

MAIL TO: BRH Inc 2110 Cloverdale Ave, Suite 220
WINSTON-SALEM, NC 27103

BK 2129 PG 3665

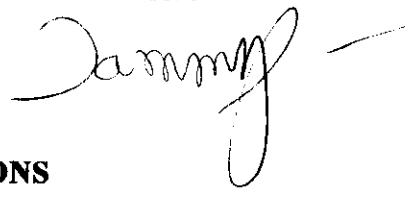
BOOK 2129 Page 3665
FORSYTH CO, NC
PRESENTED & RECORDED: 08/15/2000 08:55AM
DICKIE C. WOOD REGISTER OF NEEDS BY: THOMAS
BK 2129 P3665 - P3668

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FEE: \$ 14.00

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**AMENDMENT
TO
AMENDED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS**



This correction to Amended Declaration of Covenants, Conditions and Restrictions made and entered into this 31st day of July, 2000 and between THE SHERWOOD COMPANY, a North Carolina General Partnership of Winston-Salem, Forsyth County, North Carolina, herein "Declarant", and STEPHEN L. MABE and Wife, KATHERINE K. MABE, all of Forsyth County, North Carolina.

WITNESSETH:

WHEREAS, an Amended Declaration of Covenants, Conditions and Restrictions was filed on record on May 16, 2000 in Book 2116, Page 4157, Forsyth County Registry, and

WHEREAS, that document stated that it was amending the restrictions recorded in Book 1666, Page 2598, the parties wish to delete that reference.

NOW, THEREFORE, in consideration of these premises, and other good and valuable consideration, the parties hereto agree as follows:

1. That the third WHEREAS clause in the Amended Declaration of Covenants, Conditions and Restrictions recorded in Book 2116, Page 4157, Forsyth County Registry be amended to delete the reference to the restrictions recorded in Book 1666, Page 2598 Forsyth County Registry. All of the remaining terms and conditions of the Amended Declaration of Covenants, Conditions and Restrictions described above shall remain unchanged.

THE SHERWOOD COMPANY

By its Partners:

A. T. WILLIAMS OIL COMPANY

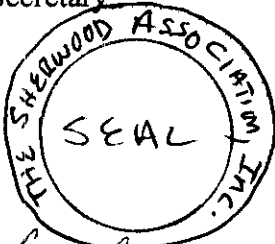
By: A. T. Williams
Chairman

Attest: [Signature]
Secretary

BRH, INC.

By: _____
President

Attest: _____
Secretary



THE SHERWOOD ASSOCIATION, INC.

By: _____
President

Attest: Betsy Carpenter Tompson
Secretary

Stephen L. Mabe (Seal)

Katherine K. Mabe (Seal)

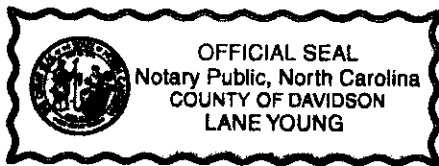
NORTH CAROLINA
FORSYTH COUNTY

I, Lane Young, a Notary Public of ^{Davidson} Forsyth County, North Carolina, certify that A. Tab Williams, ^{Chairman} President of A.T. WILLIAMS OIL COMPANY, and Bruce R. Hubbard President of BRH, INC. which corporations are partners of THE SHERWOOD COMPANY, and that said writing was signed and sealed by them on behalf of said corporations by their authority duly given. And the respective Presidents acknowledged the said writing to be the act and deed of said corporations as Partners of THE SHERWOOD COMPANY.

Witness my hand and official stamp or seal, this the 11th day of August, 2000.

Lane Young
Notary Public

My Commission Expires: 9/28/2001



BRH, INC.

By: [Signature]
President

Attest: [Signature]
Secretary

THE SHERWOOD ASSOCIATION, INC.

By: [Signature]
President

Attest: _____
Secretary

[Signature] (Seal)
Stephen L. Mabe

[Signature] (Seal)
Katherine K. Mabe

NORTH CAROLINA
FORSYTH COUNTY

I, _____, a Notary Public of Forsyth County, North Carolina, certify that _____, President of A.T. WILLIAMS OIL COMPANY, and _____, President of BRH, INC. which corporations are partners of THE SHERWOOD COMPANY, and that said writing was signed and sealed by them on behalf of said corporations by their authority duly given. And the respective Presidents acknowledged the said writing to be the act and deed of said corporations as Partners of THE SHERWOOD COMPANY.

Witness my hand and official stamp or seal, this the 11th day of August, 2000.

Notary Public

My Commission Expires: _____

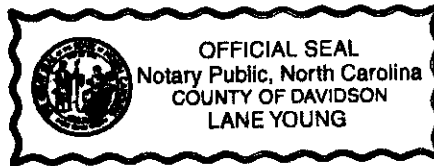
NORTH CAROLINA
FORSYTH COUNTY

I, Lane Young, a Notary Public of ^{Davidson} ~~Forsyth~~ County, North Carolina, certify that Betsy Carpenter ^{Tompson}, personally came before me this day and acknowledged that she is Secretary of THE SHERWOOD ASSOCIATION, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its -- President, sealed with its corporate seal and attested by Betsy Carpenter Tompson, as its Secretary.

Witness my hand and official stamp or seal, this the 14 day of August, 2000.

Lane Young
Notary Public

My Commission Expires: 9/28/2001



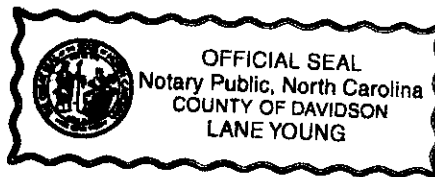
NORTH CAROLINA)
FORSYTH COUNTY)

I, Lane Young, a Notary Public of the above said ^{Davidson} County and State, do hereby certify that STEPHEN L. MABE and KATHERINE K. MABE each personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and notarial seal, this the 14 day of August, 2000.

Lane Young
Notary Public

My Commission Expires: 9/28/2001



NORTH CAROLINA)
FORSYTH COUNTY)

The foregoing certificate of Lane Young, NP is/are certified to be correct.

This the 15th day of August, 2000.

REGISTER OF DEEDS ~~OF DEEDS~~ ^{DICKIE C. WOOD, REGISTER OF DEEDS}

By: Dickie C. Wood

Prepared by G. Emmett McCall
Return to McCall Box 12

FORSYTH CO, NC 109 FEE: \$ 52.00
PRESENTED & RECORDED: 05/16/2000 11:46AM
DICKIE C. WOOD REGISTER OF DEEDS BY: HOODVA
BK2116 P4157 - P4179

**AMENDED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS**

THIS DECLARATION, made on the date hereinafter set forth by THE SHERWOOD COMPANY, a North Carolina General Partnership of Winston-Salem, Forsyth County, North Carolina, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in or near Winston-Salem, County of Forsyth, State of North Carolina, which is delineated on the site plan approved by the Board of Alderman of the City of Winston-Salem on December 4, 1978, in the zoning petition of W. Bryan White and wife (Zoning Docket W-675) and incorporated by reference in the Special Use Permit issued by said Board of Alderman with reference to the Planned Unit Development presented in the aforementioned zoning petition of W. Bryan White (referred to hereinafter as the "Planned Unit Development").

WHEREAS, the Declarant, by the making of this Declaration of Covenants, Conditions and Restrictions intends to comply with the requirements of Section 25-9(D)(1)(j) of the Code of the City of Winston-Salem, North Carolina.

WHEREAS, this is the Amended and Restated Declaration of Covenants, Conditions and Restrictions as amended on March 10, 1980, Book 1298, Page 0825, as amended on September 5, 1980, October 20, 1980, and December 12, 1981 as set out in the documents recorded in Book 1316, Page 1220, Book 1326, Page 0001, and Book 1351, Page 1572 in the Office of the Register of Deeds of Forsyth County, North Carolina and further amended on May 5, 1989, Book 1666, Page 2598 and May 2, 1996, Book 1909, Page 1238 and desires to amend and restate the Covenants, Conditions and Restrictions as hereinafter stated.

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

ARTICLE I**DEFINITIONS**

Section 1. "Association" shall mean and refer to The Sherwood Association, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more person 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.

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

Section 4. "Common Open Space" shall mean all of that real property owned by the Association for the common use and enjoyment of the owners and their invitees within the boundary delineated on the site plan approved by the Board of Aldermen of the City of Winston-Salem on December 4, 1978 in the zoning petition of W. Bryan White and wife (Zoning Docket W-675) and incorporated by reference in Special Use Permit issued by said Board of Aldermen with reference to the Planned Unit Development presented in the aforementioned zoning petition of W. Bryan White, (said planned unit development being referred to herein as the "Planned Unit Development"), which Common Open Space will be more precisely delineated on subdivision plats of subportions or the Planned Unit Development which will be placed on record from time to time in the Office of the Register of Deeds of Forsyth County, North Carolina, and such other land as may be annexed thereto as Common Open Space in the coordinated development of the area.

Within the Common Open Space may be placed certain "Limited Common Areas" as more particularly defined below.

Section 5. "Limited Common Area" shall mean an area which is designated for use in connection with occupancy of an individual dwelling unit or cluster of dwelling units and may include, but shall not be limited to private streets, sidewalks, driveways leading to the dwelling units or garages attached thereto, ground area directly beneath overhanging eaves, roofs, or other parts or appurtenances to a dwelling unit not expressly deeded to the owner thereof, including, but not limited to, designated garbage can enclosures, walkway lighting, and mailboxes. "Limited Common Area" shall also mean the ten foot (10') deep area the width of and adjoining the rear walls of townhouse buildings or such other contiguous ten foot (10') deep area designated on the recorded plat of subdivision. Each such ten foot (10') area shall be for the exclusive use of the occupants of the dwelling unit it adjoins as a yard, patio, terrace or other permitted use.

Section 6. "Lot" shall mean and refer to any of the five hundred seventy-three (573)

residential lots (including townhouse lot or condominium unit, villa townhouse or traditional single-family lot) within the Planned Unit Development, excluding Common Open Space, and as any such Lot or Parcel may subsequently be delineated with greater particularity on a recorded subdivision map of any part of the Properties. Lots on which no dwelling units have been erected or which are owned by Declarant or any builder, developer, or contractor for sale or resale to a first user shall be deemed "lots in public ownership." Lots on which dwelling units have been erected and which have been conveyed to a first user or which have been occupied for residency shall be deemed "lots in private ownership."

Section 7. "Special Membership Area" shall mean that portion of the Properties designated by the Declarant for development with either townhouses (as defined in Section 25-3(b) of the Winston-Salem, North Carolina, Code) or condominiums (created in accordance with the North Carolina Unit Ownership Act), villa townhouses (as defined herein), or traditional single-family housing, as the case may be; such designation being made on a plat or plats of record defining the area or areas by metes and bounds and clearly identifying each of the types of housing development to be placed thereon. Owners of Lots in private ownership in different Special Membership Areas may be subject to differing assessment obligations, according to the Association's obligations to the area specified, as more particularly provided below. References to townhouses (as distinguished from villa townhouses) shall include condominiums if the context of the reference permits or requires such interpretation.

Section 8. "Villa Townhouse" shall mean either a single-family detached housing unit or a housing unit sharing a common wall or walls or other structural component or components with another housing unit, each of which housing units so designated shall be erected on a Lot in a Special Membership Area designated by Declarant as "Villa Townhouse", such Lots being substantially smaller in area than traditional detached, single-family housing lots, and being surrounded by, or adjoining areas of Common Open Space which, by virtue of their landscaping may require a higher degree of maintenance by the Association than that in areas of traditional, single-family housing lots.

Section 9. "Recreational Facilities" shall mean that area of approximately 1.96 acres in the southwestern intersection of Allistair Road and Fernmarch Drive, shown on the site plan of the Planned Unit Development as the location of tennis and swimming facilities, and any improvements upon or to be erected upon said area.

Section 10. "Declarant" shall mean and refer to THE SHERWOOD COMPANY, a North Carolina partnership, or its successors in interest in the event of its reorganization, incorporation, or dissolution, or its assigns to whom Declarant shall have expressly assigned its rights hereunder.

Section 11. "First Mortgagee" shall mean and refer to the holder of any Mortgage or Deed of Trust under which the interest of any Owner is encumbered and which Mortgage or Deed of Trust has first and paramount priority subject only to the lien of general or ad valorem taxes and assessments.

Section 12. Management Company: By vote of the majority of the Board of Directors, a person or entity may be retained on an independent contractor basis, to manage the day to day operations of the Association and its maintenance functions. Such person or entity shall be under the direct control of the Board of Directors and shall carry out such tasks under the supervision of the Association's officers.

ARTICLE II

PROPERTY RIGHTS

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

(a) The right of the Association or its assignee to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Open Space;

(b) The right of the Association to suspend the voting rights and right to use the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) The right of the Association to dedicate or transfer all or any part of the Common Open Space, except Limited 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, and further subject to compliance with the Code of the City of Winston-Salem, North Carolina.

(d) The right of an Owner to the exclusive use and control for himself, occupants of his household, his employees, agents, guests and invitees, of Limited Common Area appurtenant to his dwelling unit, for the purposes such areas would be customarily intended, (except that the portions of Limited Common Areas beneath eaves and overhangs planted with shrubbery and other landscaping shall be accessible to the Association or its employees or agents for the purpose of care and maintenance of such plantings and landscaping, where the Association shall have that responsibility, and private streets shall be subject to general use by all Owners for ingress and egress.)

(e) The right of the Association to impose regulations for the use and enjoyment of the Common Open Space and improvements thereon, which regulations may further restrict the use of the Common Open Space.

(f) The responsibility of Owners to maintain Limited Common Area in a state of good

repair, in harmony with the intended character of the subdivision, except as otherwise provided by this Declaration or other action of the Board.

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

Section 3. Parking Rights. Ownership of each Lot in Lytchfield Place, a Townhouse Special membership Area, shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces, located, if a garage is furnished, one (1) in the garage and one (1) in the driveway connecting the garage to the street (or, if not, both shall be in the driveway). In other Townhouse areas parking shall be assigned by reference thereto on the plat to be recorded.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

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

Class A. Class A members shall be all Owners of Lots improved by dwellings which are occupied or have been occupied, (as distinguished from dwellings under construction or which have been completed and are held for first sale), and shall be entitled to one vote for each such unit Lot owned. When more than one person holds an interest in any such 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 and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) at such earlier time Declarant shall elect to convert its membership to Class A.

Section 3. Owners of Lots in the several Special Membership Areas who are Class A

members shall be assigned to the following membership sub-classes:

Townhouse or Condominium	Class A-1
Villa Townhouse	Class A-2
Traditional Single-Family Housing	Class A-3

Membership distinction derives from the obligation of the designated membership classifications to pay assessments which may differ from those required of other sub-classifications based on the obligation upon the Association to provide differing degrees of care and maintenance to the several Special Membership Areas.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Provided, however, in the event damage to a Unit or to the Common Areas and Facilities is caused by the negligence or willful misconduct of a Unit Owner, the Association and all Owners whose Units are damaged by such negligence or willful misconduct shall have full recourse against the said Unit Owner to recover all damages and expenses caused as a result of such negligence or willful misconduct.

Section 1. Creation of the Lien and Personal Obligation of Assessments.

Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, including, but not limited to, decorative street lighting, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with late fees, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with late fees, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. All assessments may be collected on a monthly, quarterly, semi-annual or annual basis as determined by the Board of Directors.

Each Owner within the Special Membership Area shall pay all assessments for the maintenance and

replacement of improvements located within such area. The Association shall be responsible for the maintenance and replacement of all exterior elements of the Units located in any Special Membership Area, except decks and deck fences, dividers, and doors and windows of any Unit. The Owner shall be responsible for any replacement of the excepted improvements necessitated by deterioration or ordinary wear and tear notwithstanding the Association's maintenance responsibilities. Should the Owner fail to replace any of the excepted items, the Association may make such replacement and charge the Owner for all costs incurred in accordance with Article IV.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, security, safety and welfare of the residents of the Properties and in particular for the improvement and maintenance of the Common Open Space, maintenance of exteriors of dwelling units and related improvements on the Lots and Limited Common Areas in Townhouse Special Membership Areas and for the acquisition of services and facilities devoted to this purpose or for the use and enjoyment of the Common Open Space, 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 assessed against the Common Open Space, the procurement and maintenance of insurance related to the Common Open Space, its facilities and use in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise. Assessments may also be levied by the Association to make and maintain structural improvements which may be located in the Common Open Space, including but not limited to, lighting, recreational facilities, and other improvements for the benefit of the Owners.

Section 3. Assessment of Uniform Rates By Clauses. Both annual and special assessments shall be fixed at uniform rates for every Lot within a Special Membership Area and within all such Areas having like membership classifications. Assessments may differ between Areas having differing classes of membership. Assessments with respect to a class of membership shall be determined by the cost to the Association, experienced or reasonably anticipated, of carrying out the purposes set forth in Section 2, above, as applied to the respective Special Membership Areas.

Section 4. Maximum Annual Assessment.

(a) The maximum annual assessment applicable to each class of membership shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed the higher of five (5%) of the maximum

annual assessment of the previous year, or the percentage increase shown in the U.S. Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners or, if such index shall cease to be published in the index most nearly comparable thereto.

(b) The maximum annual assessment may be increased without limit by a vote of two-thirds (2/3) of the votes of members who are voting in person or by absentee ballot, at a meeting duly called for this purpose.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair or replacement of a capital improvement upon the Common Open Space, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of members who are voting in person or by absentee ballot at a meeting duly called for this purpose.

Section 6. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall be collected on a monthly basis and shall commence as to all Lots in private ownership on the first day of the month following the establishment of the assessment by the Board of Directors, or on the first day of the month following the event placing a Lot in private ownership. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment against each Lot and send written notice of each assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be subject to a late fee as established by the Board of Directors from time to time. The Board of Directors shall give the Owners notice of the amount of the late fees thirty (30) days prior to the effective date that any late fees shall be established or charged. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and late fees, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such

assessment. No Owner may waive or otherwise escape liability of the assessments provided for herein for non-use of the Common Open Space or any improvements located thereon, or further by the abandonment of his/her lot.

Section 8. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment liability or lien provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any first mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding, conveyance or assignment in lieu of foreclosure thereof, shall extinguish the lien of such assessments which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 9. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 10. Unimproved Property Owned by the Declarant. So long as the Declarant shall maintain its unimproved property in compliance with City Ordinance, which is subject to this Declaration, it shall be exempt from any annual or special assessments.

ARTICLE V

EASEMENTS

Section 1. Utilities Easements. Easements for installation and maintenance of utilities and drainage facilities may be imposed upon the Properties or subportions thereof as the Planned Unit Development is developed. Such easements shall be shown on the recorded plat of each subdivision of the Planned Unit Development. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. Such planting

or other material placed on the easements, not in violation of this provision, shall be subject to removal by the Association or by providers of utilities if in their discretion such removal shall be necessary to the purpose of the easement, without obligation for replacement thereof.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Land Use and Building Type. No Lot shall be used except for residential purposes. No building shall be erected, altered, placed, or permitted to remain on any Lot other than one single-family dwelling not to exceed three stories in height.

Section 2. Sales and Construction Facilities of Declarant. Notwithstanding any provision in Section 1, Declarant, its agents, employees and contractors shall be permitted to maintain, during the period of construction and sale of the Lots in the Properties, upon such portion of the Properties as Declarant may choose, such facilities as may be reasonably required in the construction, sale of Lots, including but not limited to, a business office, storage area, construction yards, signs, model Lots, sales office, construction office, parking area and lighting and temporary parking facilities for all prospective tenants or purchasers of Declarant.

Section 3. No Other Business. No other business activity of any kind shall be conducted in any Lot or in the Properties.

Section 4. Dwelling Specifications. Declarant reserves the right to impose on the Properties, or any portion thereof, restrictions upon the size, cost and exterior architectural style of dwellings to be erected.

Section 5. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which is or may become an annoyance or nuisance to the neighborhood.

Section 6. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or

maintained provided they are not kept or maintained for commercial purpose.

Section 7. Outside Antennas. No outside radio or television antennas shall be erected on any Lot or dwelling unit within any Townhouse or Villa Townhouse Special Membership Area unless and until permission for the same has been granted by the Board of Directors of the Association or its Architectural Control Committee.

Section 8. Clothes Drying. No drying and airing of any clothing or bedding shall be permitted outdoors on any Lot within Townhouse, Condominium or Villa Townhouse Special Membership Areas other than between the hours of 8 a.m. and 5 p.m. on Monday through Friday and 8 a.m. and 1 p.m. on Saturdays (except when any such day shall fall upon a holiday) and clothes hanging devices such as lines, reels, poles, frames, etc., shall be stored out of sight other than during the times aforementioned.

ARTICLE VII

INSURANCE TO BE MAINTAINED BY OWNERS OF TRADITIONAL SINGLE FAMILY LOTS, VILLAS, TOWNHOUSES AND THE ASSOCIATION

Section 1: Insurance to be Maintained by Traditional Single Family and Villa Lot owners. Subject to the provisions and covenants contained in any first mortgage or first deed of trust existing or subsequently given and imposing a lien upon any Lot, the Declarant covenants with the Association, on behalf of itself and on behalf of each subsequent Owner of a Traditional Single Family Lot or Villa within the Properties, and each Owner of any such lot or villa within the properties, by acceptance of a deed therefore, whether or not it shall be expressed in said deed, or by exercise of any act of ownership, is deemed to covenant:

(1) To keep each dwelling unit upon the Traditional Single Family and Villa lots subject to assessment insured against loss by casualties with fire and extended coverage insurance in an amount equal to at least ninety percent (90%) of the replacement value of such dwelling unit;

(2) To name the Association as an insured "as its interest may appear" so that the Association shall be entitled to receive notice of cancellation of such insurance policies;

- (3) To apply the full amount of any insurance proceeds to the rebuilding or repair of any dwelling unit;
- (4) To rebuild or restore the dwelling unit in the event of damage thereof; and
- (5) To keep the dwelling unit in good repair as provided by the By-Laws of the Association.

In the event of non-payment of any premium for insurance required under this Article VII, the Association is authorized to pay such premium and sums so paid shall become a lien upon the insured Lot which shall be enforceable in the same manner and to the same extent as provided for enforcement of liens for assessments hereunder.

Section 2: Insurance to be Maintained by the Association for Townhouses and Condominiums. Notwithstanding anything stated hereinabove, the Association must procure property insurance on all buildings located in any Townhouse or Condominium Development (herein “Buildings”) on a blanket basis for all Owners of those developments.

A. Insurance and Authority to Purchase Insurance.

Insurance policies upon the Buildings (other than title insurance) issued in accordance with the provisions of N.C.G.S. Chapter 47A-24 shall be purchased by the Association in the name of the Board of Directors of the Association, as Trustees for the Unit Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or mortgage endorsements to the holders of first mortgages on the Units or any of them, and if the companies writing such policies will agree, the policies shall provide that the insurer waives its rights of subrogation as to any claims against Unit Owners, the Association and its respective servants, agents and guests. The Association shall not insure the personal property of any unit owner nor provide liability coverage for such owner.

B. Insurance Coverage to be Maintained by the Association: Use and Distributions of Insurance Proceeds.

- 1. The following insurance coverage shall be maintained in full force and effect by the

Association covering the Buildings and common property;

(a) Property insurance by a company having an AM Best Company Rating, Inc. of A covering the buildings and all improvements upon the land and any heating, air conditioning or ventilation units, except such personal property as may be owned by the Unit Owners, shall be procured in an amount equal to the maximum insurance replacement value thereof (exclusive of excavation, foundations, streets and open parking facilities), to be adjusted annually in accordance with increased construction cost in the local area. Such coverage shall afford protection against: (i) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; (ii) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use, including vandalism and malicious mischief.

It is the intent hereof, that the Building (for which the Association's insurance will be responsible) will include, but not be limited to, all interior drywall, paneling and molding, wooden flooring, ceramic floor covering, wall to wall carpeting, vinyl flooring, walls, studs, supports, and wall insulation, concrete slabs, floor and ceiling joists, wall covering, security systems, opening devices for doors and windows. Each Building shall be deemed to include the interior and exterior of any and all doors, windows, sliding glass doors and other closures, door locks and hardware.

Also included are heating and air conditioning systems serving the Unit wherever located, electrical receptacles, all pipes, wires, conduits and other facilities for the furnishing of utilities and other services to the Unit, fixtures, improvements and alterations that are a part of the building or structure; and appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

(b) Public liability and property damage liability insurance in such amounts and in such forms as shall be required by the Association, including legal liability, hired automobile, non-owned automobile and off-premises employee coverages.

(c) All liability insurance shall contain cross-liability endorsements to cover liabilities of the Unit Owners as a group to a Unit Owner.

2. Premiums upon insurance policies purchased by the Association shall be paid by the Association as common expenses to be assessed and collected from all of the Owners of Units.

3. All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. The Association shall hold such proceeds in trust for the benefit of the Association, the Unit Owners and their respective mortgages.

(a) If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs. Any proceeds remaining after defraying such costs shall be paid to the Association.

The insurance proceeds shall be used to repair or replace the damage done to the common area and any unit. All units shall be restored and any funds received from an insurance company in excess of the cost to repair or replace shall become the property of the Association.

Section 3: Insurance to be Maintained by Condominium and Townhouse Owners.

Each Owner of a Unit within any Building hereby covenants, by acceptance of a deed to such Unit, to maintain a homeowner's policy Form 6 or 'Condominium-Unit Owner's Form' as commonly known in the insurance industry; and shall name the Association as an additional insured on such policy.

6. Each Unit Owner, at its expense, shall keep in force comprehensive personal liability insurance covering liability for damages to person or property of others located within such Owner's Unit, or another Unit, or upon the Common Area and facilities in such amounts as the Board of Directors shall, from time to time, determine, but in no case less than \$300,000.00 for each occurrence.

ARTICLE VIII

SPECIAL PROVISIONS

Section 1. Garages in Townhouse Areas. When in Townhouse Special Membership Areas, garages are provided as a part of the Lot, they will be used solely for automobile storage and such accessory storage or other use as shall not interfere with its use for automobile storage. No garage

shall be converted to residential or recreational use. If so noted on the plat of subdivision, certain garages may be subject to internal easements for ingress and egress to and from adjoining garages and yards.

Section 2. Vestibules and Common Entrances. In Townhouse Special Membership Areas, if the architecture of dwelling units provides for common entrances through common halls or vestibules or similar architectural features, the dwellings served by such common facilities will each be entitled to an easement over or through said facility, and such facilities will be subject to easements in favor of the dwellings served thereby. Maintenance of the interior of the common entrances areas shall be the responsibility of the Owners of the dwellings served thereby provided the Association may elect to provide repairs or maintenance in which event the cost thereof shall be added to the assessments charged to the Lots served and in the event of nonpayment thereof the Association shall obtain a lien upon the Lot of the Owner failing to pay, as provided for in respect to general and special assessments, hereinabove.

Section 3. Architectural Control. In any Townhouse or Villa Townhouse Special Membership Area no building, fence, wall or other structure shall be commenced, erected or maintained, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, color, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, falls to approve or disapprove such design and location within thirty (30) days after said plans or specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Provided that nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant. Notwithstanding the provisions of the Section, the initial/original new residential dwelling Units constructed on lots do not require Architectural Committee or Board of Director approval, so long as said improvements are reasonably compatible with the existing improvements within each section.

Section 4. Party Walls.

(a) **General Rules of Law to Apply.** Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots or

between two or more homes shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

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

(c) **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.

(d) **Weather Proofing.** 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.

(e) **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.

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

Section 5. Encroachments. If, in a Townhouse Special Membership Area, after construction of a building, any encroachment upon Common Open Space shall have occurred, or if such encroachment shall occur after construction as a result of settling or shifting of any building or for any other reason, a valid easement shall exist for the encroachment and for the maintenance of the same so long as the building stands. Such encroachments shall not be construed to be encumbrances affecting the marketability of title to any lot.

Section 6. Recreational Facilities. The Planned Unit Development provides for recreational

amenities within the Common Open Space, including tennis facilities and swimming pool. These amenities are provided for the benefit of all Owners, and shall be maintained, as part of the Common Open Space, out of Assessments imposed on all Owners in accordance with the provisions of Article IV. Nevertheless, the Association shall have the right to form an association, (the Operator) which may be a corporation or other lawful entity, and assign to it the maintenance and operation of the recreational facilities, on a non-profit basis and upon such terms and conditions, not inconsistent herewith, as the Association may deem reasonable and necessary. The Operator shall maintain and operate said recreational facilities for the benefit of every Owner in good standing with the Association. It may charge dues or membership fees sufficient to defray operating costs and require that current payment be made in order for any Owner to enjoy use of the facilities. The Operator may also permit use of the facilities by non-Owners and non-residents of the Properties, upon payment of required dues or membership fees, and subject to priority of Owners in good standing with the Operator and Association. The Operator may impose reasonable regulations regarding the use of the facilities to insure accessibility, safety, harmony, and preservation of the facilities.

There is reserved to the Association the right to revoke the assignment provided for herein and to assume the operation of the recreational facilities, on a membership basis, requiring special charging for the right to use the same.

Section 7. Neighborhood Convenience Center. The Association shall be entitled to petition the Board of Aldermen of the City of Winston-Salem for permission to revise the Planned Unit Development permit to allow the erection of a Neighborhood Convenience Center, as permitted by Section 25-9(D)(1)(I) of the Winston-Salem Code. Such petition of the Association shall be made only upon receipt of approval of not less than two-thirds (2/3) of the votes of the members entitled to vote at a meeting of the Association duly called for this purpose.

ARTICLE IX

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration.

Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment.

(a) The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by the Declarant, and thereafter by an instrument signed by 60% of the voting rights as determined in Article III hereinabove. An Affidavit shall be prepared by the Secretary of the Association verifying that 60% of those entitled to vote had affirmatively adopted any amendment to the Declaration and such verification shall be attached to any amendment at its recordation. Provided, Declarant may, without joinder of any other Owner, amend these restrictions to meet requirements imposed by mortgage insuring entities including but not limited to the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Housing Authority or the Veteran's Administration, and

(b) So long as Declarant shall be the Class B member it shall have the continuing right, without joinder of the Association, to petition the City of Winston-Salem to amend the Planned Unit Development Permit to allow relocation of proposed dwelling locations, to clarify the plan, to relocate the recreational for utilities; and with permission of the Association, to request the establishment of a retail convenience center and provided, the density of various permitted residential classes may not be changed without permission of the Association.

Section 4. Annexation. So long as the Declarant holds a majority of votes as established in Article III hereinabove, it shall be permitted to annex property and Common Open Space without the vote of the Association. At the time the Declarant ceases to have majority voting rights under Article III, additional residential property and Common Open Space may be annexed upon the consent of two-thirds (2/3) of all individuals or entities having the right to vote regardless of class.

ARTICLE X

RIGHTS OF FIRST MORTGAGEES

Section 1. Notification of Default by Mortgagor. Any First Mortgagee of any Lot shall be entitled, upon written request to the Association, to written notification by the Association of any default by the mortgagor of such Lot in the performance of such mortgagor's obligations under these Declarations when such default is not cured within thirty (30) days from its occurrence.

Section 2. Assent of First Mortgagees to Certain Actions by the Association. The following shall require the assent in writing of at least seventy-five percent (75%) of the First Mortgagees (based upon one vote for each first lien deed of trust) which assent shall not be arbitrarily withheld:

(a) Abandonment, partition, subdivision, encumbrance, sale or transfer of real estate or improvements thereon which is owned by the Association for the benefit of the Lots. 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 shall not be deemed a transfer within the meaning of this subparagraph.

(b) Alteration or amendment of the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner.

(c) Waiver or abandonment of any scheme of regulations or enforcement thereof, pertaining to the architectural design or the exterior appearance of any building, fence, wall or other structure upon the properties, the exterior maintenance of Lots, the maintenance of party walls or common fences and driveways within the Properties, or the upkeep in lawns and plantings within the Properties.

(d) Use of hazard insurance proceeds for losses to improvements located on Association property for other than the repair, replacement or reconstruction of such improvements.

In the event a First Mortgagee fails to respond to a written request for assent within thirty (30) days after such request has been submitted to it by the Association, written assent will not be required by said First Mortgagee and said First Mortgagee shall be deemed to have given its assent in compliance with this Section.


Section 3. Taxes and Insurance. Any First Mortgagee of a Lot acting alone or with other First Mortgagees may pay taxes or other charges which are in default and which may or have become a charge against any property owned by the Association and may pay overdue premiums on hazard insurance policies on property owned by the Association or secure renewal of such hazard insurance coverage upon the lapse of a policy for such property, and First Mortgagees making such payments shall be entitled to immediate reimbursement therefor from the Association.


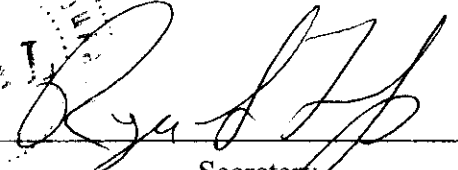
IN TESTIMONY WHEREOF, The Sherwood Company, as Declarant, and with necessary permission of the Association to amend and republish this Declaration, has caused these presents to be signed by its Partners this 27th day of April 2000, and has adopted as its seal the seals of said partners.

THE SHERWOOD COMPANY

By its partners:

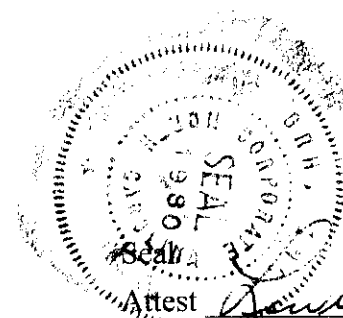
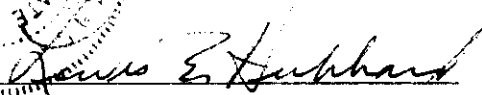
A.T. Williams Oil Company

By 
President

 Seal
Attest 
Secretary

BRH, INC.

By 
President

 Seal
Attest 
Secretary

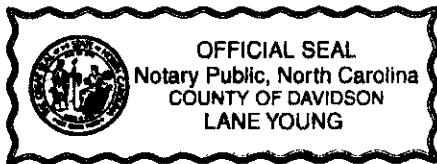
STATE OF NORTH CAROLINA)
:
COUNTY OF FORSYTH)

This the 2nd day of May, 2000, personally came before me, Lane Young, a Notary Public, A. Tab Williams, Jr. President of A.T. WILLIAMS OIL COMPANY, and Bruce R. Hubbard President of BRH, INC., which corporations are partners of THE SHERWOOD COMPANY, and that the seals affixed to the foregoing instrument in writing are the corporate seals of the respective corporations, and that said writing was signed and sealed by them on behalf of said corporations by their authority duly given. And the respective --- Presidents acknowledged the said writing to be the act and deed of said corporations as Partners of THE SHERWOOD COMPANY.

WITNESS my hand and notarial seal, this the 2nd day of May, 2000.

Lane Young
Notary Public

My Commission Expires: 9/28/2001



THE SHERWOOD ASSOCIATION, INC.

Helen T. Bumgardner
President

Seal

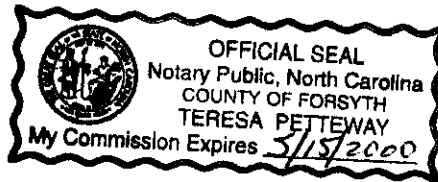
Attest Betsy Carpenter Tompson
Secretary

STATE OF NORTH CAROLINA)
:
COUNTY OF FORSYTH)

I, Teresa Petteaway a Notary Public of Forsyth County, North Carolina, certify that Betsy Carpenter Tompson personally appeared before me this day and acknowledged that she is the Secretary of THE SHERWOOD ASSOCIATION, INC., a North Carolina Corporation, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by Betsy Carpenter Tompson, as its Secretary. Witness my hand and official stamp or seal, this 26 day of April, 2000

My commission expires: 5/15/2000

Teresa Petteaway Notary Public

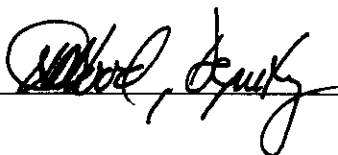


STATE OF NORTH CAROLINA)
:
FORSYTH COUNTY)

The foregoing certificate of Lone Young and Teresa Rattanay is certified to be correct.

This the 16th day of May, 2000.

REGISTER OF DEEDS

By: 

DICKIE C. WOOD, REGISTER OF DEEDS