

OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, Made as of the date hereinafter set forth by Richardson Corporation of Greensboro, hereinafter referred to as "Declarant."

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in Monroe and Center Grove Townships, County of Guilford, State of North Carolina, which is more particularly described as:

All of that certain parcel of land as shown on the plat entitled The Orchard, Section One, which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina in Plat Book 49 at Page 44.

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

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to The Orchard Homeowners Association, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record Owner whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

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

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association shall be designated on a plat or plats to be recorded in the Office of the Register of Deeds of Guilford County, North Carolina within the property described in Schedule A attached hereto.

Section 5. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated streets. "Townhouse Lots" are those upon which are constructed or are designed for construction thereon of Townhouses. All other Lots are "Single Family Lots".

Section 6. "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence.

Section 7. "Multi-Family Structure" shall mean and refer to any building containing two or more Living Units under one roof wherein each such Living Unit is not situated upon its own individual Lot.

Section 8. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

Section 9. "Declarant" shall mean and refer to Richardson Corporation of Greensboro, its successors and assigns.

Section 10. "Member-User" shall mean and refer to any person, not a Member of the homeowners association as that term is defined in Section 8 of this Article and Article III, Section 1 hereafter, who, in consideration for the use of the recreation facilities and areas of the Association, pay the initial membership fee and/or the monthly charge prescribed by the Association therefor. A Member-User shall have no voting rights in the Association.

Section 11. "Invitee-User" shall mean and refer to any person who is not a Member of the association as defined in Article I, Section 8 above and Article III, Section 1 hereafter, who becomes entitled to the use of the common facilities by paying a separate charge on each occasion that he uses the common facilities.

ARTICLE II.

PROPERTY RIGHTS

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

(a) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

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

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be

agreed to by the Members. No such dedication or transfer shall be effective unless an instrument is signed by at least two-thirds (2/3) of each class of Members, agreeing to such dedication or transfer, has been recorded;

(d) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

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

Section 3. Parking Rights. Ownership of each Townhouse Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces for each Living Unit, which shall be as near and convenient to said Living Unit as reasonably possible, together with the right of ingress and egress in and upon said parking area.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to a lien for assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

Class A. Class A Members shall be (i) the Declarant, its successors and assigns, as to Living Units once rented or leased by it to occupants, and (ii) all Owners other than the Declarant. Class A Members shall be entitled to one vote for each Living Unit owned except the Declarant, its successors and assigns, shall be entitled to 1/2 vote for Living Units rented or leased by it to occupants. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for the Living Unit or Living Units on 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 Living Unit. Class A Members shall consist of "Townhouse Members" and "Single Family Members". Townhouse Members are Members who are Owners of Townhouse Lots and Single Family Members are those Members who are Owners of Single Family Lots.

Class B. The Class B Member(s) shall be the Declarant (except as to Living Units owned by the Declarant, its successors and assigns and once rented or leased to occupants) and shall be entitled to four (4) votes for each Living Unit 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) on December 31, 1978.

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Living Unit owned within the Properties and rented or leased to occupants, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charge and (2) special assessments for capital improvements, such assessment to be established and collected as hereinafter provided, and (3) to the appropriate governmental taxing authority, a pro rata share of ad valorem taxes levied against the Common Area and a pro rata share of assessments for public improvements to the Common Area if the Association shall default in the payment thereof for a period of six (6) months, all as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs 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. The personal obligation for the delinquent assessment shall pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the exterior maintenance of the Living Units situated upon Townhouse Lots or for the use and enjoyment of the Common Area, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the payment of charges for common television antenna service to Townhouse Lots, the maintenance of planting easements along Lots 1 thru 4 and 112 thru 116, Section One on Peach Orchard Drive, the maintenance of walkway easements, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Three Hundred Sixty and No/100 Dollars (\$360.00) per Living Unit on each Townhouse Lot and One Hundred Twenty and No/100 Dollars (\$120.00) per Single Family Lot.

(a) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for each calendar year thereafter shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed Five Percent (5%) of the maximum annual assessment of the previous year.

(b) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for each calendar year thereafter may be increased without limit by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

Section 4. 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 costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, 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 each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than 10 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all votes of each class of membership 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. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Rate of Annual Assessment. Both annual and special assessments must be fixed at a uniform rate for all living Units on Townhouse Lots, at a uniform rate for all Single Family Lots and at a uniform rate for all Multi-Family Living Units and may be collected on a monthly basis. The books and records of the Association will be kept in such a manner that it is possible to determine and ascertain (i) such sums as are expended by the Association for development, improvement, maintenance and upkeep of all recreational facilities of the Association, including those portions of the Common Area which are for the mutual use and benefit of both Single Family Members and Townhouse Members, and (ii) such sums as are expended for the development, improvement, maintenance and upkeep of the exterior of Living Units on Townhouse Lots and such portions of the Common Area which are for the primary benefit of Townhouse Members only. Both annual and special assessments must be fixed in such a manner that Single Family Members are not assessed for such portions of the Association's expenditures as are related to matters which are for the primary benefit of Townhouse Members.

Section 7. Date and Commencement of Annual Assessments:
Due Dates. The annual assessments provided for herein shall be collected on a monthly basis and shall commence on June 1, 1973 as to all Lots sold prior to that date, thereafter annual assessments shall begin on the first day of the month following conveyance of the Lot by the Declarant to an Owner occupant of any other party or the rental thereof to any party. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

Section 8. 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 rate of 6 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association. Upon default by the Homeowner's Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Living Units in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 10. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become 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 mortgage, mortgages, deed of trust or deeds of trust.

Section 11. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon Townhouse Lots or Single Family Lots, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Provided that nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant so long as said development follows the general plan of development of the Properties.

ARTICLE VI

PARTY WALLS

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

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

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

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

Section 5. Right to Contribution Runs With Land. The right to any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

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

ARTICLE VII

EXTERIOR MAINTENANCE

Section 1. In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Living Unit on each Townhouse Lot which is subject to assessments hereunder, as follows: Paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

Section 2. In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the Owner, his family, guests or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircrafts, vehicles, and 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.

Section 3. No Exterior Maintenance for Single Family Lots. No exterior maintenance will be provided by the Association to Single Family Lots or the residences thereon.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Land Use and Building Type. No Lot shall be used except for residential purposes.

Section 2. Dwelling Specifications. No dwelling shall be permitted, costing less than \$12,000.00 based on current building costs and having a ground area of the main structure, exclusive of one-story open porches, of less than 900 square feet for a one-story dwelling nor less than 450 square feet for a dwelling of more than one story.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 4. Facing of Single-Family Residence. Upon all Single-Family Lots, the main building on any Lot shall not be erected or allowed to remain facing in any direction except toward the street abutting the front of said Lot, which as to a corner Lot shall be the street upon which said Lot has the least frontage, except with the written consent of the Board of Directors of the Association or its architectural control committee.

Section 5. Temporary Residence. No residence of a temporary character shall be erected or allowed to remain on said property; and no trailer, basement, tent, shack, garage, barn or other outbuilding erected on said property shall be used as a residence either permanently or temporarily.

Section 6. Fences. No fence is permitted across the front lot line within twenty feet of said lot line. Any fence extending from the front building line to the front lot line or across the front lot line no nearer than twenty feet of said line shall be no higher than three and one-half (3 1/2) feet and shall be of wood or masonry only. Metal fences and basketweave wooden fences are specifically prohibited.

Section 7. Recreational Vehicles. All boats or recreational vehicles such as campers or trailers must be parked behind the front building line on Single-Family Lots and at designated storage areas for Townhouse Lots and Multi-Family Living Units.

Section 8. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes.

Section 9. Outside Antennas. No radio towers or other elevated communication towers other than normal TV antennas are permitted. Any permitted antenna must be attached to the roof by singular tubular rod and must not project more than fifteen feet above the roof line. Any deviation must be approved by the Board of Directors or its architectural control committee in writing.

ARTICLE IX

EASEMENTS

Easement for installation and maintenance of walkways, utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The Declarant reserves the right to dedicate rights-of-way for the installation of public utilities across, or under said property at a distance of not more than ten feet from the rear and side lines, but such right-of-way must be used so as to interfere as little as possible with the use

of said property by the owners of same. There is reserved to the Association an easement for maintenance of the plantings along lots 1 thru 4 and 112 thru 116, Section One on Peach Orchard Drive.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 4. Annexation.

(a) Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of all Members.

(b) Additional land within the area described in the metes and bounds description attached hereto as SCHEDULE A and incorporated herein by reference may be annexed by the Declarant without the consent of members within ten (10) years of the date of this instrument.

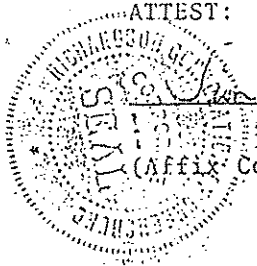
IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, as of the 21st day of December, 1972.

RICHARDSON CORPORATION OF GREENSBORO

By

Richard T. Galt

ATTEST:



A. B. Boney
(Affix Corporate Seal)

STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

I, Barbara S. Hodgkin, a Notary Public for the above State and County, hereby certify that Leon A. Boney personally came before me this day and acknowledged that he is Secretary of Richardson Corporation of Greensboro, a corporation, and that by authority duly given and as the act of said corporation, the foregoing and annexed instrument was signed in its name by Rhodes T. Carbett, its Vice President, sealed with its corporate seal and attested by himself as its Secretary.

WITNESS my hand and official seal, this the 21st day of December, 1972.

Barbara S. Hodgkin
Notary Public

My commission expires:

April 19, 1976

BARBARA S. HODGIN
NOTARY PUBLIC
GUILFORD COUNTY, N. C.
Commission Expires April 19, 1976

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NORTH CAROLINA - GUILFORD

The foregoing certificate(s) of

Barbara S. Hodgkin

A Notary Public of said county is
(are) certified to be correct.

This DEC 21 1972

MARK STEWART, Register of Deeds

(Ann) Riley
Deputy, Register of Deeds

RECORDED
MARK STEWART
REGISTER OF DEEDS
GUILFORD COUNTY, N.C.

DEC 21 2 49 PM '72

SCHEDULE A

Beginning at a new iron pipe located in the eastern margin of Church Street Extension said iron pipe marking the northwest corner of the property herein conveyed and the southwest corner of the property of W. Lacy Moore; and running from said beginning point with the south line of Moore south 85 degrees 41 minutes east 1656.71 feet to an axle marking the southeast corner of Moore; thence with Moore's east line north 19 degrees 22 minutes east 1070.16 feet to a monument; thence with the south line of Nellie J. Chappell the following courses and distances:

south 86 degrees 44 minutes 30 seconds east
1252.54 feet to an iron pipe; south 86 degrees
44 minutes east 391.37 feet to an iron pipe;
south 86 degrees 50 minutes 30 seconds east
551.90 feet to an iron pipe; and south 82 degrees
13 minutes 30 seconds east 248.80 feet to an
iron pipe in the C. R. Gilchrist line;

thence with the west line of C. R. Gilchrist south 03 degrees 18 minutes west 430.17 feet to an iron pipe; thence continuing with the line of Gilchrist south 03 degrees 18 minutes west 979.03 feet to a new iron pipe located in the western margin of Yanceyville Road; thence with the western margin of Yanceyville Road following a curve to the left having a radius of 911.82 feet and a chord of south 06 degrees 05 minutes west 133.70 feet to a point in the western margin of Yanceyville Road; thence continuing with the western margin of Yanceyville Road south 01 degrees 52 minutes 30 seconds west 2059.80 feet to an iron pipe in the western margin of Yanceyville Road; thence leaving Yanceyville Road along the northern line of the Myrtle Watlington subdivision North 87 degrees 33 minutes 30 seconds west 784.84 feet to an iron pipe; thence continuing with the northern line of the Myrtle Watlington subdivision north 87 degrees 28 minutes west 591.39 feet to an iron pipe marking the northeast corner of the Pruitt land; thence along Pruitt's north line north 87 degrees 29 minutes west 449.97 feet to an iron pipe marking the northwest corner of Pruitt and the northeast corner of Coleman; thence along Coleman's north line north 87 degrees 30 minutes west 851.92 feet to an iron pipe in concrete, a common corner of Coleman with E. A. McAdoo and Percy McAdoo; thence along Percy McAdoo's east line north 0 degrees 31 minutes 30 seconds east 505.29 feet to a concrete monument marking the northeast corner of Percy McAdoo and the southeast corner of W. F. McAdoo; thence along W. F. McAdoo's east line north 09 degrees 17 minutes east 114.65 feet to an iron pipe; thence continuing along W. F. McAdoo's east line north 02 degrees 00 minutes east 246.29 feet to an iron pipe; thence along W. F. McAdoo's north line the following courses and distances:

north 87 degrees 19 minutes west 493.15 feet to an
iron pipe; north 87 degrees 21 minutes west 568.16
feet to an iron pipe; north 87 degrees 25 minutes
west 359.94 feet to a monument; north 12 degrees
06 minutes west 91.87 feet to a monument; south
57 degrees 39 minutes west 68.69 feet to a monument;
south 76 degrees 10 minutes west 64.03 feet to an iron
pipe; and north 86 degrees 31 minutes west 157.12
feet to an iron pipe in the eastern margin of Church
Street;

thence leaving the line of McAdoo along the eastern margin of Church Street Extension north 02 degrees 30 minutes east 1778.98 feet to the point and place of beginning, the same contains 201.023 acres, more or less.

DECLARATION
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W I T N E S S E T H:

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

(a) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

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

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be

agreed to by the Members. No such dedication or transfer shall be effective unless an instrument is signed by at least two-thirds (2/3) of each class of Members, agreeing to such dedication or transfer, has been recorded;

(d) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

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

Section 3. Parking Rights. Ownership of each Townhouse Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces for each Living Unit, which shall be as near and convenient to said Living Unit as reasonably possible, together with the right of ingress and egress in and upon said parking area.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to a lien for assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

Class A. Class A Members shall be (i) the Declarant, its successors and assigns, as to Living Units once rented or leased by it to occupants, and (ii) all Owners other than the Declarant. Class A Members shall be entitled to one vote for each Living Unit owned except the Declarant, its successors and assigns, shall be entitled to 1/2 vote for Living Units rented or leased by it to occupants. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for the Living Unit or Living Units on 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 Living Unit. Class A Members shall consist of "Townhouse Members" and "Single Family Members". Townhouse Members are Members who are Owners of Townhouse Lots and Single Family Members are those Members who are Owners of Single Family Lots.

Class B. The Class B Member(s) shall be the Declarant (except as to Living Units owned by the Declarant, its successors and assigns, and once rented or leased to occupants) and shall be entitled to four (4) votes for each Living Unit 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) on December 31, 1978.

ARTICLE IV

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Living Unit owned within the Properties and rented or leased to occupants, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (3) to the appropriate governmental taxing authority, a pro rata share of ad valorem taxes levied against the Common Area and a pro rata share of assessments for public improvements to the Common Area if the Association shall default in the payment thereof for a period of six (6) months, all as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs 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. The personal obligation for the delinquent assessment shall pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the exterior maintenance of the Living Units situated upon Townhouse Lots or for the use and enjoyment of the Common Area, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the payment of charges for common television antenna service to Townhouse Lots, the maintenance of planting easements along Lots 1 thru 4 and 112 thru 116, Section One on Peach Orchard Drive, the maintenance of walkway easements, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Three Hundred Sixty and No/100 Dollars (\$360.00) per Living Unit on each Townhouse Lot and One Hundred Twenty and No/100 Dollars (\$120.00) per Single Family Lot.

(a) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for each calendar year thereafter shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed Five Percent (5%) of the maximum annual assessment of the previous year.

(b) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for each calendar year thereafter may be increased without limit by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

Section 4. 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 costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, 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 each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than 10 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all votes of each class of membership 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. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Rate of Annual Assessment. Both annual and special assessments must be fixed at a uniform rate for all Living Units on Townhouse Lots, at a uniform rate for all Single Family Lots and at a uniform rate for all Multi-Family Living Units and may be collected on a monthly basis. The books and records of the Association will be kept in such a manner that it is possible to determine and ascertain (i) such sums as are expended by the Association for development, improvement, maintenance and upkeep of all recreational facilities of the Association, including those portions of the Common Area which are for the mutual use and benefit of both Single Family Members and Townhouse Members, and (ii) such sums as are expended for the development, improvement, maintenance and upkeep of the exterior of Living Units on Townhouse Lots and such portions of the Common Area which are for the primary benefit of Townhouse Members only. Both annual and special assessments must be fixed in such a manner that Single Family Members are not assessed for such portions of the Association's expenditures as are related to matters which are for the primary benefit of Townhouse Members.

Section 7. Date and Commencement of Annual Assessments:

Due Dates. The annual assessments provided for herein shall be collected on a monthly basis and shall commence on June 1, 1973 as to all Lots sold prior to that date, thereafter annual assessments shall begin on the first day of the month following conveyance of the Lot by the Declarant to an Owner occupant of any other party or the rental thereof to any party. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

Section 8. 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 rate of 6 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association. Upon default by the Homeowner's Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Living Units in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 10. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become 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 mortgage, mortgages, deed of trust or deeds of trust.

Section 11. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon Townhouse Lots or Single Family Lots, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Provided that nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant so long as said development follows the general plan of development of the Properties.

ARTICLE VI

PARTY WALLS

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

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

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

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

Section 5. Right to Contribution Runs With Land. The right to any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

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

ARTICLE VII

EXTERIOR MAINTENANCE

Section 1. In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Living Unit on each Townhouse Lot which is subject to assessments hereunder, as follows: Paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

Section 2. In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the Owner, his family, guests or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircrafts, vehicles, and 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.

Section 3. No Exterior Maintenance for Single Family Lots. No exterior maintenance will be provided by the Association to Single Family Lots or the residences thereon.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Land Use and Building Type. No Lot shall be used except for residential purposes.

Section 2. Dwelling Specifications. No dwelling shall be permitted, costing less than \$12,000.00 based on current building costs and having a ground area of the main structure, exclusive of one-story open porches, of less than 900 square feet for a one-story dwelling nor less than 450 square feet for a dwelling of more than one story.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

900
450
1250 sq. ft.

Section 4. Facing of Single-Family Residence. Upon all Single-Family Lots, the main building on any Lot shall not be erected or allowed to remain facing in any direction except toward the street abutting the front of said Lot, which as to a corner Lot shall be the street upon which said Lot has the least frontage, except with the written consent of the Board of Directors of the Association or its architectural control committee.

Section 5. Temporary Residence. No residence of a temporary character shall be erected or allowed to remain on said property; and no trailer, basement, tent, shack, garage, barn or other outbuilding erected on said property shall be used as a residence either permanently or temporarily.

Section 6. Fences. No fence is permitted across the front lot line within twenty feet of said lot line. Any fence extending from the front building line to the front lot line or across the front lot line no nearer than twenty feet of said line shall be no higher than three and one-half (3 1/2) feet and shall be of wood or masonry only. Metal fences and basketweave wooden fences are specifically prohibited.

Section 7. Recreational Vehicles. All boats or recreational vehicles such as campers or trailers must be parked behind the front building line on Single-Family Lots and at designated storage areas for Townhouse Lots and Multi-Family Living Units.

Section 8. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes.

Section 9. Outside Antennas. No radio towers or other elevated communication towers other than normal TV antennas are permitted. Any permitted antenna must be attached to the roof by singular tubular rod and must not project more than fifteen feet above the roof line. Any deviation must be approved by the Board of Directors or its architectural control committee in writing.

ARTICLE IX

EASEMENTS

Easement for installation and maintenance of walkways, utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The Declarant reserves the right to dedicate rights-of-way for the installation of public utilities across, or under said property at a distance of not more than ten feet from the rear and side lines, but such right-of-way must be used so as to interfere as little as possible with the use

of said property by the owners of same. There is reserved to the Association an easement for maintenance of the plantings along lots 1 thru 4 and 112 thru 116, Section One on Peach Orchard Drive.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 4. Annexation.

(a) Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of all Members.

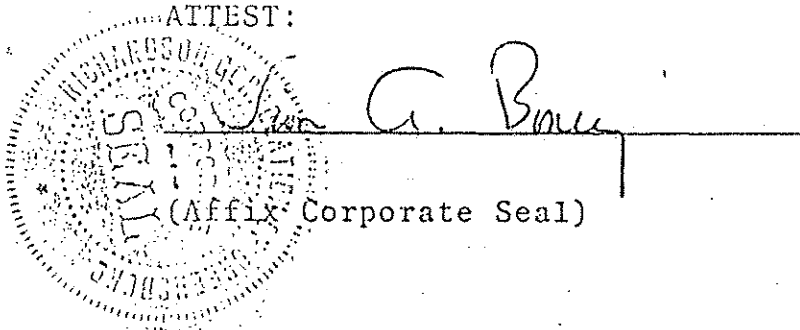
(b) Additional land within the area described in the metes and bounds description attached hereto as SCHEDULE A and incorporated herein by reference may be annexed by the Declarant without the consent of members within ten (10) years of the date of this instrument.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, as of the 21st day of December, 1972.

RICHARDSON CORPORATION OF GREENSBORO

By Richard T. Gribb

ATTEST:



STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

I, Barbara S. Hodgkin, a Notary Public for the above State and County, hereby certify that Leon A. Boney personally came before me this day and acknowledged that he is Secretary of Richardson Corporation of Greensboro, a corporation, and that by authority duly given and as the act of said corporation, the foregoing and annexed instrument was signed in its name by Rhodes T. Carbett, its Vice President, sealed with its corporate seal and attested by himself as its Secretary.

WITNESS my hand and official seal, this the 21st day of December, 1972.

Barbara S. Hodgkin
Notary Public

My commission expires:

April 19, 1976

BARBARA S. HODGIN
NOTARY PUBLIC
GUILFORD COUNTY, N. C.
Commission Expires April 19, 1976

555 821 4679 #00013.00 DE
555 821 4679 #00000.50 FE

NORTH CAROLINA - GUILFORD

The foregoing certificate(s) of

Barbara S. Hodgkin

A Notary Public of said county is
(are) certified to be correct.

This DEC 21 1972

MARK STEWART, Register of Deeds

Anna Raley
Deputy, Register of Deeds

RECORDED
MARK STEWART
REGISTER OF DEEDS
GUILFORD COUNTY, N.C.

Dec 21 2 49 PM '72

SCHEDULE A

Beginning at a new iron pipe located in the eastern margin of Church Street Extension said iron pipe marking the northwest corner of the property herein conveyed and the southwest corner of the property of W. Lacy Moore; and running from said beginning point with the south line of Moore south 85 degrees 41 minutes east 1656.71 feet to an axle marking the southeast corner of Moore; thence with Moore's east line north 19 degrees 22 minutes east 1070.16 feet to a monument; thence with the south line of Nellie J. Chappell the following courses and distances:

south 86 degrees 44 minutes 30 seconds east
1252.54 feet to an iron pipe; south 86 degrees
44 minutes east 391.37 feet to an iron pipe;
south 86 degrees 50 minutes 30 seconds east
551.90 feet to an iron pipe; and south 82 degrees
13 minutes 30 seconds east 248.80 feet to an
iron pipe in the C. R. Gilchrist line;

thence with the west line of C. R. Gilchrist south 03 degrees 18 minutes west 430.17 feet to an iron pipe; thence continuing with the line of Gilchrist south 03 degrees 18 minutes west 979.03 feet to a new iron pipe located in the western margin of Yanceyville Road; thence with the western margin of Yanceyville Road following a curve to the left having a radius of 911.82 feet and a chord of south 06 degrees 05 minutes west 133.70 feet to a point in the western margin of Yanceyville Road; thence continuing with the western margin of Yanceyville Road south 01 degrees 52 minutes 30 seconds west 2059.80 feet to an iron pipe in the western margin of Yanceyville Road; thence leaving Yanceyville Road along the northern line of the Myrtle Watlington subdivision North 87 degrees 33 minutes 30 seconds west 784.84 feet to an iron pipe; thence continuing with the northern line of the Myrtle Watlington subdivision north 87 degrees 28 minutes west 591.39 feet to an iron pipe marking the northeast corner of the Pruitt land; thence along Pruitt's north line north 87 degrees 29 minutes west 449.97 feet to an iron pipe marking the northwest corner of Pruitt and the northeast corner of Coleman; thence along Coleman's north line north 87 degrees 30 minutes west 851.92 feet to an iron pipe in concrete, a common corner of Coleman with E. A. McAdoo and Percy McAdoo; thence along Percy McAdoo's east line north 0 degrees 31 minutes 30 seconds east 505.29 feet to a concrete monument marking the northeast corner of Percy McAdoo and the southeast corner of W. F. McAdoo; thence along W. F. McAdoo's east line north 09 degrees 17 minutes east 114.65 feet to an iron pipe; thence continuing along W. F. McAdoo's east line north 02 degrees 00 minutes east 246.29 feet to an iron pipe; thence along W. F. McAdoo's north line the following courses and distances:

north 87 degrees 19 minutes west 493.15 feet to an
iron pipe; north 87 degrees 21 minutes west 568.16
feet to an iron pipe; north 87 degrees 25 minutes
west 359.94 feet to a monument; north 12 degrees
06 minutes west 91.87 feet to a monument; south
57 degrees 39 minutes west 68.69 feet to a monument;
south 76 degrees 10 minutes west 64.03 feet to an iron
pipe; and north 86 degrees 31 minutes west 157.12
feet to an iron pipe in the eastern margin of Church
Street;

thence leaving the line of McAdoo along the eastern margin of Church Street Extension north 02 degrees 30 minutes east 1778.98 feet to the point and place of beginning, the same containing 291.023 acres, more or less.

DECLARATIONOFCOVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made as of the date hereinafter set forth by Richardson Corporation of Greensboro hereinafter referred to as "Declarant".

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in Monroe and Center Grove Townships, County of Guilford, State of North Carolina, which is more particularly described as:

All of that certain parcel of land as shown on the plat entitled The Orchard, Section Two Revised, which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina in Plat Book 50 at Page 34.

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

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to The Orchard Homeowners Association, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record Owner whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

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

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association shall be designated on a plat or plats recorded or to be recorded in the Office of the Register of Deeds of Guilford County, North Carolina.

Section 5. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated streets. "Townhouse Lots" are those upon which are constructed or are designed for construction thereon of Townhouses. All other Lots are "Single Family Lots".

Section 6. "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence.

Section 7. "Multi-Family Structure" shall mean and refer to any building containing two or more Living Units under one roof wherein each such Living Unit is not situated upon its own individual Lot.

Section 8. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

Section 9. "Declarant" shall mean and refer to Richardson Corporation of Greensboro, its successors and assigns.

Section 10. "Member-User" shall mean and refer to any person, not a Member of the Homeowners Association as that term is defined in Section 8 of this Article and Article III, Section 1 hereafter, who, in consideration for the use of the recreation facilities and areas of the Association, pay the initial membership fee and/or the additional monthly charge prescribed by the Association therefor. A Member-User shall have no voting rights in the Association.

Section 11. "Invitee-User" shall mean and refer to any person who is not a Member of the Association as defined in Article I, Section 8 above and Article III, Section 1 hereafter who becomes entitled to the use of the common facilities by paying a separate charge on each occasion that he uses the common facilities.

ARTICLE II

PROPERTY RIGHTS

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

(a) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

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

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument is signed by at least two-thirds (2/3) of each class of Members, agreeing to such dedication or transfer, has been recorded;

(d) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

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

Section 3. Parking Rights. Ownership of each Townhouse Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces for each Living Unit, which shall be as near and convenient to said Living Unit as reasonably possible, together with the right of ingress and egress in and upon said parking area.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to a lien for assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

Class A. Class A Members shall be (i) the Declarant, its successors and assigns, as to Living Units once rented or leased by it to occupants, and (ii) all Owners other than the Declarant. Class A Members shall be entitled to one vote for each Living Unit owned except the Declarant, its successors and assigns, shall be entitled to 1/2 vote for Living Units rented or leased by it to occupants. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for the Living Unit or Living Units on 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 Living Unit. Class A Members shall consist of "Townhouse Members" and "Single Family Members". Townhouse Members are Members who are Owners of Townhouse Lots and Single Family Members are those Members who are Owners of Single Family Lots.

Class B. The Class B Member(s) shall be the Declarant (except as to Living Units owned by the Declarant, its successors and assigns, and once rented or leased to occupants) and shall be entitled to four (4) votes for each Lot or Living Unit 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) on December 31, 1978.

ARTICLE IV

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Living Unit owned within

the Properties and rented or leased to occupants, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (3) to the appropriate governmental taxing authority, a pro rata share of ad valorem taxes levied against the Common Area and a pro rata share of assessments for public improvements to the Common Area if the Association shall default in the payment thereof for a period of six (6) months, all as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs 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. The personal obligation for the delinquent assessment shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the exterior maintenance of the Living Units situated upon Townhouse Lots or for the use and enjoyment of the Common Area, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the payment of charges for common television antenna service to Townhouse Lots, the maintenance of planting easements along Lots 1 thru 4 and 112 thru 116, Section One on Peach Orchard Drive, the maintenance of walkway easements, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Three Hundred Sixty and No/100 Dollars (\$360.00) per Living Unit on each Townhouse Lot and One Hundred Twenty and No/100 Dollars (\$120.00) per Single Family Lot.

(a) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for each calendar year thereafter shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed five percent (5%) of the maximum annual assessment of the previous year.

(b) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for each calendar year thereafter may be increased without limit by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

Section 4. 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 costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds ($\frac{2}{3}$) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than 10 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all votes of each class of membership 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 ($\frac{1}{2}$) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Rate of Annual Assessment. Both annual and special assessments must be fixed at a uniform rate for all Living Units on Townhouse Lots and at a uniform rate for all Single Family Lots and may be collected on a monthly basis. The books and records of the Association will be kept in such a manner that it is possible to determine and ascertain (i) such sums as are expended by the Association for development, improvement, maintenance and upkeep of all recreational facilities of the Association, including those portions of the Common Area which are for the mutual use and benefit of both Single Family Members and Townhouse Members, and (ii) such sums as are expended for the development, improvement, maintenance and upkeep of the exterior of Living Units on Townhouse Lots and such portions of the Common Area which are for the primary benefit of Townhouse Members only. Both annual and special assessments must be fixed in such a manner that Single Family Members are not assessed for such portions of the Association's expenditures as are related to matters which are for the primary benefit of Townhouse Members.

Section 7. Date and Commencement of Annual Assessments:
Due Dates. The annual assessments provided for herein shall be collected on a monthly basis and shall commence on June 1, 1973 as to all Lots sold prior to that date, thereafter annual assessments shall begin on the first day of the month following conveyance of the Lot by the Declarant to an Owner occupant of any other party or the rental thereof to any party. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors.

The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

Section 8. 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 rate of 6 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his lot.

Section 9. Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association. Upon default by the Homeowner's Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Living Units in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the lot of the Owner.

Section 10. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust. Sale or transfer of any lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become 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 mortgage, mortgages, deed of trust or deeds of trust.

Section 11. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon Townhouse Lots or Single Family Lots,

nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Provided that nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant so long as said development follows the general plan of development of the Properties.

ARTICLE VI

PARTY WALLS

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

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

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

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

Section 5. Right to Contribution Runs With Land. The right to any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

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

ARTICLE VII

EXTERIOR MAINTENANCE

Section 1. In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Living Unit on each Townhouse Lot which is subject to assessments hereunder, as follows: Paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

Section 2. In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the Owner, his family, guests or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircrafts, vehicles, and 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.

Section 3. No Exterior Maintenance for Single-Family Lots. No exterior maintenance will be provided by the Association to Single Family Lots or the residences thereon.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Land Use and Building Type. No Lot shall be used except for residential purposes.

Section 2. Dwelling Specifications. No dwelling shall be permitted that contains less than 1400 square feet of heated area.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 4. Facing of Single Family Residence. Upon all Single Family Lots, the main building on any lot shall not be erected or allowed to remain facing in any direction except toward the street abutting the front of said Lot, which as to a corner lot shall be the street upon which said lot has the least frontage, except with the written consent of the Board of Directors of the Association or its architectural control committee.

Section 5. Temporary Residence. No residence of a temporary character shall be erected or allowed to remain on said property; and no trailer, basement, tent, shack, garage, barn or other outbuilding erected on said property shall be used as a residence either permanently or temporarily.

Section 6. Fences. No fence is permitted across the front lot line within twenty feet of said lot line. Any fence extending from the front building line to the front lot line or across the front lot line no nearer than twenty feet of said line shall be no

higher than three and one-half feet and shall be of wood or masonry only. Metal fences and basketweave wooden fences are specifically prohibited.

Section 7. Recreational Vehicles. All boats or recreational vehicles such as campers or trailers must be parked behind the front building line on Single Family Lots and at designated storage areas for Townhouse Lots and Multi-Family Living Units.

Section 8. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes.

Section 9. Outside Antennas. No radio towers or other elevated communication towers other than normal T.V. antennas are permitted. Any permitted antenna must be attached to the roof by singular tubular rod and must not project more than fifteen feet above the roof line. Any deviation must be approved by the Board of Directors or its architectural control committee in writing.

ARTICLE IX

EASEMENTS

Easement for installation and maintenance of walkways, utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The Declarant reserves the right to dedicate rights-of-way for the installation of public utilities across, or under said property at a distance of not more than ten feet from the rear and side lines, but such right-of-way must be used so as to interfere as little as possible with the use of said property by the owners of same. There is reserved to the Association an easement for maintenance of the fence(s) and fruit trees along lots 1 thru 4 and 112 thru 116 Section One on Peach Orchard Drive.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 4. Annexation.


(a) Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of all Members.

This Declaration is filed by Richardson Corporation in order to correct certain typographical errors appearing in the Declaration of Covenants, Conditions and Restrictions filed August 28, 1973 and recorded in Book 2721, Page 121, Guilford County Registry. The Declarant is at the time of this filing the owner of more than ninety percent (90%) of the lots in Section Two, revised and therefore said amendment is permitted as provided in the restrictions recorded in Book 2721, Page 121, Guilford County Registry upon the signature of the Declarant only.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, as of the 18th day of April, 1974.

RICHARDSON CORPORATION OF GREENSBORO

By Rhoda T. Corbett
Vice President

 G. Boney, Secretary
(Affixed Corporate Seal)

DEED BOOK 2735 PAGE 556

STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

I, Edna C. Davies, a Notary Public for
the above State and County, hereby certify that Sion A. Boney
Secretary of Richardson Corporation of Greensboro,
a corporation, and that by authority duly given and as the act of
said corporation, the foregoing and annexed instrument was signed
in its name by Rhodes T. Corbett, its Vice President,
sealed with its corporate seal and attested by himself as its
Secretary.

WITNESS my hand and official seal, this the 22nd day of
April, 1974.

Edna C. Davies

Notary Public

My Commission Expires:

3-5-75

EDNA C. DAVIES
NOTARY PUBLIC
GUILFORD COUNTY, N. C.
Comm. Exp. March 5, 1975

555-222-6250 #00012.00

555-222-6250 #00000.50

RECORDED
MARK STEWART
REGISTER OF DEEDS
GUILFORD COUNTY, N.C.

APR 22 3 01 PM '74

NORTH CAROLINA - GUILFORD

The foregoing certificate(s) of

Edna C. Davies

A Notary Public of said county is

(~~not~~) certified to be correct.

APR 22 1974

This Patricia Summers
MARK STEWART, Register of Deeds

Deputy, Register of Deeds

DEED
BOOK 2735 PAGE 557

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made as of the date hereinafter set forth by Richardson Corporation of Greensboro hereinafter referred to as "Declarant".

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in Monroe and Center Grove Townships, County of Guilford, State of North Carolina, which is more particularly described as:

All of that certain parcel of land as shown on the plat entitled The Orchard, Section Four, which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina in Plat Book 52 at Page 45.86 54

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

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to The Orchard Homeowners Association, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record Owner whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

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

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association shall be designated on a plat or plats recorded or to be recorded in the Office of the Register of Deeds of Guilford County, North Carolina.

Section 5. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated streets. "Townhouse Lots" are those upon which are constructed or are designed for construction thereon of Townhouses. All other Lots are "Single Family Lots".

Section 6. "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence.

Section 7. "Multi-Family Structure" shall mean and refer to any building containing two or more Living Units under one roof wherein each such Living Unit is not situated upon its own individual Lot.

Section 8. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

Section 9. "Declarant" shall mean and refer to Richardson Corporation of Greensboro, its successors and assigns.

Section 10. "Member-User" shall mean and refer to any person, not a Member of the Homeowners Association as that term is defined in Section 8 of this Article and Article III, Section 1 hereafter, who, in consideration for the use of the recreation facilities and areas of the Association, pay the initial membership fee and/or the additional monthly charge prescribed by the Association therefor. A Member-User shall have no voting rights in the Association.

Section 11. "Invitee-User" shall mean and refer to any person who is not a Member of the Association as defined in Article I, Section 8 above and Article III, Section 1 hereafter who becomes entitled to the use of the common facilities by paying a separate charge on each occasion that he uses the common facilities.

ARTICLE II

PROPERTY RIGHTS

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

(a) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

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

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be

agreed to by the Members. No such dedication or transfer shall be effective unless an instrument is signed by at least two-thirds (2/3) of each class of Members, agreeing to such dedication or transfer, has been recorded;

(d) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

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

Section 3. Parking Rights. Ownership of each Townhouse Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces for each Living Unit, which shall be as near and convenient to said Living Unit as reasonably possible, together with the right of ingress and egress in and upon said parking area.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to a lien for assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

Class A. Class A Members shall be (i) the Declarant, its successors and assigns, as to Living Units once rented or leased by it to occupants, and (ii) all Owners other than the Declarant. Class A Members shall be entitled to one vote for each Living Unit owned except the Declarant, its successors and assigns, shall be entitled to 1/2 vote for Living Units rented or leased by it to occupants. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for the Living Unit or Living Units on 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 Living Unit. Class A Members shall consist of "Townhouse Members" and "Single Family Members". Townhouse Members are Members who are Owners of Townhouse Lots and Single Family Members are those Members who are Owners of Single Family Lots.

Class B. The Class B Member(s) shall be the Declarant (except as to Living Units owned by the Declarant, its successors and assigns, and once rented or leased to occupants) and shall be entitled to four (4) votes for each Lot or Living Unit owned. The Class B members 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) on December 31, 1978.

DEED 2760 PAGE 787
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ARTICLE IV

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Living Unit owned within the Properties and rented or leased to occupants, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (3) to the appropriate governmental taxing authority, a pro rata share of ad valorem taxes levied against the Common Area and a pro rata share of assessments for public improvements to the Common Area if the Association shall default in the payment thereof for a period of six (6) months, all as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs 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. The personal obligation for the delinquent assessment shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the exterior maintenance of the Living Units situated upon Townhouse Lots or for the use and enjoyment of the Common Area, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the payment of charges for common television antenna service to Townhouse Lots, the maintenance of planting easements along Lots 1 thru 4 and 112 thru 116, Section One on Peach Orchard Drive, the maintenance of walkway easements, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Three Hundred Sixty and No/100 Dollars (\$360.00) per Living Unit on each Townhouse Lot and One Hundred Twenty and No/100 Dollars (\$120.00) per Single Family Lot.

(a) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for each calendar year thereafter shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed five percent (5%) of the maximum annual assessment of the previous year.

(b) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for each calendar year thereafter may be increased without limit by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

Section 4. 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 costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, 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 each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than 10 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all votes of each class of membership 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. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Rate of Annual Assessment. Both annual and special assessments must be fixed at a uniform rate for all Living Units on Townhouse Lots and at a uniform rate for all Single Family Lots and may be collected on a monthly basis. The books and records of the Association will be kept in such a manner that it is possible to determine and ascertain (i) such sums as are expended by the Association for development, improvement, maintenance and upkeep of all recreational facilities of the Association, including those portions of the Common Area which are for the mutual use and benefit of both Single Family Members and Townhouse Members, and (ii) such sums as are expended for the development, improvement, maintenance and upkeep of the exterior of Living Units on Townhouse Lots and such portions of the Common Area which are for the primary benefit of Townhouse Members only. Both annual and special assessments must be fixed in such a manner that Single Family Members are not assessed for such portions of the Association's expenditures as are related to matters which are for the primary benefit of Townhouse Members.

Section 7. Date and Commencement of Annual Assessments:
Due Dates. The annual assessments provided for herein shall be collected on a monthly basis and shall commence on June 1, 1973 as to all Lots sold prior to that date, thereafter annual assessments shall begin on the first day of the month following conveyance of the Lot by the Declarant to an Owner occupant of any other party or the rental thereof to any party. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

Section 8. 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 rate of 6 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association. Upon default by the Homeowner's Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Living Units in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 10. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become 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 mortgage, mortgages, deed of trust or deeds of trust.

Section 11. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon Townhouse Lots or Single Family Lots, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Provided that nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant so long as said development follows the general plan of development of the Properties.

ARTICLE VI

PARTY WALLS

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

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

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful

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act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right to any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

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

ARTICLE VII

EXTERIOR MAINTENANCE

Section 1. In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each living Unit on each Townhouse Lot which is subject to assessments hereunder, as follows: Paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

Section 2. In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the Owner, his family, guests or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircrafts, vehicles, and 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.

Section 3. No Exterior Maintenance for Single-Family Lots. No exterior maintenance will be provided by the Association to Single Family Lots or the residences thereon.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Land Use and Building Type. No lot shall be used except for residential purposes.

Section 2. Dwelling Specifications. No dwelling shall be permitted that contains less than 1300 square feet of heated area.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 4. Facing of Single Family Residence. Upon all Single Family Lots, the main building on any lot shall not be erected or allowed to remain facing in any direction except toward

the street abutting the front of said Lot, which as to a corner lot shall be the street upon which said lot has the least frontage, except with the written consent of the Board of Directors of the Association or its architectural control committee.

Section 5. Temporary Residence. No residence of a temporary character shall be erected or allowed to remain on said property; and no trailer, basement, tent, shack, garage, barn or other outbuilding erected on said property shall be used as a residence either permanently or temporarily.

Section 6. Fences. No fence is permitted across the front lot line within twenty feet of said lot line. Any fence extending from the front building line to the front lot line or across the front lot line no nearer than twenty feet of said line shall be no higher than three and one-half feet and shall be of wood or masonry only. Metal fences and basketweave wooden fences are specifically prohibited.

Section 7. Recreational Vehicles. All boats or recreational vehicles such as campers or trailers must be parked behind the front building line on Single Family Lots and at designated storage areas for Townhouse Lots and Multi-Family Living Units.

Section 8. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes.

Section 9. Outside Antennas. No radio towers or other elevated communication towers other than normal T.V. antennas are permitted. Any permitted antenna must be attached to the roof by singular tubular rod and must not project more than fifteen feet above the roof line. Any deviation must be approved by the Board of Directors or its architectural control committee in writing.

ARTICLE IX

EASEMENTS

Easements for installation and maintenance of walkways, utilities and drainage facilities are reserved as shown on the recorded plat or recorded easement. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The Declarant reserves the right to dedicate rights-of-way for the installation of public utilities across, or under said property at a distance of not more than ten feet from the rear and side lines, but such right-of-way must be used so as to interfere as little as possible with the use of said property by the owners of same. There is reserved to the Association an easement for maintenance of the fence(s) and fruit trees along lots 1 thru 4 and 112 thru 116 Section One on Peach Orchard Drive.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

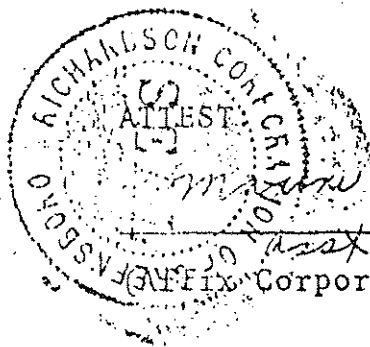
Section 4. Annexation.

(a) Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of all Members.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, as of the 12th day of June, 1975.

RICHARDSON CORPORATION OF GREENSBORO

By Richard N. Corbett Vice Pres.



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STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

I, Russellene Johnson, a Notary Public for the above State and County, hereby certify that Maxine A. Carter, Asst. Secretary of Richardson Corporation of Greensboro, a corporation, and that by authority duly given and as the act of said corporation, the foregoing and annexed instrument was signed in its name by Rhodes J. Caruth its Vice President, sealed with its corporate seal and attested by himself as its Asst. Secretary.

WITNESS my hand and official seal, this the 12th day of June, 1975.

Russellene Johnson
Notary Public
Guilford County, N.C.

My Commission Expires:

2/19/80

555 313 3857 #00012.00
555 313 3857 #00000.50

NORTH CAROLINA - GUILFORD

The foregoing certificate(s) of

Russellene Johnson

A Notary Public of said county is
(pre) certified to be correct: /

This JUN 13 1975

MARK STEWART, Register of Deeds

Barbara Michalek
Deputy, Register of Deeds

RECORDED
MARK STEWART
REGISTER OF DEEDS
GUILFORD COUNTY, N.C.

JUN 13 3 43 PM '75

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M. Jay Devaney

TO BE
PICKED UP

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made as of the date hereinafter set forth by Richardson Corporation of Greensboro hereinafter referred to as "Declarant".

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in Monroe and Center Grove Townships, County of Guilford, State of North Carolina, which is more particularly described as:

All of that certain parcel of land as shown on the plat entitled The Orchard, Section Two Revised, which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina in Plat Book 50 at Page 34.

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

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to The Orchard Homeowners Association, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record Owner whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

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

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association shall be designated on a plat or plats recorded or to be recorded in the Office of the Register of Deeds of Guilford County, North Carolina.

Section 5. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated streets. "Townhouse Lots" are those upon which are constructed or are designed for construction thereon of Townhouses. All other Lots are "Single Family Lots".

Section 6. "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence.

Section 7. "Multi-Family Structure" shall mean and refer to any building containing two or more Living Units under one roof wherein each such Living Unit is not situated upon its own individual lot.

Section 8. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

Section 9. "Declarant" shall mean and refer to Richardson Corporation of Greensboro, its successors and assigns.

Section 10. "Member-User" shall mean and refer to any person, not a Member of the Homeowners Association as that term is defined in Section 8 of this Article and Article III, Section 1 hereafter, who, in consideration for the use of the recreation facilities and areas of the Association, pay the initial membership fee and/or the additional monthly charge prescribed by the Association therefor. A Member-User shall have no voting rights in the Association.

Section 11. "Invitee-User" shall mean and refer to any person who is not a Member of the Association as defined in Article I, Section 8 above and Article III, Section 1 hereafter who becomes entitled to the use of the common facilities by paying a separate charge on each occasion that he uses the common facilities.

ARTICLE II

PROPERTY RIGHTS

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

(a) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

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

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument is signed by at least two-thirds (2/3) of each class of Members, agreeing to such dedication or transfer, has been recorded;

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(d) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

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

Section 3. Parking Rights. Ownership of each Townhouse Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces for each Living Unit, which shall be as near and convenient to said Living Unit as reasonably possible, together with the right of ingress and egress in and upon said parking area.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to a lien for assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

Class A. Class A Members shall be (i) the Declarant, its successors and assigns, as to Living Units once rented or leased by it to occupants, and (ii) all Owners other than the Declarant. Class A Members shall be entitled to one vote for each Living Unit owned except the Declarant, its successors and assigns, shall be entitled to 1/2 vote for Living Units rented or leased by it to occupants. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for the Living Unit or Living Units on 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 Living Unit. Class A Members shall consist of "Townhouse Members" and "Single Family Members". Townhouse Members are Members who are Owners of Townhouse Lots and Single Family Members are those Members who are Owners of Single Family Lots.

Class B. The Class B Member(s) shall be the Declarant (except as to Living Units owned by the Declarant, its successors and assigns, and once rented or leased to occupants) and shall be entitled to four (4) votes for each Lot or Living Unit 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) on December 31, 1978.

ARTICLE IV

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Living Unit owned within

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the Properties and rented or leased to occupants, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (3) to the appropriate governmental taxing authority, a pro rata share of ad valorem taxes levied against the Common Area and a pro rata share of assessments for public improvements to the Common Area if the Association shall default in the payment thereof for a period of six (6) months, all as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs 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. The personal obligation for the delinquent assessment shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the exterior maintenance of the Living Units situated upon Townhouse Lots or for the use and enjoyment of the Common Area, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the payment of charges for common television antenna service to Townhouse Lots, the maintenance of planting easements along Lots 1 thru 4 and 112 thru 116, Section One on Peach Orchard Drive, the maintenance of walkway easements, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Three Hundred Sixty and No/100 Dollars (\$360.00) per Living Unit on each Townhouse Lot and One Hundred Twenty and No/100 Dollars (\$120.00) per Single Family Lot.

(a) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for each calendar year thereafter shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed five percent (5%) of the maximum annual assessment of the previous year.

(b) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for each calendar year thereafter may be increased without limit by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

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(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

Section 4. 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 costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, 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 each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than 10 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all votes of each class of membership 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. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Rate of Annual Assessment. Both annual and special assessments must be fixed at a uniform rate for all Living Units on Townhouse Lots and at a uniform rate for all Single Family Lots and may be collected on a monthly basis. The books and records of the Association will be kept in such a manner that it is possible to determine and ascertain (i) such sums as are expended by the Association for development, improvement, maintenance and upkeep of all recreational facilities of the Association, including those portions of the Common Area which are for the mutual use and benefit of both Single Family Members and Townhouse Members, and (ii) such sums as are expended for the development, improvement, maintenance and upkeep of the exterior of Living Units on Townhouse Lots and such portions of the Common Area which are for the primary benefit of Townhouse Members only. Both annual and special assessments must be fixed in such a manner that Single Family Members are not assessed for such portions of the Association's expenditures as are related to matters which are for the primary benefit of Townhouse Members.

Section 7. Date and Commencement of Annual Assessments:
Due Dates. The annual assessments provided for herein shall be collected on a monthly basis and shall commence on June 1, 1973 as to all Lots sold prior to that date, thereafter annual assessments shall begin on the first day of the month following conveyance of the Lot by the Declarant to an Owner occupant of any other party or the rental thereof to any party. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors.

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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 8. 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 rate of 6 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association. Upon default by the Homeowner's Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Living Units in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 10. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become 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 mortgage, mortgages, deed of trust or deeds of trust.

Section 11. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon Townhouse Lots or Single Family Lots,

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nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Provided that nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant so long as said development follows the general plan of development of the Properties.

ARTICLE VI

PARTY WALLS

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

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

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

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

Section 5. Right to Contribution Runs With Land. The right to any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

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

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ARTICLE VII

EXTERIOR MAINTENANCE

Section 1. In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Living Unit on each Townhouse Lot which is subject to assessments hereunder, as follows: Paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

Section 2. In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the Owner, his family, guests or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircrafts, vehicles, and 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.

Section 3. No Exterior Maintenance for Single-Family Lots. No exterior maintenance will be provided by the Association to Single Family Lots or the residences thereon.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Land Use and Building Type. No Lot shall be used except for residential purposes.

Section 2. Dwelling Specifications. No dwelling shall be permitted that contains less than 1400 square feet of heated area.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 4. Facing of Single Family Residence. Upon all Single Family Lots, the main building on any lot shall not be erected or allowed to remain facing in any direction except toward the street abutting the front of said Lot, which as to a corner lot shall be the street upon which said lot has the least frontage, except with the written consent of the Board of Directors of the Association or its architectural control committee.

Section 5. Temporary Residence. No residence of a temporary character shall be erected or allowed to remain on said property; and no trailer, basement, tent, shack, garage, barn or other outbuilding erected on said property shall be used as a residence either permanently or temporarily.

Section 6. Fences. No fence is permitted across the front lot line within twenty feet of said lot line. Any fence extending from the front building line to the front lot line or across the front lot line no nearer than twenty feet of said line shall be no

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higher than three and one-half feet and shall be of wood or masonry only. Metal fences and basketweave wooden fences are specifically prohibited.

Section 7. Recreational Vehicles. All boats or recreational vehicles such as campers or trailers must be parked behind the front building line on Single Family Lots and at designated storage areas for Townhouse Lots and Multi-Family Living Units.

Section 8. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes.

Section 9. Outside Antennas. No radio towers or other elevated communication towers other than normal T.V. antennas are permitted. Any permitted antenna must be attached to the roof by singular tubular rod and must not project more than fifteen feet above the roof line. Any deviation must be approved by the Board of Directors or its architectural control committee in writing.

ARTICLE IX

EASEMENTS

Easement for installation and maintenance of walkways, utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The Declarant reserves the right to dedicate rights-of-way for the installation of public utilities across, or under said property at a distance of not more than ten feet from the rear and side lines, but such right-of-way must be used so as to interfere as little as possible with the use of said property by the owners of same. There is reserved to the Association an easement for maintenance of the fence(s) and fruit trees along lots 1 thru 4 and 112 thru 116 Section One on Peach Orchard Drive.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

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BOOK

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 4. Annexation.

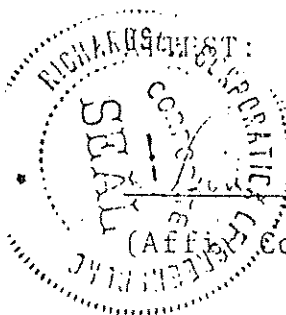
(a) Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of all Members.

This Declaration is filed by Richardson Corporation in order to correct certain typographical errors appearing in the Declaration of Covenants, Conditions and Restrictions filed August 28, 1973 and recorded in Book 2721, Page 121, Guilford County Registry. The Declarant is at the time of this filing the owner of more than ninety percent (90%) of the lots in Section Two, revised and therefore said amendment is permitted as provided in the restrictions recorded in Book 2721, Page 121, Guilford County Registry upon the signature of the Declarant only.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, as of the 18th day of April, 1974.

RICHARDSON CORPORATION OF GREENSBORO

By Rhoda T. Corbett
Vice President

 G. Bonny, Secretary
(Affixed Corporate Seal)

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STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

I, Edna C. Davies, a Notary Public for
the above State and County, hereby certify that Sion A Boney
Secretary of Richardson Corporation of Greensboro,
a corporation, and that by authority duly given and as the act of
said corporation, the foregoing and annexed instrument was signed
in its name by Rhodes T. Corbett, its Vice President,
sealed with its corporate seal and attested by himself as its
Secretary.

WITNESS my hand and official seal, this the 22nd day of
April, 1974.

Edna C Davies

Notary Public

My Commission Expires:

3-5-75

EDNA C. DAVIES
NOTARY PUBLIC
GUILFORD COUNTY, N. C.
Comm. Exp. March 5, 1975

555 227 6250 00012.00 G
555 227 6250 00000.50 H

RECORDED
MARK STEWART
REGISTER OF DEEDS
GUILFORD COUNTY, N.C.

APR 22 3 01 PM '74

NORTH CAROLINA - GUILFORD

The foregoing certificate(s) of

Edna C. Davies

A Notary Public of said county is
(~~not~~) certified to be correct.

APR 22 1974

This

MARK STEWART, Register of Deeds

Patricia Summers
Deputy, Register of Deeds

DEED
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NORTH CAROLINA
GUILFORD COUNTY

AGREEMENT

THIS AGREEMENT made and entered into this 28th day of July, 1977, between RICHARDSON CORPORATION OF GREENSBORO, a North Carolina corporation (hereinafter referred to as "Richardson"), and THE ORCHARD HOMEOWNERS' ASSOCIATION, a North Carolina non-profit corporation (hereinafter referred to as the "Association").

Richardson is the developer of The Orchard, a planned unit development located in Center Grove Township, Guilford County, North Carolina. The land developed as of the date hereof and that which may be developed in the future as part of The Orchard is described in Schedule A to the Declaration of Covenants, Conditions and Restrictions recorded in Book 2651, Page 465, Guilford County Registry.

The Association was formed by Richardson to provide maintenance, preservation and architectural control of the Common Area within The Orchard. The term "Common Area" means all real property owned by the Association for the common use and enjoyment of the owners and which is to be owned by the Association and designated Common Area on any plat recorded or to be recorded in the Office of the Register of Deeds of Guilford County, North Carolina, and for purposes of this Agreement shall include the Recreation Area, as hereinafter defined.

In connection with the continuing development of The Orchard and management of the Common Area therein, Richardson and the Association, in consideration of the mutual promises contained herein and other good and valuable considerations, the receipt of which is hereby acknowledged, agree as follows:

1. Richardson will convey to the Association fee simple title to the tract of land containing 5.885 acres, more or less, and designated "Recreation Area" on a plat of Section Three-B of The Orchard

recorded in Plat Book 59, Page 6, Guilford County Registry. This conveyance shall be made without specific regard to the number of persons or families who are then Members of the Association and without additional consideration other than the execution of this Agreement.

Richardson will convey the Recreation Area to the Association upon the first to occur of the following:

A. (1) The Association shall have a positive cash flow on an annual basis for each of two consecutive years. For the purpose of this agreement, positive cash flow shall mean cash receipts in excess of cash expenditures related to the annual operating budget of the Association. It is understood that for the purpose of determining cash receipts only, any amount paid by Richardson for optional memberships in Paragraph 3 below shall be deducted; and

(2) The Association shall have a cash balance at the end of the second consecutive year equal to twice the property taxes assessed on the Recreation Area for the second of the two consecutive years; or

B. January 1, 1988.

2. The Association will issue to Richardson four hundred fifty (450) certificates (Richardson Member-User Certificates) entitling the persons who are the holders thereof to become "Member-Users" of the Association (as that term is defined in Article I, Section 10, of the standard Declaration of Covenants, Conditions and Restrictions for The Orchard). These Member-User Certificates shall be freely assignable by Richardson to purchasers or tenants of dwellings in The Orchard. (Such purchasers and tenants being sometimes hereinafter referred to as "Transferrees"). No dues or assessments on any Richardson Member-User Certificate shall accrue until the sale or rental of the lot and the transfer of the Certificate to the purchaser or tenant. Holders of Richardson Member-User Certificates shall pay

the same dues and assessments in the same manner as Class A Members of the Association. Richardson Member-User Certificates may be transferred by Transferrees to subsequent owners of the same dwelling in The Orchard without the payment of an initiation fee, provided there shall have been no lapse in the payment of dues. The Association shall have the right to suspend or to terminate holders of Richardson Member-User Certificates for failure to pay dues and assessments upon thirty (30) days' written notice of default in the payment thereof. In addition, the Association shall have the right to suspend the privileges of holders of Richardson Member-User Certificates for violations of the rules and regulations of the Association, which shall be uniform as to all Members and Member-Users. (Membership of those holding Member-User Certificates shall be on an annual basis. On the anniversary date of the issuance of a Certificate, a Member-User can elect to retain his membership for another year or to return the Certificate and terminate his membership. Any Member-User who fails to renew his membership or the Transferree of such Member-User, or the purchaser of any lot in Section Three who fails to accept a Certificate when it is first offered as provided in paragraph 3 below, can be reinstated, or join for the first time, as the case may be, upon the payment of a non-refundable initiation fee equal to one year's Association dues.

3. The plat for Section Three-A of The Orchard has been recorded in Plat Book 58, Page 95, Guilford County Registry. The plat for Section Three-B of The Orchard has been recorded in Plat Book 59, Page 6, Guilford County Registry (these two sections are collectively referred to as "Section Three"). Homeowners in Section Three are not mandatory members of the Association by virtue of lot ownership alone. Richardson will offer Richardson Member-User Certificates to purchasers of lots in Section Three. If a purchaser elects to take the Member-User Certificate and join the Association on or before the closing of the purchase of the lot and house, no initiation fee will

be charged for such Member-User Certificate, provided, however, that persons electing such optional membership must pay at closing Association dues for the succeeding three months, exclusive of the month of closing. If a purchaser of a dwelling in Section Three elects not to take the Member-User Certificate, he may subsequently elect to take a Member-User Certificate but will be required to pay an initiation fee equal to one year's Association dues.

In the event a purchaser of a dwelling in Section Three elects not to take a Member-User Certificate, Richardson shall pay to the Association the annual dues (but not special assessments for capital improvements) attributable to that Member-User Certificate for a period commencing on the later of (a) the date of the transfer of ownership or rental of the dwelling by Richardson to a Transferree, or (b) the date the appropriate governmental authorities give final approval for occupancy of the dwelling, and ending upon the earlier of (a) the day three (3) years from the date of the commencement of Richardson's payments, or (b) the Transferree or subsequent Transferree of that dwelling elects to become a Member of the Association. If a purchaser of a dwelling in Section Three initially elects to take a Member-User Certificate but fails to renew that Certificate, then Richardson shall pay to the Association the annual dues (but not special assessments for capital improvements) attributable to that Member-User Certificate for a period commencing with the date of the failure to renew and ending upon the earlier of (a) the day three (3) years from the date of transfer, or (b) the Transferree or subsequent Transferree of that dwelling elects to become a Member of the Association. It is expressly understood that payment by Richardson of assessments and dues attributable to any dwelling pursuant to this paragraph shall not entitle the Transferree or subsequent Transferree of that dwelling to use of the facilities of the Association.

4. During the time that Richardson has the right to elect a majority of the Board of Directors of the Association, neither Richardson, nor the Directors elected by it, will vote to allow Member-User Certificates to be issued to persons other than those residing in

The Orchard unless a motion to issue Certificates to persons residing outside The Orchard shall have been submitted to a meeting of the Association and approved by a vote of seventy-five percent (75%) of those Members present and voting, not including any votes cast by Richardson on account of its ownership of lots in The Orchard.

Richardson will not issue any of its Member-User Certificates provided for in paragraph 2 above to persons residing outside The Orchard unless a motion to issue Certificates to persons residing outside The Orchard shall have been submitted to a meeting of the Association and approved by a vote of seventy-five percent (75%) of those Members present and voting, not including any votes cast by Richardson on account of its ownership of lots in The Orchard.

5. As an integral part of fulfilling the intent and purposes of this Agreement:

A. The Association, its Officers and Directors will cooperate fully with Richardson in Richardson's efforts to seek FHA, VA, FNMA or FHLMC approval of property in The Orchard for loans guaranteed, insured or approved by these agencies and organizations.

B. The Association increased annual assessments by twenty percent (20%) effective May 1, 1977. Beginning in the year 1981, the Association, through the Board of Directors in the regularly prescribed procedure set forth in the By-Laws and the Declaration of Covenants, Conditions and Restrictions, will increase the annual assessments paid to the Association at least five percent (5%) a year thereafter until the transfer of the Recreation Area as provided in paragraph 1 above.

C. Richardson will endeavor, through the Directors of the Association, to communicate with the Members of the Association as to Richardson's general development plans for The Orchard with the understanding that such plans are

subject to evolution and change based on many factors including general economic conditions, condition of the local real estate market, availability of financing and availability of building materials.

D. Nothing contained herein shall preclude Richardson from further development of The Orchard in accordance with the provisions of the Declaration of Covenants, Conditions and Restrictions of record.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their corporate names by their duly authorized officers and their corporate seals to be hereunto affixed, all the day and year first above written.

RICHARDSON CORPORATION OF GREENSBORO

BY:

Phyllis T. Gorbett
Vice President

ATTEST:

Signe C. Boney
Secretary

THE ORCHARD HOMEOWNERS' ASSOCIATION

BY:

Wynne S. Deeter
President

ATTEST:

Phyllis T. Gorbett
Secretary

NORTH CAROLINA
GUILFORD COUNTY

I, Loretta Ann Burger, a Notary Public, do hereby certify that Shirley B. Boney personally appeared before me this day and acknowledged that he is the _____ Secretary of RICHARDSON CORPORATION OF GREENSBORO, a corporation, and that by authority duly given, and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal, and attested to by him as its _____ Secretary.

WITNESS my hand and official seal this the 28th day of July, 1977.

My Commission Expires:

December 28, 1981

Loretta Ann Burger
NOTARY PUBLIC
LORETTA ANN BURGER
NOTARY PUBLIC
GUILFORD COUNTY, N. C.
Commission Expires 12/28/81

NORTH CAROLINA
GUILFORD COUNTY

I, Judith S. Moore, a Notary Public, do hereby certify that RHODES T. CORBETT personally appeared before me this day and acknowledged that he is the _____ Secretary of THE ORCHARD HOMEOWNERS' ASSOCIATION, a non-profit 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 him as its _____ Secretary.

WITNESS my hand and official seal this the 28th day of July, 1977.

Judith S. Moore
NOTARY PUBLIC

My Commission Expires:

Feb. 26, 1980

NORTH CAROLINA, COUNTY OF GUILFORD

KNOW ALL MEN BY THESE PRESENTS that RICHARDSON CORPORATION OF GREENSBORO, a corporation organized and existing under the laws of the State of North Carolina with its principal office and place of business in the City of Greensboro, North Carolina, does hereby covenant and agree to and with all persons, firms and corporations now owning or hereafter acquiring any numbered lot in Section 3-B of The Orchard Subdivision, Monroe Township, GUILFORD County, North Carolina, as shown by plat recorded in Plat Book 59, page 6, in the Office of the Register of Deeds of GUILFORD County, North Carolina, that said numbered lots are hereby subjected to the following restrictions as to use thereof, and the said restrictions are to run with the said property, and every part thereof, by whomsoever owned, to wit:

1. LAND USE AND BUILDING TYPE: No lot shall be used except for residential, street, and park purposes. No building shall be erected, altered, placed, or permitted to remain on any lot other than one detached single family dwelling not to exceed two and one-half stories in height and a private garage for not more than two cars.
2. DWELLING SIZE: No dwelling shall be permitted, costing less than \$20,000 based on current building costs and having a ground area of the main structure, exclusive of one-story open porches and garages, of less than 1200 square feet for a one-story dwelling, nor less than 700 square feet for a dwelling of more than one story, including "split-level" dwellings.
3. FACING OF SINGLE FAMILY RESIDENCE: Upon all single family lots, the main building on any lot shall not be erected or allowed to remain facing in any direction except toward the street abutting the front of said lot which as to a corner lot shall be the street upon which said lot has the least frontage.
4. BUILDING SETBACK: No building shall be located on any lot nearer to the front line or nearer to the side street line than the minimum building setback lines shown on the recorded plat. In any event, no building shall be located on any lot nearer than 40 feet to the front line, or nearer than 20 feet to any side street line. No building shall be located nearer than 10 feet to any interior lot line, except that no side yard shall be required for a separate garage not attached to the house or other permitted accessory building located seventy feet or more from the minimum building setback line. For the purpose of this covenant, eaves, steps, and porches and carports shall not be considered as part of a building, provided however that this shall not be construed to permit any portion of building on lot to encroach upon another lot. Deviations from building line restrictions not in excess of 10% shall not be construed as a violation of these covenants.
5. LOT AREA AND WIDTH: No dwelling shall be erected or placed on any lot having a width at the building line of less than 80 feet nor shall any dwelling be erected or placed on any lot having an area of less than 12,000 square feet, except that this provision shall not prevent a dwelling from being erected on any lot shown on the recorded plat.
6. EASEMENTS: Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and over the rear ten feet and each side five feet of every lot. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easements area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible. RICHARDSON CORPORATION OF GREENSBORO reserves the right to create and impose additional easements or rights of way over any unsold lot or lots for street, drainage and utility installation purposes by the recording of

appropriate instruments and such shall not be construed to invalidate any of these covenants.

7. FENCES: No fence is permitted across the front lot line within 20 feet of said lot line. Any fence extending from the front building line to the front lot line or across the front lot line no nearer than 20 feet of said line shall be no higher than 3 1/2 feet and shall be of wood or masonry only. Metal fences and basketweave fences are specifically prohibited.

8. RECREATIONAL VEHICLES: All boats or recreational vehicles such as campers or trailers must be parked behind the front building line of each single family lot.

9. ANIMALS: No animals, livestock or poultry of any kind shall be kept or maintained on any lot or in any dwelling except that dogs, cats, or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes.

10. OUTSIDE ANTENNAS: No radio towers or other elevated communication towers other than normal TV antennas are permitted. Any antenna must be attached to the roof by a singular tubular rod and must not project more than 15 feet above the roof line.

11. WAIVER OF VIOLATION: RICHARDSON CORPORATION OF GREENSBORO may waive any violation of these restrictive covenants by appropriate instrument in writing provided that if the violation occurs on any lot which is adjacent to a lot or lots which have been conveyed to a fee simple owner or owners, the consent of such owner or owners shall be obtained to such waiver.

12. NUISANCES: No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

13. TEMPORARY STRUCTURES: No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any lot at any time as a residence either temporarily or permanently.

14. TERM: These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of thirty years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten years unless an instrument signed by a majority of the then owners of the lots has been recorded, agreeing to change said covenants in whole or in part.

15. ENFORCEMENT: Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant, either to restrain violation or to recover damages.

16. SEVERABILITY: Invalidation of any one of these covenants by judgment or court order shall in no wise affect any of the other provisions which remain in full force and effect.

IN TESTIMONY WHEREOF, RICHARDSON CORPORATION OF GREENSBORO has caused this deed to be signed in its corporate name by its vice president and attested by its assistant secretary, and sealed with its common seal, on the 17th day of JANUARY, 19 77.



A. L. Lark
Assistant Secretary

RICHARDSON CORPORATION OF GREENSBORO
BY: Richard T. G. Galt
Vice President

Application for Orchard Member-User Certificate

Name - Last and First - of Husband and Wife

Names and Date of Birth of Children

Home Address

Phone

Business Names and Phones of Both Parties

List additional name, address, and phone number in case of
emergency _____

This membership becomes effective upon payment of a quarter's dues.

"I understand and agree to abide by all the Rules and Regulations
of the Orchard Homeowners' Association. I further understand that
I have all rights of a member-user."

Signature of Applicant

Member-User Membership
ORCHARD HOMEOWNERS ASSOCIATION

I. DUES

- A. Holders of optional memberships will pay the same annual dues as regular members (currently \$17.37 per month).
- B. Dues to be paid quarterly in advance. If purchaser is to join without paying an initiation fee he must sign an application and pay a quarter's dues on or before the closing of the sale. Each anniversary date of the closing the optional member can commit for an additional year or drop out.

II. INITIATION FEE

- A. No initiation fee for those who join on or before the purchase of their new home.
- B. Also no initiation fee on a resale as long as dues are continuous.
- C. If purchaser of home does not sign an application and pay a quarter's dues on or before closing, to join would require an initiation fee equal to a year's dues. The same initiation fee would be charged to reinstate anyone who had let their dues lapse or to any second owner who did not join in time for dues to be continuous.

III. RIGHTS

- A. No voting right unless they want to take a regular membership.
- B. They will have all other rights of a regular member including right to reserve the clubhouse, etc.

IV. RESPONSIBILITIES

- A. The holders of optional memberships will have the responsibility of complying with all rules set out by the Recreation Committee of the Homeowners Association. A copy of these rules is attached.

V. MANAGEMENT

- A. The Homeowners' Association through its committees manages the clubhouse, swimming pool, socials, tennis courts and dedicated common areas.
- B. Richardson Corporation's Property Management Department - under a contract between Richardson and the Association - manages the common areas, grounds and clubhouse for the Homeowners' Association. Its service includes collecting dues, getting common areas mowed, supervising the cleaning and normal maintenance of the pool, tennis courts, clubhouse, etc.

VI. USE OF FACILITIES

- A. Only those who are dues paying members will have the right to use the pool, common areas, tennis courts, etc.

VII. GUESTS

- A. There is currently a nominal charge for guests.

VIII. OWNERSHIP OF ALL FACILITIES

- A. Currently owned by Richardson Corporation.
- B. The Orchard Homeowners' Association and Richardson Corporation have signed an agreement whereby the facilities will be transferred no later than January 1, 1988.

IX. OFFER TO PURCHASE

- A. The following wording is suggested for the Offer to Purchase:

"I understand that I have the option of joining the Orchard Homeowners' Association without paying an initiation fee as long as I do so on or before the closing of this sale."

X. OTHER QUESTIONS

- A. Please don't try to answer more detailed questions without consulting Rhodes Corbett.

BY - LAWS

OF

THE ORCHARD HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is The Orchard Homeowners, Association, hereinafter referred to as the "Association". The principal office of the corporation shall be located at 114 N. Elm Street, Guilford County, Greensboro, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina, County of Guilford, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to The Orchard Homeowners Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated streets. "Townhouse Lots" are those upon which are constructed or are designed for construction thereon of townhouses. All other Lots are "Single Family Lots".

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest as security for the performance of an obligation.

Section 6. "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence by a single family.

Section 7. "Declarant" shall mean and refer to Richardson Corporation of Greensboro, its successors and assigns.

Section 8. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Guilford County, North Carolina.

Section 9. "Member" shall mean and refer to those persons or entities entitled to membership with voting rights as provided in the Declaration and in Article III of these By-Laws.

Section 10. "Multi-Family Structure" shall mean and refer to any building containing two or more Living Units under one roof wherein each such Living Unit is not situated upon its ~~own~~ individual Lot.

Section 11. "Member-User" shall mean and refer to any person, not a Member of the homeowners association as that term is defined in Section 8 of this Article and Article III, Section 1 hereafter, who, in consideration for the use of the recreation facilities and areas of the Association, pays an initial membership fee and the additional monthly charge prescribed by the Association therefor. A Member-User shall have no voting rights in the Association.

Section 12. "Invitee-User" shall mean and refer to any person who is not a Member of the association as defined in Article I, Section 8 and Article III, Section 1 of the Declaration who becomes entitled to the use of the common facilities by paying a separate charge on each occasion that he uses the common facilities.

ARTICLE III

MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot subject to assessment. The voting rights of the Members shall be as provided by the Declaration.

Section 2. Property Rights. Each Member shall be entitled to the use and enjoyment of the facilities as provided in the Declaration. Any Member may delegate his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, guests or contract purchasers who reside on the property.

Such Member shall notify the secretary of the Association in writing of the name of the delegate. The rights and privileges of such delegates are subject to suspension to the same extent as those of the Member.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of this association. Each subsequent regular meeting of the members shall be held on a date between March 1, and June 15 of each year as determined by the Board of Directors, for the purpose of electing directors of the Corporation, and for the transaction of such other business as may be properly brought before the meeting.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth ($\frac{1}{4}$) of all the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 10 days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of the meeting. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth ($\frac{1}{10}$) of the votes of each class of Membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of not less than five (5) nor more than nine (9) directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting the Members shall elect directors for a term of one year, and at each annual meeting thereafter the Members shall elect directors who shall hold office until death, resignation, retirement, removal, disqualification, or election and qualification of a successor.

Section 3. Removal. Any director may be removed from the Board with or without cause, by a vote of not less than two-thirds (2/3) of each class of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board, and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at

each annual meeti... The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly, or at such other periodic intervals as may be established by the Board of Directors from time to time without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members, Invitee-Users and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to the use of the recreational facilities of a Member, or Invitee-User during any period in which such Member or Invitee-User shall be in default in

the payment of any assessment, dues or charge levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and

(f) employ attorneys to represent the Association when deemed necessary.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability insurance covering the Association, its directors, officers, agents and employees and to procure and maintain adequate hazard insurance on the real and personal property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained; and

(h) cause the exterior of dwellings on Townhouse Lots to be maintained.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the

date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) the president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, ~~deeds~~ and other written instruments and shall co-sign all checks and promissory notes.

Vice President

(b) the vice president shall act in the place and stead of the president in the event of his absence, disability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) the secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) the treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall authorize payment of all checks and co-sign promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and state-

ment of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE X

COMMITTEES

The Board of Directors shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI

RECORDS AND BOOKS

The records, books, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six (6%) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessments. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his lot.

ARTICLE XIII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: The Orchard Homeowners Association, Guilford County, North Carolina

ARTICLE XIV

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and the By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of The Orchard Homeowners Association, a North Carolina corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 1st day of June, 1973.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 1st day of June, 1973.

Henry Fishburne
Secretary

RESOLUTION OF THE ORCHARD HOMEOWNERS ASSOCIATION, INC.

RE: Collection of Delinquent Assessments

WHEREAS, it is the responsibility of the Board of Directors of the Association to insure that periodic payment of assessments by members are collected in a timely fashion to provide efficient management of the affairs of the Association; and

WHEREAS, from time to time, some members of the Association become delinquent in payment of their obligations causing extraordinary action to be taken by the Board of Directors in collection of those assessments; and

WHEREAS, prior to the adoption of this Resolution, the Board of Directors has not charged late fees on delinquent assessments because a written policy has not been distributed to the members of the Association giving them due notice of this change in procedure; and

WHEREAS, the Board of Directors, in exercise of its fiduciary responsibility to the members of the Association to collect dues and assessments in a timely manner has determined that a late fee shall be assessed for delinquent homeowners' assessments as more particularly provided in this Resolution; and

WHEREAS, the anticipated effect of late fee levied against late payment of assessments will provide for a more efficient operation of the affairs of the Association; and

WHEREAS, the Board of Directors of the Association deems it in the best interest of all of the members of this Association that a firm policy be established and distributed to all members.

NOW, THEREFORE, BE IT RESOLVED THAT the following Resolution was adopted by the Board of Directors of this Association at its meeting held the _____ day of _____, 1991.

RESOLVED THAT,

1. Monthly payments of prorated annual assessments are due and payable on the first day of each calendar month unless otherwise agreed to by the Board of Directors.

2. Any monthly payment of prorated annual assessment not received within thirty (30) days of the due date shall be subject to a late charge of Ten Dollars (\$10.00).

3. This Resolution, as well as a cover letter explaining the effect of same, shall be distributed no less than two (2) times to the members of this Association prior to the effective date. The effective date of this Resolution is the first day of _____, 1991.

4. Any and all amounts owing to the Association from any source whatsoever by members of the Association may be paid to the Association by the first day of _____, 1991, without incurring any penalty whatsoever for late charges.

5. The application of late charge and the effective date of this policy shall begin with the monthly assessment payable as of the first day of _____, 1991, and subsequent months.

ADOPTED by the Board of Directors of the Orchard Homeowners Association, Inc. the ____ day of _____, 1991.

Secretary to the Corporation