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DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
KINDERTON VILLAGE CARRIAGE HOMES

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0648 STATE OF NORTH CAROLINA)
)
COUNTY OF DAVIE)

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
KINDERTON VILLAGE CARRIAGE HOMES

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KINDERTON VILLAGE CARRIAGE HOMES is made and published this ____ of _____, 2010, by and between ADAMS EGLOFF AVANT PROPERTIES, LLC, a North Carolina limited liability company, having its principal place of business in Forsyth County, North Carolina (hereinafter called "Declarant"), and any and all persons, firms or corporations hereafter acquiring any of the within described property.

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain real property located near the intersection of Interstate 40 and NC Highway 801, Advance, Davie County, North Carolina, and more particularly described as Units 379 through 408 as shown on the plat of Kinderton Village, Phase 3D, Sections II and III, as recorded in Plat Book 9, Page 199 and re-recorded in Plat Book 9, Page 366, Davie County Registry (hereinafter, the "Property");

WHEREAS, the Property is situated within an exclusive, mixed-use, residential community or communities known as Kinderton Village, which contains different types of residential housing. The different types of residential housing are each in a separate homeowners association that are each a sub-association of the master association known as Kinderton Village Homeowners Master Association (hereinafter, the "Master Association") which coordinates, plans and maintains the recreational and common areas which are for the use and benefit of all sub-associations. The Property is subject to the Master Declaration (as hereinafter defined);

WHEREAS, Declarant has caused, or will cause, the above-described property to be subdivided into single-family, residential lots for a subdivision known as "Kinderton Village Carriage Homes" as more particularly described on the above-referenced plat;

WHEREAS, it is in the best interest of the Declarant, as well as to the benefit, interest and advantage of each and every person or other entity hereafter acquiring any of the said lots that certain covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use and occupancy of the same be established, fixed and set forth and declared to be covenants running with the land; and

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WHEREAS, Declarant desires to provide for the preservation of the values and amenities and the desirability and attractiveness of the Lots in Kinderton Village Carriage Homes; and for the continued maintenance and operation of the recreational and common areas as may be provided therein;

NOW, THEREFORE, in consideration of the premises, the Declarant agrees with any and all persons, firms, corporations or other entities hereafter acquiring any of the Property, as herein defined, which is a part of the Carriage Home lots in Kinderton Village, that the same shall be and is hereby subject to the following restrictions, covenants, conditions, easements, assessments and liens (all hereinafter collectively referred to as "Restrictions") relating to the use and occupancy thereof, said Restrictions to be construed as covenants running with the land which shall be binding on all parties having or acquiring any right, title or interest in the said property or any part thereof, and which shall inure to the benefit of each owner thereof. Every person or other party hereafter acquiring any of the said property made subject to this Declaration, by acceptance of a deed or contract for deed or other conveyance of any interest in or to said property, whether or not it shall be so expressed in any such deed, contract for deed or other conveyance, and regardless of whether the same shall be signed by such person and whether or not such person shall otherwise consent in writing, shall take such property interest subject to this Declaration and to the terms and conditions hereof and shall be deemed to have assented to same.

ARTICLE I

Definitions

The following words when used in this Declaration or any supplemental declaration hereto (unless the context shall prohibit) shall have the following meaning:

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

Section 2. "Association" shall mean and refer to The Kinderton Village Carriage Homes, a nonprofit corporation organized and existing under the laws of the State of North Carolina, its successors and assigns.

Section 3. "Board of Directors" or "Board" shall mean those persons elected or appointed to act collectively as the directors of the Association.

Section 4. "Bylaws" shall mean the Bylaws of the Association as they now or hereafter exist.

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Section 5. "Charter" shall mean the Articles of Incorporation of the Association as they were filed in the office of the Secretary of State for North Carolina, and any amendments thereto.

Section 6. "Common Area" shall mean and refer to the real property owned by the Association for the common use, benefit and enjoyment of the Owners of Units in the Association which surrounds the Lots as shown on the recorded plat of the Kinderton Village Carriage Homes referenced above and is the area for the exclusive use of the sub-association. The term "Common Area" does not include areas designated as "General Common Area", "General Common Open Space", "General Common Green" or other designation on the recorded plat(s) in the office of the Register of Deeds for Davie County which would indicate that the area is for the use of all residents of Kinderton Village regardless of the type of residential property that the homeowner has, i.e, apartment, single family, townhouse or condominium unit, and is owned by the Master Association for the use, benefit and enjoyment of all Sub-Associations.

Section 7. "Declarant" shall mean and refer to Adams Egloff Avant Properties, LLC, a North Carolina limited liability company, its successors and assigns.

Section 8. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions applicable to the Kinderton Village Carriage Homes and more particularly described herein.

Section 9. "General Common Area" shall mean that real property designated as "General Common Area", "General Common Open Space", "General Common Green" or other designation on the recorded plat(s) in the office of the Register of Deeds for Davie County which would indicate that the area is for the use of all residents of Kinderton Village regardless of the type of residential property that the homeowner has, i.e, apartment, single family, townhouse or condominium unit, and is owned by the Master Association for the use, benefit and enjoyment of all Sub-Associations. The General Common Area may be located within or without the boundaries of the Sub-Associations.

Section 10. "Limited Common Area" shall mean, with respect to any Lot, collectively, (i) any driveway, walkway, patio, ground areas directly beneath overhanging eaves and roofs, ground areas for heating and air conditioning equipment or other improvements adjacent to and servicing such Lot; (ii) any portion of the Common Area designated on a recorded plat of Kinderton Village Carriage Homes which is labeled as being limited common area or otherwise for the exclusive use of any individual Lot; or (iii) any portion of the Common Area as to which there occurs an unintentional and non-negligent (by the Owner) encroachment of the improvements otherwise located on a Lot for so long as such encroachment shall naturally exist.

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Section 11. "Lot" shall mean and refer to any plot of land designated herein as being a part of the lots of Kinderton Village Carriage Homes, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a single dwelling site as shown on plats for lots as designated herein, or amendments thereto, recorded, or to be recorded, in the Davie County Registry. "Lot" shall also mean other single family dwelling sites as may hereafter be annexed and brought within the jurisdiction of the Association. In the event any Lot is increased or decreased in size by re-subdivisions through recordation of new subdivision plats, any such newly platted Lot shall thereafter constitute a Lot for the purposes of this Declaration.

Section 12. "Master Association" shall refer to the Kinderton Village Homeowners Master Association, a North Carolina non-profit corporation organized and existing under the laws of the State of North Carolina, its successors and assigns. The Association is a member of the Master Association which is responsible for architectural control, restrictive covenants, and the repair, maintenance, and upkeep of the General Common Area.

Section 13. "Master Declaration" shall refer to the Declaration of Covenants, Conditions and Restrictions for Kinderton Village Homeowners Master Association filed of record in Book 354, Page 354, Davie County Registry to which the lots designated herein and all Owners thereof are and shall be subject and to which all future properties by which its declaration makes it and its Owners subject.

Section 14. "Member" shall mean and refer to any person or other entity who holds membership in the Association.

Section 15. "Owner" shall mean and refer to the record owner, whether one or more persons or entities of the fee interest in any Lot designated herein as being a part of the Association, excluding, however, those parties having such interest merely as a security interest for the performance of an obligation.

Section 16. "Person" shall mean and refer to a natural person, as well as a corporation, partnership, firm, association, trust or other legal entity. The use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

Section 17. "Property" shall mean and refer to any and all of that certain real property shown on the plat of Kinderton Village, Phase 3D, as recorded in Plat Book 9, Pages 366, Davie County Registry.

Section 18. "Carriage Home Lots" shall mean all the numbered lots or units in Kinderton Village Carriage Homes as shown on the plat recorded in Plat Book 9, Page 366,

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Davie County Registry, and such future lots as are specifically made subject to this Declaration by an annexation agreement recorded in the office of the Register of Deeds for Davie County, North Carolina. The term "Carriage Home" shall have the same definition as "twinhome" or "twinhouse" as used in any application of the term to this Declaration or the Master Declaration and shall be used interchangeably.

Section 19. "Sub-Association" shall mean and refer to the Association and other residential-use homeowners associations, including townhouse, condominium, and apartment associations formed (or to be formed) which are members of the Master Association. The Owners of property which are members of such Sub-Association will also be subject to the covenants, conditions and restrictions (and entitled to use the General Common Area) set forth in the Master Declaration.

Section 20. "Unit" shall mean the single family dwelling constructed on any Lot.

ARTICLE II

Properties Subject To This Declaration and Additions Thereto

Section 1. By Declarant. The property which is, and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration is located in Davie County, North Carolina, and is more particularly described as Lots 379 through 408, as shown on the plat recorded in Plat Book 9, Page 199 and re-recorded in Plat Book 9, Page 366, Davie County Registry, and any additions as herein provided.

Section 2. Additions. For a period of twenty (20) years from the date of recording this Declaration and without further assent or permit, Declarant hereby reserves the right, exercisable from time to time, to subject other real property to the Restrictions set forth herein, in order to extend the scheme of this Declaration to other property to be developed and thereby to bring such additional properties within the jurisdiction of the Association.

The additions herein authorized shall be made by the filing of record one or more supplementary declarations in respect to the properties to be then subject to this Declaration and which shall extend the jurisdiction of the Association to such property and thereby subject such addition to assessment for its just share of the Association's and the Master Association's expenses. Any such supplemental declaration or any such other declaration shall not revoke or otherwise amend the provisions of this Declaration as this Declaration pertains to the properties subject hereto and any such supplemental declaration shall be substantially similar in form and content to this Declaration; and provided, further, that any

0653 such additional property made subject to the terms and provisions hereof shall also be made subject to the terms and conditions of the Master Declaration by appropriate supplemental declaration thereto.

ARTICLE III

Association Membership and Voting Rights

Section 1. Membership.

(a) Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association shall be a member of the Association, subject to and bound by the Association's Articles of Incorporation, Bylaws, rules and regulations. The foregoing is not intended to include persons or entities who hold an interest in any lot merely as security for the performance of an obligation. Ownership of record of such lot shall be the sole qualification for membership. When any lot is owned of record in tenancy by the entireties, joint tenancy, or tenancy in common or by some other legal form of multiple ownership, the membership (including the voting power arising therefrom) shall be exercised only as stipulated in Section 2 hereinbelow.

(b) During any period in which a member shall be in default in the payment of any annual, special or other periodic assessment levied by the Association or the Master Association, the voting rights and right to the use of the common areas or any other facilities which the Association and the Master Association may provide may be suspended by the Board of Directors of the Master Association or the Board of Directors of the Association until such assessment is paid. In the event of violation by a member of any rules or regulations established by the Board of Directors of the Association, such member's voting and use rights may be suspended by the Board of Directors of the Association after a hearing at which the general requirements of due process shall be observed. Such hearing shall only be held by the Board of Directors of the Association (or a committee thereof) after giving the member ten (10) days' prior written notice specifying each alleged violation and setting the time, place and date of the hearing. Determination of violation shall be made by a majority vote of the Board of Directors of the Association or a committee thereof.

(c) No membership fee shall be charged, nor shall Members be required to pay at any time any amount to carry on the business of the Association except to pay when due the charges, assessments and special assessments levied upon each member's lot as specified in the Declaration and the Master Association, or as the Members of the Association and the Master Association may from time to time hereafter adopt.

Section 2. Voting and Voting Rights.

(a) The voting rights of the membership shall be appurtenant to the ownership of Lots. The ownership of each Lot by a person other than Declarant shall entitle its Owner to one vote. The Association shall have two classes of voting membership:

(1) Class A Lots. Class A members shall be all Owners other than Declarant; however, Declarant shall be a Class A member to the extent provided in (2) hereinafter. Class A members shall be entitled to one vote for each Lot owned.

(2) Class B Lots. The Class B member shall be the Declarant, and it shall be entitled to three (3) votes for each Lot in which it holds a fee or undivided fee interest; provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) Four (4) months after the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, provided, however, that the Class B membership shall be reinstated if, after such conversion and before the time stated in subparagraph (ii) below, additional lands are annexed to the Property pursuant to the provisions herein containing a sufficient number of Lots to give the Class B membership a total number of votes in excess of the Class A membership; or

(ii) On May 1, 2018.

(b) When two or more persons hold an interest (other than a leasehold or security interest) in any Lot, all such persons shall be members. The vote for such Lot shall be exercised by one of such persons as proxy and nominee for all persons holding an interest in a Lot and in no event shall more than one (1) vote be cast with respect to any Lot (except with respect to Lots owned by Declarant), nor shall any fractional vote be cast.

(c) Any member who is delinquent in the payment of any charges duly levied by the Association or the Master Association against a Lot owned by such member shall not be entitled to vote until all such charges, together with such reasonable penalties as the Board of Directors of the Association or the Board of Directors of the Master Association may impose, have been paid.

(d) Members shall vote in person or by proxy executed in writing by the member. No proxy shall be valid after eleven (11) months from the date of its execution or upon conveyance by the member of his or her Lot. A corporate member's vote shall be cast by the President of the member corporation or by any other officer or proxy appointed by the

0655 President or designated by the Board of Directors of such corporation, which designation must, if requested by the Association, be in writing.

(e) Voting on all matters except the election of directors shall be by voice vote or by show of hands unless a majority of the members present at the meeting shall, prior to voting on any matter, demand a ballot vote on that particular matter. Where directors or officers are to be elected by the members, the solicitation of proxies for such elections may be conducted by mail.

(f) Notwithstanding anything herein to the contrary, the Declarant reserves the right, in its sole discretion, to assign all or part of its voting rights, to a builder or other developer who is or will be building improvements on any Lots within the Association.

ARTICLE IV

Common Area Property Rights

Section 1. Use of Common Area. Every Owner (by virtue of membership in the Association and the Association's membership in the Master Association) shall have a nonexclusive right and easement of enjoyment in and to the Common Area and General Common Area which shall be appurtenant to and shall pass with the title for every Lot subject to the provisions of this Declaration, the Charter and the Bylaws of the Association, the Master Declaration and the Charter and Bylaws of the Master Association, and the agreement(s) referred to in Section 3 hereof, and the following:

(a) The right of the Association and the Master Association to limit the use of the Common Area and General Common Area to Owners, their families and guests and to the members of other homeowners associations made a part of the Master Association.

(b) The right of the Association and the Master Association to suspend the voting and enjoyment rights of an Owner for any period during which any assessment against his or her Lot remains unpaid, or for any infraction of the Association's published rules and regulations.

(c) The right of the Association and the Master Association to mortgage, to dedicate or to transfer any part of the common area to any public agency, authority, utility or other entity for such purposes and subject to such conditions as may be agreed to by the members of this Association and the Master Association as applicable in accordance with the terms and provisions of this and the Master Declaration. No such mortgage, dedication or transfer shall be effective unless 66-2/3% of the aggregate number of votes in the Association and the Master Association are cast in favor of such dedication or transfer of

their respective common areas. The instrument effecting such dedication, transfer or conveyance shall be sufficient if it is executed by appropriate officers of the Association or Master Association, as the case may be, and contains a recital of the approval of the Members; provided however, this Section shall not preclude the Board of Directors of the Association or the Master Association, as the case may be, from granting easements for the installation and maintenance of electrical, telephone, cablevision, water and sewerage, utilities and drainage facilities upon, over, under and across the common areas without the assent of the membership when such easements are requisite for the convenient use and enjoyment of the General Common Area or Common Area or such easements are needed for the use or development of Kinderton Village and will not materially alter the nature and character of the General Common Area or Common Area.

(d) The right of the Association to formulate, publish and enforce rules and regulations for the use and enjoyment of the Common Area.

Section 2. Delegation of Use. The right and easement of enjoyment granted to every Owner in Section One of this Article may be exercised by members of the Owner's family and an Owner may delegate his or her rights of enjoyment in the General Common Area and Common Area to his or her tenants or contract purchasers who occupy the Unit of the Owner within the properties.

Section 3. Title to the Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area, if any, shown on the aforementioned recorded plats to the Association, free and clear of all encumbrances and liens, except utility, antenna and drainage easements and easements to governmental authorities. Similarly, Declarant will convey to the Association Common Area which are part of this development as those portions are annexed in the future.

Section 4. Parking Regulations for Boats, Trailers, etc. The Association may regulate the parking of boats, trailers, and other such items on the Common Area (including the provision of special facilities for which a reasonable charge may be made). No boats or trailers shall be parked within the right-of-way of any public or private street in or adjacent to the Property.

Section 5. Antennas and Satellite Dishes. The Association may regulate or prohibit the erection of any type of antennas, including but not limited to, CB, TV, Video, and Short Wave, on any Common Area.

Section 6. Agreement with Master Association. The Association shall enter into an agreement with the Master Association and other Sub-Associations which will insure that the Association has the right to use and enjoy the General Common Area, and, reciprocally, the

0657 obligation to contribute to the maintenance and upkeep of the General Common Area as required in the Master Declaration.

ARTICLE V

Covenants for Maintenance Assessments

Section 1. Annual Assessment for Maintenance Fund. For each Lot owned within the property, every Owner covenants, and each subsequent Owner of any such Lot, by acceptance of a deed therefor, whether or not it is so expressed in such deed, is deemed to covenant and agree to pay to the Association for the expenses of the Association and expenses of the Master Association in accordance with the terms of the Master Declaration:

- (a) Annual assessments or charges in the amount hereinafter set forth.
- (b) Special assessments as approved by the Association or the Master Association, as the case may be, to be established and collected as hereinafter provided.

The annual assessment provided for herein for the Association shall be payable in advance on an annual basis by every Owner of each Lot, unless the Association decides by a majority vote to have the assessment payable monthly. The annual assessment shall be due on January 1 and payable quarterly, beginning on January 1, except for the first year of ownership by an Owner. At the closing of the purchase of a Lot by an Owner, the assessment shall begin to accrue and the Owner shall pay to the Association the Owner's pro rata share of the annual assessment for the remainder of the quarter. The Declarant, its successors or assigns, reserves the right to collect at closing from the Owner, the Owner's pro rata share of the annual assessment for the remainder of the quarter of closing.

Section 2. Purpose of Assessments. The assessments levied by the Association or the Master Association shall be used to provide funds for such purposes and common expenses as are for the benefit of the Association, the Master Association, and the Owners of property within the area overseen and administered by the Sub-Associations, which purposes include the exterior maintenance of the units, all landscaping around the Units, maintenance, repair, insurance, landscaping and beautification of the General Common Area and Common Area, and which purposes shall specifically include the payment of electric bills for decorative street lighting whether or not such lighting is installed in the General Common Area or the Common Area or along or in the public or private streets. Funds may also be used to provide other services to promote the health, safety and welfare of the Owners and in particular for the acquisition, improvement and maintenance of the properties, services and facilities related to the use and enjoyment of the General Common Area and the Common Area, including but not limited to the cost of repair, replacement and additions

0658 thereto; the cost of labor, equipment, materials, management and supervision thereof; the payment of taxes assessed against all General Common Area and all Common Area; the procurement and maintenance of insurance; the employment of attorneys, accountants and other professionals to represent the Association when necessary or useful; the employment of security personnel to provide any service which is not readily available from any governmental authority; and such other needs as may arise. Any additional uses and purposes for assessments may be adopted by an amendment to this Declaration, as provided in Article IX herein.

Section 3. Creation of the Lien and Personal Obligation of Assessment. In accordance with the terms and provisions hereof and Article V of the Master Declaration, and in order to secure payment at and after the due date, as each assessment becomes due there shall arise a continuing lien and charge against each Lot, the amount of which shall include costs and reasonable attorneys' fees to the extent permissible by law. Each such assessment, together with such interest, cost and reasonable attorneys' fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

Section 4. Exempt Property. The assessments, charges and liens created under this Article V shall not apply to the Common Area or General Common Area, if any, nor shall they apply to any Lot the title to which is vested either in any first mortgagee subsequent to foreclosure or in the Secretary of Housing and Urban Development or the Administrator of the Department of Veterans' Affairs or any other State or Federal governmental agency which acquires title by reason of such agency's guarantee or insurance of a foreclosed mortgage loan; provided, however, that upon the resale of such Lot by such first mortgagee or such governmental agency the assessment herein provided shall again commence and accrue and shall be fully applicable to such Lot upon the conveyance to any subsequent Owner. Any Lot which Declarant may hereafter designate for common use as part of the common area or otherwise shall be exempt from the assessments and charges created herein. In addition, other than land and improvements devoted to dwelling use, all property dedicated to and accepted by a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation under the laws of the State of North Carolina shall be exempt from the assessments, charges and liens created hereby.

Section 5. Annual Maintenance Assessments.

(a) The annual maintenance assessment imposed by the Master Association shall be set each year by the Master Association as set forth in Article V of the Master Declaration.

(b) The annual maintenance assessment imposed by the Association shall be set each year by the Association as set forth herein. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs.

Section 6. Special Assessments. In addition to the annual assessment imposed by the Master Association and the Association set forth above, the Master Association and the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any capital improvement, for repairs or replacement of any capital improvement, for repairs or replacement of any improvement on the General Common Area and the Common Area, including the repair or replacement of the paving on the private streets, and private easements created by the Declarant to provide access to more than one Lot. Provided that any such assessment by the Association shall have the consent of two-thirds (2/3's) of the votes of all Owners of Lots not owned by the Declarant, at a meeting duly called for this purpose, written notice of which shall be sent to all Members in accordance with the provisions of the By-Laws for special meetings of the Association. Provided further, that any such assessment by the Master Association shall have the consent of a majority of the votes of all Members, at a meeting duly called for this purpose, written notice of which shall be sent to all Members in accordance with the provisions of the By-Laws for special meetings of the Association. Any such special assessment passed by either association shall not apply to the Declarant.

Section 7. Payment of Assessments by Declarant. Notwithstanding anything in this Article V to the contrary, Declarant shall at no time be required to pay in any form the annual assessment or any special assessment imposed by the Master Association or the Association.

Section 8. Notice and Quorum For Any Action Authorized Under Sections Five and Six. Written notice of any meeting called for the purpose of taking any action authorized under Sections 5 and 6 of this Article shall be sent to the Owners not less than ten (10) days nor more than sixty (60) days in advance of the meeting.

At the first such meeting called, the presence in person or by proxy of Owners entitled to cast sixty percent (60%) of all the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. If the required quorum is not present at the second meeting, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held less than six (6) months following the preceding meeting.

Section 9. Working Capital Assessments. In addition to the annual assessments authorized above, at the time of the closing of the first sale of each Lot to the occupant of the Unit, the purchaser(s) thereof shall pay to the Association an amount equal to two-twelfths (2/12) of the then current annual assessment established by the Association. Such funds shall be used by the Association to establish a Working Capital Fund, the purpose of which is to insure that the Association will have sufficient monies available to meet its initial operational needs. No such payments made into the Working Capital Fund shall be considered advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of the Declaration and these By-laws.

Section 10. Date of Commencement of Annual Assessment; Due Dates; Certificate of Payment.

(a) Annual assessments imposed by the Master Association provided for herein shall begin to accrue at the time and in the manner set forth in the Master Declaration.

(b) The annual assessments provided for herein for the Association shall be payable on January 1 of each year. The assessment shall begin to accrue as to a Lot at the time of closing and conveyance of a Lot to an Owner other than the Declarant. At least thirty (30) days before January 1 of each year, the Board of Directors of the Association shall establish the amount of the annual assessment imposed by the Association against each Lot and in the event the Board of Directors of the Association elects not to fix such assessment rate as herein provided, the amount of the prior year's annual assessment shall be the fixed amount. Written notice of any changed assessment rate shall be sent to every Owner by the Association.

(c) 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 (whether annual or special or imposed by the Association or the Master Association) on a specified Lot have been paid to date.

Section 11. Effect of Nonpayment of Assessment; 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 maximum legal rate and to the extent allowed by law. The Association or the Master Association, or either of their agents or representatives, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot to which the assessment relates, and interest, costs and reasonable attorneys' fees for such action or foreclosure shall be added to the amount of such assessment to the extent allowed by law. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of any of the common areas or abandonment of the Lot.

Section 12. Subordination of the Lien to Ad Valorem Taxes and Mortgages. The liens provided for herein shall be subordinate to the lien of ad valorem taxes and shall be subordinate to any first lien deed of trust (sometimes hereinafter called “mortgage” or “first mortgage” and the holder thereof being sometimes hereinafter referred to as a “first mortgagee”) on any Lot if, but only if, all such assessments with respect to such Lot having a due date on or prior to the date such mortgage is filed for record have been paid. The lien and permanent charge hereby subordinated is only a lien and charge as relates to assessments authorized hereunder having a due date subsequent to the date such mortgage is filed of record and prior to the satisfaction, cancellation or foreclosure of such mortgage or the sale or transfer of the mortgaged property pursuant to any proceeding in lieu of foreclosure or the sale or transfer of the mortgaged property pursuant to a sale under power contained in such mortgage. Sale or transfer of any Lot shall not affect any assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage pursuant to a foreclosure thereof or under a power of sale or any proceeding in lieu of foreclosure thereof shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer, but the Association shall have a lien upon the proceeds from foreclosure or of sale junior only to the said foreclosed first mortgage and the equity of redemption of the mortgagor or trustor. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof, except as provided in Section 4 of this Article V.

Section 13. Collection of Assessments. The Association shall promptly collect all assessments due from Owners pursuant to the terms and provisions hereof and the Master Declaration. The Association shall promptly remit to the Master Association such assessments set forth above to which the Master Association is entitled to be used for the maintenance of common areas and other matters as set forth in the Master Declaration. The Association shall retain the assessments to which it is entitled for the purposes set forth herein.

ARTICLE VI

Rules, Regulations, Use Restrictions and Exterior Maintenance

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

Section 2. Use Restrictions.

Declarant shall have the responsibility of enforcing the use restrictions set forth in the Master Declaration and the Association shall have the responsibility of enforcing the use restrictions which are particular to its Property. Any conflict between the Use Restrictions of the Master Declaration and the Use Restrictions of the Association shall be resolved in favor of the Use Restrictions of the Master Declaration, it being understood that the Use Restrictions of the Master Declaration shall control. The following Use Restrictions shall apply to the Property of the Association:

(a) All structures, landscaping, alterations, fencing and other improvements to the Lots must be approved by the Architectural Committee, as defined in Article VI of the Master Declaration, it being understood that the Architectural Guidelines, as defined in the Master Declaration, and approval requirements of the Master Declaration control the Lots herein.

(b) The Lots which are subject to this Declaration shall not be subdivided.

(c) In all cases these Use Restrictions set forth or provided for in this Section Two shall be construed together and with the Use Restrictions contained in Section Two of Article VI of the Master Declaration and shall be given that interpretation or construction which will best tend toward their strict enforcement, and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective.

Section 3. Governmental Regulations. Each Owner shall observe all governmental building codes, health regulations, zoning restrictions and other regulations applicable to his or her Lot. In the event of any conflict between any provision of any such governmental code, regulation or restriction and any provision of this Declaration, the more restrictive provision shall apply.

Section 4. Exterior Maintenance.

(a) In addition to the maintenance upon the Common Area, the Association shall provide exterior maintenance for the Unit upon a Lot as follows: paint, repair, replace and maintain exterior building surfaces, roofs, gutters, downspouts, trees, shrubs, walks and other exterior improvements. Such exterior maintenance shall not include repair and replacement of entry doors and garage doors and their appurtenant hardware, glass surfaces or any other exterior improvements constructed by the Owner of such Lot (all such improvements being subject to prior approval by the Committee, as defined in the Kinderton Village Master Declaration). In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association and its designated agents and representatives, the right of unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article. There is further reserved unto the Association an

easement across each Lot for the purposes of making emergency repairs or taking such action as may be necessary or required to prevent damage to another Owner's or Limited Common Area.

(b) In the event any Owner wishes to provide any exceptional plantings, gardens, structures or improvements on the Lot, which would, in the sole opinion of the Board of Directors of the Association, require excessive expense on the part of the Association in performing any such maintenance, then the Board of Directors may do any one of the following in their sole discretion: (i) prohibit the implementation of such plans by the Owner; (ii) charge the Owner a special assessment to cover the added expense of the Owner's proposed plan; or (iii) require the Owner to maintain his or her entire Lot to a standard of care at least as high as that for the remaining Lots in the Property. Should either of the latter two options be pursued and should the Owner fail to meet his or her obligations thereunder, the Board may require the restoration of the grounds in a style of conformity with the remaining Lots being maintained by the Association. Any expenses incurred by the Association in connection with such restoration will be treated as a special assessment of such Lot Owner.

(c) In the event that the need for maintenance is caused through the willful or negligent acts of the Owner, the Owner's family, guests or invitees, or is caused by fire, lightening, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircrafts, vehicles and/or smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage Insurance Policies, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject.

ARTICLE VII

Easements

Section 1. Walks, Drives, Parking Areas and Utilities. All of the Property, including Lots and Common Area, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines, and other public utilities as shall be established prior to subjecting the Property to this Declaration by the Declarant or its predecessors in title. The Association shall have the power and authority to grant and to establish in, over, upon, and across the Common Area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property.

Section 2. Utilities and Drainage. All utility lines of every type, including but not limited to water, electricity, natural gas, telephone, sewage and television cables, running

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0664 from the main trunk line or service locations must be underground. The Declarant reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, across, over and under the ground to erect, maintain, replace and use water, sewer, electric and telephone systems, wires, cables, and conduits for the purpose of bringing public services, including television cable service, to the Lots and Common Area; provided further, that the Declarant or 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. 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.

Section 3. Emergency. There is hereby reserved without further assent or permit, a general easement over the private streets, Common Area, and each Lot to all policemen and security guards employed by Declarant or the Association, firemen, ambulance personnel and all similar law enforcement and emergency personnel to enter upon the Property, or any property or portion thereof which is hereafter made subject to this Declaration, in the performance of their respective duties.

Section 4. Easement for Unintentional and Non-Negligent Encroachments. In the event that a part of a Unit or appurtenances shall encroach upon any Common Area or an adjacent Lot for any reason not caused by the purposeful or negligent act of the Owner, or agents of such Owner, then an easement appurtenant to such Unit shall exist for the continuance of such encroachment upon the Common Area or upon an adjacent Lot for so long as such encroachment shall naturally exist; in addition, said easement for encroachments shall apply to masonry veneer exterior siding, retaining walls and other appurtenances used in the original construction of said Unit; and, in the event that any portion of the Common Area shall encroach upon any Unit or Lot, then an easement shall exist for the continuance of such encroachment of the Common Area upon the Unit or Lot for so long as such encroachment shall naturally exist.

Section 5. Repairs and Maintenance to Units. There is hereby reserved without further assent or permit, a general easement over each Lot for the continued maintenance and repair of the exterior of the Units for the Association, their agents and assigns, as required herein.

Section 6. In Favor of the Association. Each Owner hereby grants to the Association, to the Master Association, to the Managing Agent (if any), and to any other person authorized by the Association, a right of access to his or her Lot (including, without limitation, to any improvements or Unit constructed thereon) for the purposes of :

- (a) Making inspections of, or removing violations noted or issued by any governmental authority against the Lot or improvements;
- (b) Curing defaults hereunder, or violations of the Rules and Regulations of the Association;
- (c) Correcting any conditions originating in or on the Lot or improvements which threatens any other Lot or improvements; and
- (d) Installing, operating, maintaining, repairing, altering, rebuilding, restoring and/or replacing the exterior of the improvements or any pipes, vents, cables, conduits, or utilities located in, over, under, through, adjacent to, or upon the Lot (other than the interior of any improvements).

ARTICLE VIII

Insurance

Section 1. Hazard Insurance on Units. Insurance coverage on the Property shall be governed by the following provisions:

(a) All insurance policies upon the Properties, including hazard insurance, shall be purchased by the Association for the benefit of all the Association and the Owners and their mortgages as their interests may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners. Owners, may their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.

(b) All buildings and improvements upon the land, including but not limited to all interior improvements, such as interior walls, finishes, fixtures, equipment, built-in appliances, cabinets, upfits and upgrades, and all personal property of the Association included in the Common Elements and facilities shall be insured in an amount equal to One Hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

(1) Loss or damage by fire and other hazards covered by a master policy with appropriate riders and extended coverage, including vandalism and malicious mischief;

(2) Such other risks as from time to time shall be customarily covered with respect to buildings on the land; and

(3) Such policies shall contain clauses providing for waiver of subrogation.

(c) Public liability insurance shall be secured by the Association with limits of liability of no less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group or entity to a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary.

(d) Premiums for insurance policies purchased by the Association shall be paid by the Association and shall be included as part of the annual assessment described in Article V above.

(e) All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees, as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purpose stated herein or stated in the Bylaws and for the benefit of the Owners and their mortgagees in the following shares:

(1) Proceeds on account of damage to Common Elements and facilities are to be held for the Association.

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

(3) In the event a mortgagee endorsement has been issued for any Lot, the share of the Owners shall be held in trust for the mortgagee and the Owners as their interests may appear.

(f) Each insurer shall waive its right to subrogation under any policy maintained pursuant to this Section 2 against any Owner or member of Owner's household.

(g) No act or omission of any Owner, unless such Owner is acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under any of the policies maintained pursuant to this Section 2.

(h) If, at the time of a loss, there is other insurance in the name of an Owner covering the same risk covered by the Association's policy, the Association's policy shall provide primary insurance.

(i) **Cancellation.** Any insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurer issuing an insurance policy under this Section 2 may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Owner and each mortgagee or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

Section 2. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed in the following manner:

(a) All expenses of the insurance trustee shall be first paid or provisions made therefore;

(b) The remaining proceeds shall be paid to defray the cost of repairs to the Common Area and, if applicable, due to insured casualty occurring on the Common Area, proceeds on account of damage to Lots shall be paid to defray the cost of repair to the Lots. Any proceeds remaining after defraying such costs shall be distributed to the beneficial Owners as provided in Section 2(e)(ii).

Section 3. Obligation to Rebuild. Should any portion of a townhouse unit be damaged or destroyed, the Owner of such unit shall repair or replace it promptly in accordance with the original construction plans and specifications unless (i) this Declaration is terminated or (ii) repair or replacement would be illegal under any state or local health, environmental or safety statute or ordinance. The cost of repair or replacement of any townhouse unit, or of any other improvements on a Lot, in excess of the proceeds of insurance, is the sole responsibility of the Owner of such damaged townhouse unit and other improvements. Any portion of the Common Area which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) this Declaration is terminated (ii) repair or replacement would be illegal under any state or local health, environmental or safety statute or ordinance, or (iii) each class of Owners decides at a duly called meeting not to rebuild by an eighty percent (80%) or more vote appurtenant to each class of Lots. The cost of repair or replacement of Common Area in excess of insurance proceeds and reserves is a common expense. If any portion of the Common Area is not repaired or replaced, (i) the insurance proceeds attributable to the damaged Common Area shall be used to restore the

0668 damaged area to a condition compatible with the remainder of the Property and (ii) the remainder of the proceeds shall be retained by the Association as part of its reserve fund.

Section 4. Fidelity Insurance Coverage. The Association may provide for fidelity coverage against dishonest acts on the part of the Officers, Directors, Management Contractors, employees or volunteers responsible for handling funds belonging to or administered by the Association if desired by the Board of Directors of the Association. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection, which is in no event less than 1.5 (one and one-half) times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any person or persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. If requested by an Owner or first mortgagee, such policies shall additionally provide that the policies cannot be cancelled by either the insured or the insurance company until after ten (10) days' prior written notice to all who have requested such notice.

Section 5. Other Insurance. The Board of Directors of the Association may purchase and maintain in force as a common expense, debris removal insurance, plate or other glass insurance, fidelity bonds and other insurance or bonds that it deems necessary. The Board of Directors of the Association shall purchase and maintain worker's compensation insurance to the extent that the same shall be required by law respecting employees of the Association.

ARTICLE IX

Rights of Institutional Lenders

Section 1. Amendments. The prior written approval of each institutional holder of a first deed of trust on lots in the properties will be required for any material amendment to the Declaration of the Association which affects the rights of such holders, provided the holder has made written request for notice of any such proposed amendment.

Section 2. Inspection and Notice. Upon written request, any institutional holder of a first lien on a Lot will be entitled to:

- (a) inspect the books and records of the Association during normal business hours; and
- (b) receive an annual financial statement of the Association within ninety (90) days following the end of any fiscal year; and

(c) written notice of all meetings of the Association and shall be permitted to designate a representative to attend all such meetings; and

(d) written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the owners' association; and

(e) written notice of any proposed action that requires the consent of mortgage holders; and

(f) written notice of any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot on which it holds the mortgage.

Section 3. Condemnation or Default.

(a) If any Lot or portion thereof or the Common Area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage on a Lot will be entitled to timely written notice of any such proceeding or proposed acquisition.

(b) The holder of a first mortgage on any Lot shall be given prompt notice of any default in the Lot mortgagor's obligations hereunder not cured within thirty (30) days of said default, provided that the holder shall have given notice to the Association that it is a holder as to the Lot of such mortgagor and shall have requested the notice of default as herein set forth.

ARTICLE X

General Provisions

Section 1. Duration. The foregoing restrictions shall be construed to be covenants running with the land and shall be binding and effective for twenty-five (25) years, at which time they shall be automatically extended for successive periods of ten (10) years each unless it is agreed by the vote of a majority in interest of the then Owners of the above-described property to change, amend or revoke the Restrictions in whole or in part, and said change, amendment or revocation is approved by the vote of a majority in interest of the Members of the Master Association. Every purchaser, Owner or subsequent grantee of any interest in any property now or hereafter made subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that the covenants and restrictions of this Declaration may be extended as provided in this Article.

Section 2. Amendment. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Lot unless any such Lot Owner shall consent thereto in writing. Further, so long as Declarant has the right unilaterally to subject additional property to this Declaration as provided in Article II hereof, Declarant may unilaterally amend this Declaration for any other purpose so long as said amendment promotes or makes no change to the common scheme of development; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Lot Owner hereunder, nor shall it adversely affect title to any Lot without the consent of the affected Lot Owner.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of at least seventy percent (70%) of the Owners during the first twenty-five (25) year period and of at least sixty percent (60%) of the Owners thereafter, and with the consent of the Declarant, so long as Declarant has an option unilaterally to subject additional property to this Declaration as provided in Article II hereof.

Every purchaser or subsequent grantee of any interest in any property now or hereafter made subject to this Declaration by acceptance of a deed or other conveyance therefor, hereby agrees that the covenants and restrictions of this Declaration may be amended as provided in this Article. Amendments as used in this Article IX shall not mean the addition of properties as provided in Article II.

Section 3. Procedure for Certification and Recordation of Amendment. Any instrument amending these covenants, conditions, and restrictions (other than an amendment by the Declarant) shall be delivered, following approval by the Owners, to the Board of Directors of this Association. Thereupon, the Board of Directors shall, within thirty (30) days after delivery, do the following:

(a) Reasonably assure itself that the amendment has been approved by the Owners of the required number of lots as provided in Section Two of this Article. (For this

0671 purpose, the Board may rely on its roster of members and shall not be required to cause any title to any Lot to be examined).

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

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be executed by the Association officers and recorded in the Davie County Registry.

All amendments shall be effective from the date of recordation in the Davie County Registry, unless a later effective date is specified therein; provided, however, that no such instrument shall be valid until it has been indexed in the name of this Association. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors, recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to the Owners of all lots in this development.

Section 4. Enforcement. If any person, firm or corporation shall violate or attempt to violate any of these Restrictions, it shall be lawful for the Declarant, the Association, the Master Association or for any other person, firm or corporation owning any property to bring an action against the violating party at law or in equity for any claim which these Restrictions may create in such other Owner or interested party either to prevent said person, firm or corporation from so doing such acts or to recover damages for such violation. The violating party shall be responsible for all costs and attorneys' fees incurred by the Association, the Master Association or such other Owner in such action. Any failure by the Association, the Master Association or any Owner to enforce any of said covenants and restrictions or other provisions shall in no event be deemed a waiver of the right to do so thereafter. Invalidation of any one or more of these Restrictions by judgment or court order shall neither affect any of the provisions not expressly held to be void nor the provisions so voided in circumstances or application other than those expressly invalidated, and all such remaining provisions shall remain in full force and effect together with the provisions ruled upon as they apply to circumstances other than those expressly invalidated.

Section 5. Delegation and Assignability. Declarant shall at all times and from time to time have the right to delegate any and all functions herein reserved to Declarant. Further, notwithstanding any other provision contained herein to the contrary, Declarant shall have the right at all times and from time to time to fully transfer, convey and assign all or any part of its right, title and interest (whether real or personal) in and to Common Area to the Association. In the event of any such sale, transfer or conveyance, Declarant shall not be liable to any person for any injury or loss resulting from failure of performance or negligent

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0672 performance of Declarant's obligations under these covenants arising after such sale, transfer or conveyance.

Section 6. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior written approval of the Federal Housing Administration or the Department of Veterans' Affairs: annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions. This paragraph shall apply only in the event Declarant desires FHA or VA approval for any development, phase or portion thereof, for the Lots in Kinderton Village.

Section 7. Headings and Binding Effect. Headings are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying the particular Sections to which they refer. The covenants, agreements and rights set forth herein shall be binding upon and inure to the benefit of the respective heirs, executors, successors and assigns of the Declarant and all persons claiming by, through and or under Declarant.

Section 8. Unintentional Violation of Restrictions. In the event of unintentional violation of any of the foregoing restrictions with respect to any lot, the Declarant or its successors reserves the right (by and with the mutual written consent of the Owner or Owners for the time being of such Lot and of the Board of Directors of the Association) to change, amend, or release any of the foregoing restrictions as the same may apply to that particular lot.

Section 9. Conflicts. In the event of any irreconcilable conflict between the Declaration and the Bylaws of the Association, the provisions of this Declaration shall control. In the event of any irreconcilable conflict between this Declaration or the Bylaws of the Association and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 10. Professional Management. Declarant reserves the right to select professional management of the Master Association for the period during which Declarant maintains voting control of the Master Association. Declarant is not required to engage professional management, but may, if Declarant so desires. Following the transfer of voting control to the Members pursuant to Article III, the Members may vote either to engage professional management for the Master Association, or to self manage the Master Association. Any contract for professional management shall provide that the Master Association may terminate said contract on the giving of not less than ninety (90) days' notice.

