



HUBBARD REALTY, 285 S. Stratford Road, Winston-Salem, NC 27103  
prepared by: Brant H. Godfrey  
return to: Godfrey & Jacobs

STATE OF NORTH CAROLINA ) EIGHTH SUPPLEMENT TO DECLARATION  
 ) OF COVENANTS, CONDITIONS AND  
COUNTY OF FORSYTH ) RESTRICTIONS

KNOW ALL MEN BY THESE PRESENTS, that this Eighth Supplement to Declaration of Covenants, Conditions and Restrictions, is made and entered into as of the 11th day of May, 1995, by HUBBARD REALTY OF WINSTON-SALEM, INC., a North Carolina corporation with its principal place of business in Forsyth County (hereinafter referred to as "Owner"), and VANGUARD PROPERTIES, a North Carolina general partnership with its principal place of business in Forsyth County (hereinafter referred to as "Developer");

W I T N E S S E T H :

WHEREAS, Owner is the holder of fee title to the real property described in Exhibit A attached hereto and incorporated herein by reference (containing approximately 12.30 acres), of the Eighth Supplement to Declaration of Covenants, Conditions and Restrictions (hereinafter referred to as "Eighth Supplement"), and Owner desires to submit the real property described in Exhibit A (hereinafter referred to as the "Property") to the provisions, terms and conditions of the Declaration of Covenants, Conditions and Restrictions dated April 29, 1985, as same has been amended to the date hereof and as supplemented by that First Supplement to Declaration of Covenants, Conditions and Restrictions dated June 25, 1986 (the "First Supplement"), Second Supplement to Declaration of Covenants, Conditions and Restrictions dated January 1, 1988 (the "Second Supplement"), Third Supplement to Declaration of Covenants, Conditions and Restrictions dated August 14, 1990 (the "Third Supplement"), Fourth Supplement to Declaration of Covenants, Conditions and Restrictions dated August 8, 1991 (the "Fourth Supplement"), Fifth Supplement to Declaration of Covenants, Conditions and Restrictions dated January 13, 1992 (the "Fifth Supplement"), Sixth Supplement to Declaration of Covenants, Conditions and Restrictions dated January 12, 1993 (the "Sixth Supplement") and Seventh Supplement to Declaration of Covenants, Conditions and Restrictions dated January 3, 1994 (the "Seventh Supplement"); such Declaration and any amendment thereto to the date hereof, the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth Supplement and the Seventh Supplement are referred to collectively herein as the "Declaration" and are recorded in the Forsyth County Registry in Book 1484 at page 417, Book 1550 at page 1344, Book 1634 at page 2001, Book 1698 at page 3916, Book 1722 at page 221, Book 1733 at page 483, Book 1768 at page 2118 and Book 1811 at page 2142, respectively; and

WHEREAS, pursuant to Article One of the Declaration, additional real property may become subject to the Declaration by

recording of supplemental declarations(s) by the Developer wherein any such real property is specifically made subject to and governed by all or a portion of the Declaration, and by any such action of the Developer the rights of all original and additional members of the Association, as defined in the Declaration, shall be uniform; and

WHEREAS, the Developer is willing to, desirous of and joins herein with the Owner for the purpose of subjecting the Property to the terms, conditions and provisions of the Declaration, so that such Property shall be governed by all of the covenants, conditions, restrictions, rights and obligations contained or mentioned in the Declaration, with the Owner, its successors and assigns, retaining the right to divide the Property into no more than sixteen (16) residential lots;

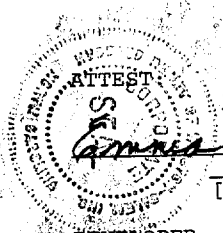
NOW, THEREFORE, in consideration of the premises and the benefits accruing to the Owner, Developer and subsequent purchasers of any portion(s) of the Property, the Owner specifically declares that the Property is and shall be held, transferred, sold, conveyed and occupied subject to and governed by all the terms and provisions of the covenants, conditions, restrictions, rights and obligations contained in the Declaration and any amendment thereto; provided, however, Owner reserves the right to subdivide the Property into no more than sixteen (16) lots by the recording of a plat reflecting such subdivision.

IN WITNESS WHEREOF, the Owner and Developer have caused this Eighth Supplement to the Declaration of Covenants, Conditions and Restrictions to be executed as of the day and year first above written.

OWNER:

HUBBARD REALTY OF WINSTON-SALEM, INC.

By: *Laura E. Hubbard*  
Its President



*James B. Hubbard*  
Secretary  
[Corporate Seal]

DEVELOPER:

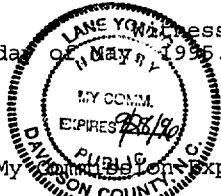
VANGUARD PROPERTIES, A North Carolina General Partnership

By: *William E. Hollan Jr.* (SEAL)  
William E. Hollan Jr. General Partner

STATE OF NORTH CAROLINA  
COUNTY OF FORSYTH

I, Lane Young, a Notary Public for Davidson County, North Carolina, certify that Emma B. Hubbard personally came before me this day and acknowledged that she is Secretary of HUBBARD REALTY OF WINSTON-SALEM, 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 her as its Secretary.

Witness my hand and official stamp or seal, this 11th day of May, 1995.



Lane Young  
Notary Public

My Commission Expires: 9/28/96

STATE OF NORTH CAROLINA  
COUNTY OF FORSYTH

I, Shirley W. Marshall, a Notary Public of Davidson County, North Carolina, certify that WILLIAM E. HOLLAN, JR., personally appeared before me this day and acknowledged that he is the acting general partner of VANGUARD PROPERTIES a North Carolina general partnership, and further acknowledged the due execution of the foregoing instrument on behalf of the partnership.

Witness my hand and official stamp or seal, this 11th day of May, 1995.

SHIRLEY W. MARSHALL, Notary Public  
Forsyth County, North Carolina  
My Commission Expires 5-28-98

Shirley W. Marshall  
Notary Public

My Commission Expires: 5-28-98

STATE OF NORTH CAROLINA FORSYTH COUNTY

The foregoing certificate(s) of Lane Young, NP, Davidson Co, NC and Shirley W. Marshall, NP, Forsyth Co, NC is (are) certified to be correct.

This the 12 day of May, 1995.

PRESENTED FOR  
REGISTRAR OF DEEDS  
REGISTRATION  
AND RECORDED

L. E. Speas, Register of Deeds

By Deborah P. Bell  
Deputy Assistant

Probate Fee Paid \$ 14.0095 MAY 12 12:09

Olivia  
Speas

L. E. SPEAS  
REGISTER OF DEEDS  
FORSYTH COUNTY, NC

BK1857 P1122

**EXHIBIT A**

**BEING KNOWN AND DESIGNATED** as Lots 1 through 7, inclusive, and Lots 92 through 100, inclusive, as shown on the map of WATERFORD, SECTION 4, PHASE ONE, which map is recorded in Plat Book 38, page 30, in the Office of the Register of Deeds of Forsyth County, North Carolina, reference to which is hereby made for a more particular description.

~~DECLARATION~~ OF COVENANTS, CONDITIONS AND RESTRICTIONS

STATE OF NORTH CAROLINA  
COUNTY OF FORSYTH

KNOW ALL MEN BY THESE PRESENTS, that this Declaration of Covenants, Conditions and Restrictions, made and entered into on this 29th day of April, A.D., 1985, by Vanguard Properties, a North Carolina general partnership, with its office and principal place of business in Winston-Salem, Forsyth County, North Carolina (hereinafter referred to as "Developer").

W I T N E S S E T H:

WHEREAS, Developer is the owner of the real property described in Article One of this Declaration and desires to create thereon a residential community (the "Community") together with streets, roads, footways, open spaces, entrances, sewage collection and pump station (with access to a waste water treatment system, sewage collection lines and facilities located outside The Properties), drainage facilities, access easements, site lighting and signage and any other common facilities (the "facilities") for the benefit of the Community; and,

WHEREAS, Shamrock United Properties, Inc. ("Shamrock") and the Blumenthal Jewish Home for the Aged, Inc., (the "Home") entered into a certain Agreement dated November 7, 1984, and recorded in Book 1468 at Page 304 of the Forsyth County Registry, which provides for the construction by Shamrock of a waste water treatment facility (the "Plant") and the use thereof by the Home and Shamrock, and its successors and assigns; and, in addition, Shamrock and The Winston-Salem/Forsyth County Utility Commission (the "Commission") have entered into a Management Agreement dated November 15, 1984, and recorded in the Book 1468 at Page 317 of the Forsyth County Registry, which provides for the management of the Plant and the use thereof by Shamrock, its successors and assigns; and Shamrock by Agreement dated March 18, 1985 has assigned a portion of its right to use the Plant to RDC, Inc. ("RDC"), which in turn has assigned, with the consent of Shamrock, a portion of such use (together with the obligation to pay the charges incidental to such use) of the Plant to the Developer; and

WHEREAS, Developer desires to provide for the preservation of the values and amenities in the Community and for the maintenance of the facilities and, to this end, desires to subject the real property described in Article One to the covenants, conditions, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is, and are, for the benefit of said real property and each owner thereof; and,

WHEREAS, Developer has deemed it desirable, for the efficient preservation of the values and amenities in the Community, to create an agency to which should be delegated and assigned

the powers of maintaining and administering the community properties and facilities and administering and enforcing the covenants, conditions and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Developer has caused to be incorporated under the laws of the State of North Carolina a non-profit corporation, Waterford Homeowners Association, Inc., for the purpose of exercising the functions aforesaid;

NOW, THEREFORE, the Developer declares that the real property described in Article One, is and shall be held, transferred, sold, conveyed and occupied subject to the terms and provisions of the covenants, conditions, restrictions, charges and liens (sometimes referred to herein as "covenants and restrictions" or "this Declaration") as hereinafter set forth.

## ARTICLE ONE

### PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Existing Property. The real property which is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration (the "Existing Property") is located in Forsyth County, North Carolina, and is more particularly described as follows:

See Schedule "A" attached hereto and incorporated herein by reference.

Section 2. Additions to Declaration. Additional real property herein referred to as "additional units", may become subject to this Declaration by recordation of any supplemental declaration(s) by Developer (or by any other individual(s), firm(s) or entity(ies) who submit such additional units to this Declaration with the written consent of the Developer) wherein any such additional units are specifically made subject to and governed by all or a portion of this Declaration and such other covenants, conditions, restrictions, rights and obligations as the Developer in its sole discretion shall deem appropriate. In the event of any such subsequent supplemental declaration(s), the rights of all original and additional Members of the Association shall be uniform.

## ARTICLE TWO

### DEFINITIONS

Section 1. The following words when used in this Declaration or any amended or supplemental Declaration (unless the context shall require otherwise) shall have the following meanings:

(a) "Assessments" or "assessments" or "Common Charges" shall mean and refer to the assessments and charges levied against the Owners of Lots in The Properties, as hereinafter defined, pursuant to Article Seven of the Declaration and Article X of the Bylaws; and the words assessments or Assessment shall be and mean the same thing as Common Charges.

(b) "Association" shall mean and refer to the Waterford Homeowners Association, Inc.; and "Bylaws" shall mean and refer to the Bylaws of the Association.

(c) "Board" shall mean and refer to the Board of Directors of the Waterford Homeowners Association, Inc.

(d) "Common Expense" shall mean and refer to:

(i) Expense of administration, maintenance, repair or replacement of the Common Properties.

(ii) Expense declared Common Expense by the provisions of this Declaration or the Bylaws.

(iii) Expense agreed upon as Common Expense by the Association and lawfully assessed against Owners of Lots in accordance with the Bylaws or this Declaration.

(iv) Any valid charge against the Association or against the Common Properties as a whole.

(v) The expenses and costs incurred (or a pro rata portion thereof if shared by others) in the use, operation, repair, replacement and maintenance of (aa) the waste water treatment facility (the "Plant") servicing but not located within The Properties, and (bb) the pump station (located within The Properties) and sewer collection lines (located within and outside The Properties).

(e) "Common Properties" shall mean and refer to those areas of land shown on any recorded subdivision plat of The Properties labeled as "Common Properties" or "Recreational Area" or shown as streets or roads or such other areas specifically designated as "Common Properties" by deed from the Developer to the Association and as such intended to be devoted to the common use and enjoyment of the Owners of the Lots, subject to special rights, if any, granted Owners of particular Lots, which are a part of The Properties.

(f) The "Developer" shall mean and refer to a North Carolina general Partnership, Vanguard Properties, and any person or entity who is specifically assigned all or a portion of the rights and interests of Developer hereunder.

(g) "Living Area" shall mean and refer to those heated and/or air-conditioned areas within a Living Unit which shall not include garages, carports, porches, patios, storage areas, breezeways, terraces, or unfinished basements.

(h) "Living Unit", "dwelling", or "building" shall mean and refer to any building or portion of a building, situated upon any Lot, which is a part of The Properties, designed and intended for use and occupancy as a residence by a single family.

(i) "Lot" shall mean and refer to any plot of land within The Properties shown upon any recorded subdivision map of The Properties, or any portion thereof, with the exception of Common Properties as heretofore defined.

(j) "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article Five, Section 1, of this Declaration.

(k) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon The Properties, but notwithstanding any applicable theory of any lien or mortgage law, shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(l) "The Properties" shall mean and refer to all the Existing Property and any additional units of Developer or others as are made subject to the Declaration by any Supplemental Declaration under the provisions of Article One of this Declaration.

### ARTICLE THREE

#### GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with the land, and shall inure to the benefit of, and be enforceable by, The Association or any Owner, its and their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by the then Owners of two-thirds of the Lots has been recorded, agreeing to change said covenants and restrictions in whole or in part, provided, however, that no such agreement to change shall be effective unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any action taken.

Section 2. Notices. Any notice required to be sent to any Member or Owner, under the provisions of this Declaration



shall be deemed to have been properly sent when personally delivered or mailed, postpaid, Certified Mail - Return Receipt Requested, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing. Notice to any one of the Owners, if title to a Lot is held by more than one, shall constitute notice to all Owners of a Lot.

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by an appropriate civil proceeding against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, or both, and against the land to enforce any lien created by these covenants; and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

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

#### ARTICLE FOUR

##### RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION AND OWNERS

Section 1. Restriction on Use and Rights of the Association and Owners.

(a) Permissible Uses. No Lot shall be used except for residential purposes, and no building of any type shall be erected, altered, placed, or permitted to remain on any Lot other than one single-family dwelling, including a garage and any other appurtenances customary to a single-family dwelling which shall comply with any applicable zoning regulations. When construction of any building, structure, improvement, or addition, has once begun, work thereon shall be prosecuted diligently and continuously until the full completion thereof. No Living Unit shall be built which contains cement or cinder blocks which are visible from the outside of the Living Unit, nor may any outside, above ground, fuel or storage be used without the consent of the Board.

(b) Division of Lots. No Lot shall be further divided, except that any two Owners may divide a Lot between them if such Lot is adjacent to the Lots owned by each Owner and provided further that only one single-family dwelling may be constructed on the Lot as subdivided and combined. However, the Developer may convey a portion of a Lot to the Association with the remaining portion of the Lot to be used for a Living Unit.

(c) Utilities and Easement. All utility lines of every type, including but not limited to water, electricity, tele-

phone, sewage and television cables, running from the main trunk line or service location to any Living Unit must be underground. The Developer reserves unto itself, its successors and assigns, a perpetual alienable and releasable easement and right on, over and under the ground to erect, maintain and use water, sewer, electric and telephone systems, wires, cables, and conduits for the purpose of bringing public services to The Properties, on, in or over ten (10) feet of each Lot line fronting on a street, ten (10) feet along the side lines of each Lot, and fifteen (15) feet along the rear line of each Lot, and such other areas as are shown on any recorded plats of The Properties; provided further, that the Association may cut, at its own expense, drainways for surface water wherever and whenever such action is required by applicable health or sanitation authorities in order to maintain reasonable standards of health, safety and appearance. In the event of any additions to The Properties, as provided in Article One, by the Developer or others with the consent of the Developer, the easements created hereby shall exist on the Lots in such additions to The Properties. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, take or add any soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation or to maintain reasonable standards of health, safety and appearance.

(d) Minimum Square Footage. In no event shall any Living Unit contain less than:

(1) 1600 square feet of Living Area on the main floor if it is a one-story Living Unit;

(2) 2000 square feet of Living Area if the Living Unit has two or more floors, with a minimum of 1100 square feet on the first floor; or

(3) 1500 square feet of Living Area on the main level if the Living Unit is a split-level structure, with no less than a total of 2000 square feet of Living Area.

(4) 1200 square feet of Living Area on the first floor if it is a one and one-half (1 1/2) Living Unit with a total of 1800 square feet within the Living Unit (the inside of the top floor need not be finished).

No building shall be located on any Lot nearer to the front property line, side property line, or rear property line than the minimum building setback lines required by applicable zoning regulations or as shown on any recorded plat of The Properties. No building shall exceed 35 feet in height, except as permitted or required by applicable zoning regulations or any recorded plat of The Properties. Measurements shall be made to exterior walls. The Developer or the Board may, in the exercise of reasonable

judgment, waive any inadvertent violation of the provisions of this subparagraph (d).

(e) Temporary Structures. No structure of a temporary character shall be placed upon any portion of The Properties at any time; provided, however, that this prohibition shall not apply to shelters or huts used by contractors during the construction of a Living Unit, or improvements or additions thereto, on any Lot. Temporary shelters, tents, recreational vehicles, trailers (whether attached or unattached to the realty) may not, at any time, be used as a temporary or permanent residence or permitted to remain on any portion of The Properties.

(f) Other Prohibitions or Requirements.

(i) Any Living Unit shall comply with all applicable building, plumbing, electrical and other codes.

(ii) No vent or other pipes or appendages may extend from the front of any Living Unit, unless screened from public view by a screening material or shrubbery approved by the Board.

(iii) Any exterior air-conditioning or heating equipment must be screened from public view by a screening material or shrubbery approved by the Board.

(iv) Down spouts and gutters must be so constructed as to not promote the erosion of the soil of any Lot.

(v) Any tennis courts and swimming pools must be screened from public view by a screening material approved by the Board, moreover, any lighting used to illuminate such facilities must be so shielded as to cast no direct light upon adjacent Lots.

(g) Screening. Erection of clothes lines, the maintenance of any exterior garbage cans, the storage of boats, campers, and trailers in view of the street or Common Properties or Recreational Areas shall not be permitted unless stored in a screened enclosure, either man made or natural.

(h) Debris. No leaves, trash, garbage or other similar debris shall be burned except as permitted by the appropriate governmental authority. No garbage, trash, construction debris or other unsightly or offensive materials shall be placed upon any portion of The Properties, except as is temporary and incidental to the bona fide improvement of any portion of The Properties.

(i) Antennas. In the event a master antenna system is installed at The Properties, no television antennas, radio receiver or sender or other similar device shall be attached to or

installed on the exterior portion of any Living Unit, structure or any Lot or Common Properties within The Properties; provided, however, that the provisions of this paragraph shall not apply to the installation by the Association of equipment necessary for a CATV and mobile radio systems within The Properties.

(j) Streets. All streets in The Properties have been constructed as public streets, meeting the standards of the North Carolina Department of Transportation ("NCDOT") for subdivision streets. The Developer has dedicated a right-of-way, as shown on the recorded map referred to herein, having varying widths. As of the date of the recording of this map, the streets have been inspected by the District Engineer of the NCDOT and certified as having been planned and constructed according to NCDOT standards, including those relating to grading, roadbed, paving, and drainage.

The streets may be accepted by the NCDOT for addition to the State Highway System as state maintained roads upon petition by affected Lot Owners when a sufficient percentage (at this time 20%) of the Lots are individually owned and when there are a sufficient number of occupied Living Units for each applicable segment of street (at this time, two occupied Living Units per one-tenth mile of street, with a minimum of four occupied Living Units). Reference is made to the Regulations of the NCDOT for a more complete discussion of procedures regulating the admission of streets to the state system.

Following such a petition, the streets will be re-inspected by the NCDOT to insure that they continue to meet all state standards, including condition of right-of-way and drainage ditches and swales, failing which, the streets may not be admitted to the state system.

Nothing, including (but not limited to) walls, fences, gates, timbers, trees, or plants, shall be erected, placed, or permitted to remain in any portion of the street right-of-way or related sight or drainage easements as shown on any recorded map of The Properties. No drainage ditch or swale shall be filled, tiled, or altered in any way except in accordance with the standards of the NCDOT.

(k) Unightly Conditions. It is the responsibility of each Owner to prevent any unclean, unsightly, or unkept conditions of Living Unit on or grounds of a Lot of any Owner which shall tend to substantially decrease the beauty of The Properties specifically and as a whole.

(l) No Offensive Activity. No noxious or offensive activity shall be carried on upon any portion of The Properties, nor shall anything be done tending to cause embarrassment, discomfort, annoyance or nuisance to any Owner, tenant or guest thereof, in any portion of The Properties.

(m) Animals and Pets. Except as otherwise permitted herein, or in any supplementary declaration hereto, no plants, animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of other Lots by any Owner, tenants and guests thereof, may be maintained. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept, provided that they are not (i) kept, bred or maintained for any commercial purpose or (ii) permitted to become a nuisance to the neighborhood.

(n) Driveways and Fences Any driveway located on a Lot must be paved, unless otherwise consented to by the Board. Without the prior consent of the Board, no fencing may be located closer to any street than the closest point of the Living Unit to any such streets.

(o) Discharge of Firearms. Hunting and trapping of wild animals, fowl and game and the discharge of firearms and/or bows and arrows within The Properties is prohibited unless required for public safety.

(p) Motorized Vehicles. All motorized vehicles operating within The Properties must be properly mufflered so as to eliminate noise which might be offensive to others. Minibikes and similar two or three wheeled vehicles are prohibited from being used or operated on or within The Properties, unless the prior written consent of the Board is first secured.

(q) Signage. No sign of any kind shall be displayed to the public view on any Lot except one (1) sign with dimensions of not more than two feet by three feet advertising any Lot for sale or rent. All other signs on any Lots must be approved in writing by the Board.

#### ARTICLE FIVE

##### MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION AND BOARD OF DIRECTORS

Section 1. Membership. Every person or entity who is a record Owner of a fee simple interest in any Lot is subject by this Declaration to assessment by the Association and shall be a Member of the Association; provided, however, that any such person or entity to hold such interest merely as a security for the performance of an obligation shall not be a Member. The requirement of membership shall not apply to any mortgagee or trust beneficiary acquiring title by foreclosure or otherwise, pursuant to the mortgage or deed of trust instrument, or deed in lieu of foreclosure.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all owners of Lots (other than the Developer) within The Properties, and shall be entitled to one vote for each such 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 Developer who 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 by written notice to the Association to convert its membership to Class A.

Section 3. Classifications of Membership. Owners of Lots who are Class A members shall be assigned to the following categories or membership sub-classes ("Special Classifications"):

Owners of Lots with completed Living Units thereon	Class A-1
Owners of Lots without Living Units thereon (including Lots with Living Units under construction or which have been completed and are held for first sale)	Class A-2
Owners of Lots with completed Living Units thereon which are not connected to the Plant	Class A-3
Owners of Lots with completed Living Units thereon who use any Recreational Facilities (as determined by the Board from time to time)	Class A-4

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

Section 4. Number of Acres. The Existing Property contains fifty (50) Lots and the Developer (or such other person or entity designated by the Developer) presently contemplates adding to The Properties no more than two hundred fifty (250) acres containing additional Lots pursuant to one or more supplemental declarations.

## ARTICLE SIX

### PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3 of this Article, 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 pass with the title to every Lot.

Section 2. Title to Common Properties. The Developer may retain the legal title to any Common Properties, other than streets or roads shown on any recorded plat of The Properties, until such time as it has completed improvements, if any, thereon and until such time as, in the opinion of the Developer, the Association is able to maintain the same but, notwithstanding any provision to the contrary herein, the Developer hereby covenants, for itself, its successors and assigns, that it shall convey any such Common Properties to the Association not later than January 1, 1995. Prior to the date of acceptance of maintenance of the streets and roads by the appropriate government agency or authority, said streets and roads shall be Common Properties and the expense of maintenance shall be borne by the Association.

Section 3. Extent of Members' Easements. The rights and easements of enjoyment created herein shall be subject to the following:

(a) The right of the Developer, in its sole discretion and at no cost to any Owner, to grade, pave or otherwise improve (including, but not limited to, the installation of utilities, water and sewage lines within the rights of way) any road or street shown on any recorded plat of The Properties.

(b) The right of the Association, as provided in its Articles or By-Laws, to suspend the enjoyment rights of any Owner for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of any published rules and regulations adopted by the Board; and

(c) The right of the Developer or the Association to dedicate or transfer all or any part of the streets or roads within The Properties to any public agency or authority.

(d) The rights of Members of the Association shall in no wise be altered or restricted because of the location of any Common Properties in any additional units constituting a portion of The Properties in which such Member is not a resident. Common Properties belonging to the Association shall result in membership entitlement, notwithstanding that the Lot acquired which results in membership rights as herein provided is not located within any property (phase), made subject in whole or in part to this Declaration, which contains any Common Properties.

#### ARTICLE SEVEN

##### COVENANT FOR PAYMENT OF ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Developer, for each Lot owned by it within The Properties, hereby covenants and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and does hereby covenant and agree to pay to the Association: (1) annual assessments or charges as herein or in the By-Laws provided, (2) special assessments for capital improvements, such annual and special assessments to be fixed, established, and collected from time to time as herein or in the By-Laws provided, and (3) any liquidated damages or summary charges imposed under authority contained in the By-Laws, together with costs, fees and expenses (including reasonable attorney's fees) incurred by the Association incidental to the enforcement of any Rules and Regulations, collection of assessments (both annual and special) or collection of damages or charges arising under the By-Laws. The annual and special assessments and any liquidated damages or summary charges as herein or in the By-Laws provided, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who is the Owner of such Lot at the time when the assessment fell due.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be for the purposes of promoting the health, enjoyment, safety or welfare of the residents in The Properties and in particular for the improvement and maintenance of properties and facilities located in, and related to the use and enjoyment of, the Common Properties and of the Living Units situated upon The Properties, including, but not limited to, (i) the payment of taxes and insurance on the Common Properties and repairs, replacements and additions thereto, and the cost of labor, equipment, materials, management and supervision thereof, (ii) repair and maintenance of any streets or roads within The Properties until the repair and maintenance of such roads has been assumed by the appropriate public authority, and (iii) expenses



and costs incurred in the use, operation, repair, replacement and maintenance of any waste water, collection, pumping and treatment facilities, whether or not located within The Properties, including but not limited to the Plant and the pump station used by any of the Lots, all of which shall be Common Expenses as detailed herein or in the By-Laws.

**Section 3. Assessment of Uniform Rates By Classes.**

Both annual and special assessments shall be fixed at uniform rates for every Lot within a Special Classification and Lots owned by the Developer. While the Developer remains a Class B member it shall pay the same assessment as a Class A-2 member. Assessments may differ among Lots subject to Special Classification. 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 Classification.

**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 without approval by the membership by an amount not to exceed the higher of eight (8%) 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 (All Items) or, if such index shall cease to be published then 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 proxy, 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 Properties, 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 proxy at a meeting (or by written consent to the action delivered to an officer of the Association at or prior to any such 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 an annual basis and shall commence as to all Lots in "The Properties" on the first day of the month following the transfer of title to the first Lot with a completed Living Unit located on such Lot. Upon commencement of the annual assessments

and until the Board determines otherwise the amount of the annual assessments shall be:

- (a) Class A-1 - \$100.00
- (b) Class A-2 - \$50.00
- (c) Class A-3 - (initially this Special Classification shall have no annual assessment)
- (d) Class A-4 - (initially this Special Classification shall have no annual assessment)
- (e) Class B - \$50.00.

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 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. 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 bear interest from the due date at the highest rate permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot and any Living Unit thereon, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for any of the assessments provided for herein by non-use of the Common Properties or abandonment of his 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. Quorum for any Action Authorized Under Sections 4 and 5. The quorum required for any action authorized by Sections 4 and 5 of this Article shall be as follows:

At the first meeting called, as provided in Sections 4 and 5 of this Article, the presence at the meeting of Members, or of proxies, entitled to cast a majority of all the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at such meeting, another meeting may be called, subject to the notice requirements set forth in the Bylaws, and the required quorum at any such subsequent meeting shall be one-half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding scheduled meeting.

The due date of any special assessment under Section 5 hereof or any assessment against any particular Lot, or Lots, permitted by this Declaration shall be fixed in the resolution authorizing such assessment.

Section 10. Duties of the Board of Directors. Commencing with the first annual assessment, the Board shall prepare a roster of the Lots and assessments applicable thereto which shall be kept in the Office of the Association, or at any other place designated by the Board upon notice to the Members, and shall be open to inspection by any Owner. Written notice of the assessment thereupon shall be sent to every Owner subject thereto.

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

Section 11. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein: (a) all Common Properties as defined in Article Two hereof; and (b) all properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemption. Homestead exemptions shall not be considered an exemption.

Notwithstanding any provisions of this Section 11, no Lot or any Living Unit located thereon shall be exempt from said assessments, charges or liens.

## ARTICLE EIGHT

### EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance. In addition to maintenance on the Common Properties and after thirty (30) days written notice to any Owner which shall specify the required maintenance, the Association shall have the right but not the obligation to provide (a) maintenance upon vacant Lots and (b) maintenance

upon every improved Lot, which is subject to assessment under Article Seven hereof. Such maintenance may include, but is not limited to, paint, repair, replace and care of roofs, gutters, downspouts, and exterior improvements on any Living Unit. Such maintenance as to a vacant Lot may include, but is not limited to, the mowing of grass and weeds, the trimming of shrubs, or the removal of trash and litter.

Section 2. Assessment of Cost. The cost of any such maintenance shall be assessed against the Lot upon which such maintenance is done and shall be added to and become part of the annual assessment or charge to which such Lot is subject and, as part of such annual assessment or charge, it shall be a lien against any such Lot, or Lots, as heretofore defined and limited, and a personal obligation of the Owner and shall become due and payable in all respects as provided herein.

## ARTICLE NINE

### AMENDMENT OF DECLARATION

This Declaration may be amended in any of the following manners:

(a) An amendment to this Declaration may be proposed by the Board of Directors acting upon a vote of a majority of the Directors, or by the Members of the Association (including the Developer) owning a majority of the Lots, whether meeting as Members or by instrument in writing signed by them. Upon any Amendment to this Declaration being proposed by the Board of Directors or Members, such proposed Amendment shall be transmitted in writing to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Meeting of the Members of the Association for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt by him of the proposed Amendment. It shall be the duty of the Secretary to give to each Member written notice of such Special Meeting, stating the time and place, and reciting the proposed Amendment in reasonably detailed form, which notice, if mailed, shall be mailed not less than ten (10) days nor more than thirty (30) days before the date set for such Special Meeting. Any Member may, by written waiver of notice signed by such Member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such Member. At the meeting, the Amendment proposed must be approved by an affirmative vote of sixty-six percent (66%) of the Members (including the Developer) owning Lots in order for such Amendment to become effective. At any meeting held to consider such Amendment, the written vote of any Member of the Association shall be recognized if such Member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to such meeting or

at such meeting. In order for such Amendment to be binding upon all the holders of mortgages or deeds of trust against any Lot in The Properties, written consent must be obtained from the then existing (as of the date of the meeting of Members which approved such Amendment) holders of First Lien Mortgages or Deeds of Trust encumbering fifty-one percent (51%) of the Lots in The Properties or such higher percentage as may be required by Article Ten below. If such consent is so obtained, the Amendment shall be binding on all the holders of mortgages or deeds of trust encumbering Lots in The Properties.

(b) This Declaration may be amended during the first twenty (20) year period by the Developer with permission of the Board expressed in writing, and thereafter by the procedure set forth in subparagraph (a) above; provided, further, that no amendment shall alter any obligation to pay ad valorem taxes or assessments for capital improvements, as herein provided, or affect any lien for the payment thereof established herein. Provided, Developer may, without any meeting, approval or joinder of any other Owner, amend this Declaration 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.

If so approved, any such Amendment of this Declaration shall be transcribed and certified by the President and Secretary of the Association after having been duly adopted and approved by the requisite percentages of Members and Lenders or as set forth in subparagraph (b) above. The original or an executed copy of such Amendment so certified and executed by said officers with the same formalities as a deed, shall be recorded in the Forsyth County Public Registry, and no such Amendment to this Declaration shall be effective until so recorded. If any Amendment to the Declaration creates an inconsistency in the Bylaws, to the extent such inconsistency exists, the Declaration shall control.

## ARTICLE TEN

### GENERAL PROVISIONS AND RIGHTS OF FIRST MORTGAGEES

Section 1. Enforcement. The Association, or any Owner, (including the Developer), 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. 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 this Declaration when such default is not cured within thirty (30) days from its occurrence.

Section 3. 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, within The Properties, or the upkeep of lawns and plantings within The Properties.

(d) Use of hazard insurance proceeds for losses to improvements located on Common Properties or 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 4. 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 Common Properties or other 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 payment shall be entitled to immediate reimbursement therefor from the Association.

ARTICLE ELEVEN

CAPTIONS, INTRODUCTIONS AND GENDER

The captions and introductory material herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provision hereof. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine and neuter genders, and the use of the singular shall be deemed to refer to the plural, and the use of the plural shall be deemed to include the singular, whenever the context so requires.

IN WITNESS WHEREOF, Vanguard Properties, a North Carolina general partnership has caused this Declaration of Covenants, Conditions and Restrictions to be executed and sealed by all of its general partners, as of the day and year first above written.

DEVELOPER:

VANGUARD PROPERTIES, a North Carolina General Partnership

By: Olin C. Cranfill (SEAL)  
Olin C. Cranfill, General Partner  
By: William E. Hollan, Jr. (SEAL)  
William E. Hollan, Jr., General Partner

NORTH CAROLINA )  
                          )  
FORSYTH COUNTY )

I, Ann K. McMahan, a Notary Public of <sup>Davidson</sup> said County and State, do hereby certify that Olin C. Cranfill, and William E. Hollan, Jr., General Partners of Vanguard Properties, a North Carolina General Partnership, each personally appeared before me this day and acknowledged the due execution of the foregoing instrument, for and on behalf of said partnership.

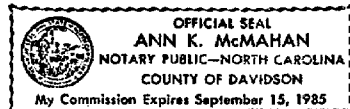
29th Witness my hand and notarial seal or stamp, this the day of April, 1985.

Ann K. McMahan  
Notary Public

My Commission Expires:

9-15-85

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STATE OF NORTH CAROLINA - Forsyth County

The foregoing (or annexed) certificate of Ann K. McMahan, N.P. Davidson (here give name and official title of the officer signing the certificate passed upon)

Co., N.C.

is (are) certified to be correct. This the 30 day of April, 1985.

PRESENTED FOR  
REGISTRATION  
AND RECORDED  
APR 30 4 26 PM '85

By Karen Gordon Deputy Assistant  
Speas, Register of Deeds

Probate and Filing Fee \$ 33.50 paid.

L.E. SPEAS  
REGISTER OF DEEDS  
FORSYTH CTY. N.C.

BOOK 1484 P 0435

SCHEDULE A

Lying and being in Clemmonsville Township, Forsyth County, North Carolina, and beginning at an iron stake located in the north-westerly right-of-way of Harper Road, said iron marking the south-western corner of Tax Lot 107D, Block 4207, property of M. M. Spease (now or formerly), recorded in Deed Book 886 at Page 491; and from said beginning point and running with Harper Road the following two (2) courses and distances: (1) South 63° 29' 03" West 169.49 feet to an iron; and (2) on a curve to the left, a chord of South 50° 54' 16" West 237.46 feet to an iron; thence running with the eastern line of Tax Lot 206B, Block 4207, property of G. W. Smith (now or formerly) recorded in Deed Book 1199 at Page 205, North 04° 09' 12" East 450.64 feet to an iron; continuing with the northern line of Smith North 85° 08' 48" West 222.94 feet to an iron; continuing with the western line of Smith South 00° 11' 29" East 416.17 feet to an iron; thence running with the northern line of Tax Lot 204C, Block 4207 and continuing with the northern line of Tax Lot 203A, Block 4207 North 85° 17' 47" West 510.00 feet to an iron; thence running with the property of RDC, Inc. (now or formerly) the following seven (7) courses and distances: (1) North 32° 37' 09" East 93.33 feet to an iron; (2) North 54° 56' 11" West 179.65 feet to an iron; (3) North 23° 26' 38" West 130.00 feet to an iron; (4) North 32° 57' 56" West 140.00 feet to an iron; (5) North 64° 05' 00" West 42.73 feet to an iron; (6) North 76° 04' 17" West 255.00 feet to an iron; and (7) North 26° 25' 03" West 57.99 feet to an iron; thence running with the line of Meadowbrook, Section Ten North 05° 02' 53" East 549.70 feet to an iron; thence running with the property of RDC, Inc. (now or formerly) the following seven (7) courses and distances: (1) North 46° 26' 25" East 620.00 feet to an iron; (2) South 53° 16' 47" East 497.50 feet to an iron; (3) North 28° 52' 19" East 85.00 feet to an iron; (4) South 61° 07' 41" East 180.00 feet to an iron; (5) South 05° 43' 13" East 88.07 feet to an iron; (6) South 47° 17' 34" East 327.20 feet to an iron; (7) South 75° 43' 35" East 225.00 feet to an iron; thence running with the western line of Tax Lot 118, Block 4207, property of Robert A. Johnson (now or formerly) recorded in Deed Book 1119 at Page 105, South 00° 36' 04" West 525.00 feet to an iron located in the northern line of Tax Lot 107D, Block 4207; thence running with said northern line North 85° 08' 48" West 70.76 feet to an iron; running thence with the west line of said Tax Lot 107D, South 21° 06' 14" East 219.75 feet to the point and place of beginning, and containing 36.524 acres, more or less.

This description was taken from a plat of survey entitled "Section One Waterford" recorded in Plat Book 30 at Page 3 of the Forsyth County Registry and prepared by K. L. Foster on March 5, 1985 (Gupton-Foster Associates) Job No. 3525-85C.

BOOK 1404P0436