases have the right to determine and designate building set back lines necessary to conform to the general plan of the YORK WOODS TOWNHOMES project, in order to preserve the integrity of the Properties and the Master Plan. In this respect the ACC's judgment and determination shall be final and binding.

Section 5. A majority of the ACC may take any action of the committee and may designate a representative to act for it. In the event of death, disability or resignation of any member of the ACC, the Board of Directors shall designate a successor.

Section 6. The ACC may adopt additional guidelines along with rules and regulations as it deems necessary to carry out its functions and purposes hereunder, provided all such rules and regulations shall be approved by the Board of Directors and made a part of this Association's Book of Resolutions.

Section 7. The Association may impose reasonable fees and charges upon Owners applying for Architectural Control approval to enable it to carry out its functions.

Section 8. In an instance where a structure has been erected, or the construction thereof is substantially advanced, in such manner that the same violates the restrictions contained in this Declaration or any other covenants which the ACC has the power to enforce, or in such manner that the same encroaches on any easement area or setback line, the ACC reserves the right, but not the obligation, to release the property from the restriction which it violated and to grant an exception to permit the encroachment by the structure over the setback line or on the easement area, so long as the ACC, in the exercise of its sole discretion, determines that the release or exception will not materially and adversely affect the health, safety and appearance of the Properties.

The ACC has the right, but not the obligation, to grant waivers for minor deviations and infractions of this Declaration. The granting of any waiver for any portion of the Properties may be given or withheld in the ACC's sole discretion and a prior grant of a similar waiver shall not impose upon the ACC the duty to grant new or additional requests for such waivers.

Any exceptions granted by the ACC shall not relieve the property owner from the responsibility from obtaining the consent of easement holders and local governmental authorities.

ARTICLE IX - USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each Lot and the Common Area. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors, shall be recorded in a Book of Resolutions which shall be maintained in a place convenient to the Owners and available to them for inspection during normal business hours.

Section 2. Use of Property. Each building, and the Common Area facilities shall be for the following uses and subject to the following restrictions and, in addition, to those set forth in the Bylaws:

(a) All buildings and the common area and facilities shall be used for residential and related common purposes, except that the Declarant may use one or more buildings for offices and/or models for sales purposes consistent with the Code of Ordinances of Durham.

(b) No waste shall be committed on any portion of the Common Area and facilities.

(c) No immoral, improper, offensive, or unlawful use shall be made of the Property, or any part thereof, and all valid laws, ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with, by and at the sole expense of the Owner or of the Association, whichever shall have the obligation to maintain or repair such portions of the Property.

(d) Nothing shall be done which will impair the structural integrity of any building, or portion of the common area and facilities or which would impair or alter the exterior of any building or portion thereof, except in the manner provided in this Declaration.

(e) No industry, business, trade, occupation or profession of any kind, whether commercial or otherwise, shall be conducted, maintained or permitted on any part of the Property, except that the Declarant or its agents may use any unsold buildings for sales or display purposes. The purpose of this prohibition is to maintain the residential nature of the neighborhood.

(f) No owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard or identifying name or number upon any building or any portion of the Common Area and facilities, except as allowed by the Association pursuant to its Bylaws or as required by the ordinances of the City of Durham; provided, however, that the Association may authorize "For Sale" or "For Rent" signs the size and shape of which is commonly displayed by real estate firms in Durham on any unsold or unoccupied dwellings in suitable places on the

Common Area; provided, however, that during the development of the Property and the marketing thereof, the Declarant or its agents, may maintain a sales office and may erect or display such signs as the Declarant deems appropriate as aids to such development marketing, provided that such signs do not violate any applicable laws.

(g) No person shall undertake, cause or allow any alteration or construction in or upon any portions of the Common Area and facilities except at the direction or with the express written consent of the Association.

(h) No owner shall have more than two (2) pets per lot, housed at all times inside the residence. These pets are limited to common domesticated animals – dog, cat and or birds. No animals commonly considered dangerous are allowed. All other pets must be approved by the Association pursuant to its Bylaws.

(i) The Common Area and facilities shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the dwelling, subject to any rules and regulations that may be adopted by the Association pursuant to its Bylaws.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be or may become a nuisance or annoyance to residents within the Property.

ARTICLE X - EASEMENTS

Section 1. Walks, Drives, Parking Areas, and Utilities. All of the Property, including Lots and Common Area, shall be subject to easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, cable television lines, and other public utilities as shall be established prior to or subsequent to subjecting the Property to this Declaration by the Declarant, and the Association shall have the power and authority to grant and to establish in, over, upon, 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. Easement for Government Agencies. An easement is hereby established over the Common Area for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas, cable television lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

Section 3. Easement and Right of Entry for Repair, Maintenance and Reconstruction. If any dwelling is located closer than five (5) feet from its lot line, the Owner thereof shall have a perpetual access easement over the adjoining Lot to the extent reasonably necessary to perform repair, maintenance or reconstruction of his dwelling. Such repair, maintenance or reconstruction shall be done expeditiously and, upon completion of the work, the Owner shall restore the adjoining Lot to as near the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable. Within such easements, no plantings of shrubs and trees or the erection of structures, including fences, shall be allowed.

ARTICLE XII - GENERAL PROVISIONS

Section 1. Providing for Traffic Flow. It shall be the responsibility of the Association to maintain uninterrupted traffic flow along all private streets within the Properties. If it is necessary for "no parking" signs to be erected in order to accomplish this, this shall be done at the expense of the Association as a common expense.

Section 2. 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 the right to do so thereafter.

Section 3. Insurance. The Board of Directors shall procure and maintain adequate liability and hazard insurance on Property owned by the Association, and also Directors and Officers coverage.

Section 4. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 5. Exchange of Common Area. The Association, acting through its Board, from time to time may exchange with the Declarant or any member a portion of the Common Area for a portion of the real property owned by such member within YORK WOODS TOWNHOMES provided that the real property acquired by the Association in exchange:

(a) is free and clear of all encumbrances except the Declaration, and easements for drainage, utilities and sewers;

(b) is contiguous to other portions of the Common Area;

- (c) has approximately the same area and utility as the portion of the Common Area exchanged; and
- (d) the real property so acquired by the Association shall be a part of the Common Area, and without further act of the Association or membership, shall be released from any provisions of the Declaration except those applicable to the Common Area. The portion of the Common Area so acquired by Declarant or a member, without further act of the Association or membership, shall cease to be Common Area and shall be subject to those provisions of the Declaration that were applicable to the property conveyed to the Association by the member.

Section 6. FHA/VA Approval. Notwithstanding any provision in this instrument to the contrary, as long as there is a Class B membership, and if Declarant desires to qualify sections of this subdivision for Federal Housing Administration, Veterans Administration, Fannie Mae or other similar agencies (but not otherwise), the following actions will require the prior approval of Federal Housing Administration, Veterans Administration, Fannie Mae or other similar agencies: Annexation of additional properties, dedication of Common Areas, exchange of Common Area for other portions of the Properties, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 7. Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by the owners of not less than seventy-five percent (75%) of the Lots, and thereafter by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots; provided, however, that the Board of Directors may amend this declaration, without the consent of the Owners, to correct any obvious error or inconsistency in drafting, typing or reproduction. All amendments shall be certified as an official act of the Association and shall forthwith be recorded in the Durham County Registry. All amendments shall become effective upon recordation.

Section 8. If any amendment to these covenants, conditions and restrictions is executed, each amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors, shall, within thirty (30) days do the following:

- (a) Reasonably assure itself that the amendment has been executed by the owners of the required number of Lots. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any Lot to be examined);

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested.

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS, CONDITIONS AND RESTRICTIONS OF YORK WOODS TOWNHOMES

By authority of its Board of Directors, York Woods Townhomes, hereby certifies that the foregoing instrument has been executed by the owners of _____ percent of the Lots of York Woods Townhomes and is, therefore, a valid amendment to the existing Covenants, Conditions and Restrictions of York Woods Townhomes.

YORK WOODS TOWNHOMES

ATTEST:

BY: _____
PRESIDENT

BY: _____
SECRETARY

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Durham County Registry.

All amendments shall be effective from the date of recordation in the Durham County Registry, provided, however, that no such amendment shall be valid until it has been indexed in the name of this Association. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors, recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots in the Properties.

Section 9. Amendment of Declaration without approval of Owners. The Declarant, without the consent or approval of any other Owner, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereof for mortgage or improvement loans made, insured or guaranteed by a government or any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale of such lots and improvements, or mortgage interest therein, as well as any other law or regulation relating to the control of the Property, including, without limitations ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an

official of any corporation, or agency, including, without limitations, the Veterans Administration, U.S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

No amendment made pursuant to this Section shall be effective until duly recorded in the Register of Deeds of Durham County.

Section 10. Amendment to Achieve Tax-Exempt Status. The Declarant, for so long as it shall retain control of the Association, and, thereafter, the Board of Directors may amend this Declaration as shall be necessary, in its opinion, and without the consent of any owner, to qualify the Association or the Property, or any portion thereof, for tax-exempt status. Such amendment shall become effective upon the date of its recordation in the Durham County Registry.

IN WITNESS THEREOF, the undersigned, being the Declarant herein, has executed this instrument this the _____ day of _____, 2001 by authority of its

GLENAMAR DEVELOPMENT GROUP LLC

BY: Gary R. Moore
MEMBER MANAGER

SEAL STAMP

STATE OF NORTH CAROLINA, COUNTY OF Orange

I, _____ a Notary Public, do hereby certify that

Gary R. Moore

DONNA M. RAGAN
NOTARY PUBLIC
ORANGE COUNTY, NC

personally appeared before me this day and acknowledged that he is/are Manager (indicate whether general partners or managers) of Glenamar Development Group, a Limited Liability Co., and further acknowledged the due execution of this _____ on behalf of the _____

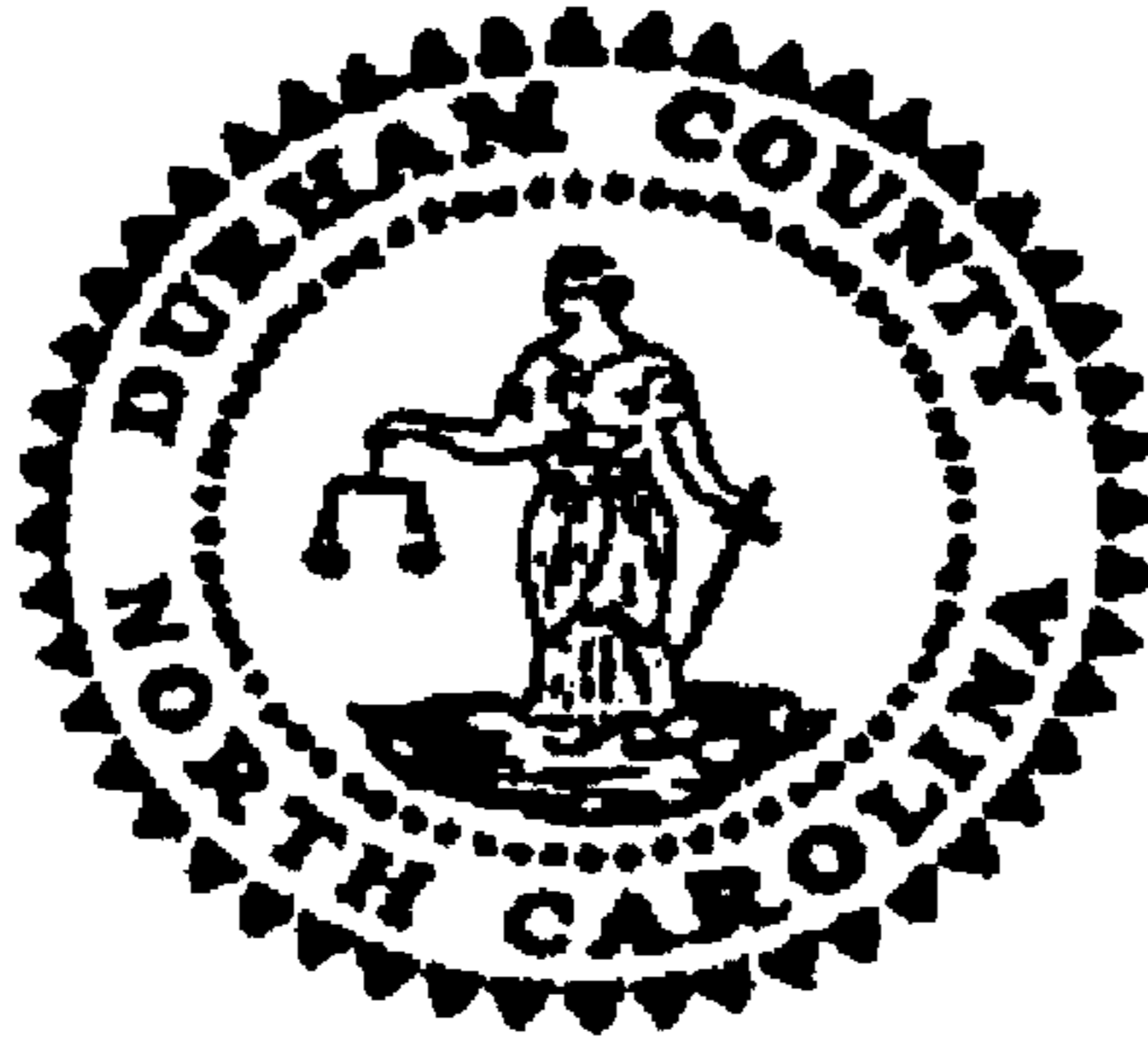
Witness my hand and official stamp or seal, this 27th day of July, 2001

My Commission Expires: 6-10-2005

Donna M. Ragan
NOTARY PUBLIC

EXHIBIT A

BEING all of that property designated as "Parcel known as York Woods Townhomes, containing 6.161 acres, as shown on a plat prepared S.D. Puckett & Assoc. Inc, dated September 13, 2000 and recorded in Plat Book 150, Page 95, Durham County Registry.



WILLIE L. COVINGTON
REGISTER OF DEEDS , DURHAM COUNTY
DURHAM COUNTY COURTHOUSE
200 E. MAIN STREET
DURHAM, NC 27701

Filed For Registration: 07/27/2001 04:40:48 PM

Book: RE 3158 Page: 626-651

Document No.: 2001033556

DECL 26 PGS \$56.00

Recorder: MONICA MILLER

State of North Carolina, County of Durham

The foregoing certificate of DONNA M. RAGAN Notary is certified to be correct. This 27TH of July 2001

WILLIE L. COVINGTON , REGISTER OF DEEDS By:

Deputy/Assistant Register of Deeds



2001033556