

REAL ESTATE BOOK PAGE

4735 0475

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE VILLAGE AT COLLEGE DOWNS

DIVYAN B. J. M. IL TOY DOUGLAS P. MACMILLAN ATTORNEY AT LAW 2460 FIRST UNION PLAZA CHARLOTTE, N. C. 28282

PRESENTED FOR REGISTRATION OCT 12 2 50 PM '83 CHARLOTTE REGISTER OF DEEDS MECKLENBURG CO. N.C.

THIS DECLARATION, made as of the date hereinafter set forth by THE MATHISEN COMPANY, a North Carolina corporation, hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the City of Charlotte, County of Mecklenburg, State of North Carolina, which is more particularly described as:

All of that certain parcel of land as shown on that plat entitled MAP 1 OF THE VILLAGE AT COLLEGE DOWNS, LOTS 1 THRU 19, which appears of record in the Office of the Register of Deeds for Mecklenburg County, North Carolina, in Map Book 20, Page 408.

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 Village at College Downs Townehome Association, Inc., a non-profit North Carolina corporation and 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 and is more particularly described as follows:

BEING all of the property designated as COMMON AREA shown on MAP 1 OF THE VILLAGE AT COLLEGE DOWNS, LOTS 1 THRU 19, inclusive, recorded in Map Book 20 at Page 408 of the Mecklenburg Public Registry, which COMMON AREA includes all property shown on said Map except the Lots designated thereon as Lots 1 through 19, inclusive, and such property, if any, as may lie within dedicated streets and/or rights-of-way.

SECTION 5. "Lot" shall mean and refer to any numbered plot of land to be used for single-family attached residential purposes as shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated streets.

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 townhouse or townhome residence.

PRESENTED FOR REGISTRATION OCT 12 2 50 PM '83 CHARLOTTE REGISTER OF DEEDS MECKLENBURG CO. N.C.

4735 0476

SECTION 7. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

SECTION 8. "Declarant" shall mean and refer to The Mathisen Company, a North Carolina Corporation, its successors and assigns.

SECTION 9. "Builder" shall mean and refer to Ryan Homes, Inc. or any other person or firm possessing a North Carolina General Contractor's License who or which acquires any portion of the properties for the purpose of constructing living unit(s) thereon.

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 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.

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 Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces which shall be as near and convenient to said Lot as is reasonably possible, together with the right of ingress and egress in and upon said parking area. The Association shall permanently assign two (2) vehicle parking spaces for each Lot.

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 (2) classes of voting membership:

CLASS A: Class A Members shall be all Owners other than the Declarant and Builder. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote

ror such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

CLASS B: The Class B member(s) shall be the Declarant and Builder and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) on December 31, 1986.

ARTICLE IV

COVENANTS FOR MAINTENANCE ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed 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. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

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 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 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 ByLaws, the payment of charges for common television antenna or cable service to the Living Unit situated upon each Lot, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

SECTION 3. MAXIMUM ANNUAL ASSESSMENT. Until December 31 of the year immediately following the conveyance of the first Lot to an Owner, by Builder, the maximum annual assessment shall be FORTY AND NO/100 Dollars (\$40.00) per month per Lot.

(a) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot by Builder 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 for any calendar year without approval by the membership by an amount not to exceed 10 percent of the maximum annual assessment for the previous year.

(b) The maximum annual assessment for the calendar year immediately following the conveyance of the first Lot by builder 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.

SECTION 4. PAYABLE ANNUAL ASSESSMENT. The Board of Directors shall fix the payable annual assessment at an amount not in excess of the maximum annual assessment subject to the provisions of Sections 7 and 8 of this Article.

SECTION 5. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part, the 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 6. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 3(b) or 5, shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast at least 60 percent 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 sixty (60) days following the preceding meeting.

SECTION 7. RATE OF ANNUAL ASSESSMENTS.

(a) With the exception set forth in subsection (b) of this Section 7, annual assessments must be fixed at a uniform rate for all Lots and shall be collected on a monthly basis. The books and records of the Association shall 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 the Common Area and all recreational facilities of the Association, and (ii) such sums as are expended for the development, improvement, maintenance and upkeep of the exterior of Living Units.

(b) The annual assessment for each Lot owned by Declarant or builder and unoccupied as a residence shall be an amount not less than 25 percent nor more than 50 percent of the regular assessment for all other Lots.

SECTION 8. DATE AND COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATES. The annual assessments provided for herein with respect to any Phase and/or Section of the Properties subject to this Declaration shall begin as of the first day of the month following conveyance of the first Lot in such Phase or Section by Builder to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment against each Lot and shall send written notice of each assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

SECTION 9. 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 12 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 foreclosures 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 10. SUBORDINATION OF THE LIEN TO MORTGAGES. The liens provided for herein shall be subordinate to the lien of any first Deed of Trust, Deeds of Trust, mortgage or mortgages. 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 first Deed of Trust or mortgage, 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 became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 11. EXEMPT PROPERTY. The assessments, charges and liens created under this Article shall not apply to the Common Area, nor shall it apply to any Lot the title to which is vested either in any first mortgagee subsequent to foreclosure or in the Secretary of Housing and Urban Development or the Administrator of Veterans' Affairs or any other State or Federal governmental agency which acquires title by reason of such agency's guarantee or insurance of a foreclosed mortgage loan. However, upon the conveyance of such property by the first mortgagee or governmental agency the assessment herein provided shall again commence and accrue and shall be fully applicable to such Lot. All Common Area property dedicated to and accepted by a local public authority, property granted to or used by a utility company; and property owned by a non-profit organization exempt from taxation under the laws of North Carolina shall be exempt from the assessments and charges herein.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon any Lots, nor shall any exterior addition to or change or alteration, including change in painted surfaces, of any Townhouse 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 or 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 by 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 be deemed to have been denied. Provided, however, that notwithstanding the foregoing, nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant or Builder so long as said development follows the general plan of development of the Property.

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 Property 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 of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

SECTION 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 Lot which is subject to assessment hereunder, as follows: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs in front of the building, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces or screens for windows or doors. 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. In the event an Owner of any Lot in the Properties shall fail to maintain the premises and improvements situated thereon in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) majority vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot and the exterior of the living unit and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE VIII
USE RESTRICTIONS

SECTION 1. LAND USE AND BUILDING TYPE. No Lot and living unit located thereon shall be used except for single-family residential purposes. No Lot shall be used in whole or in part for storage of rubbish of any character whatsoever; nor shall any substance, thing or material be kept upon any Lot which will emit foul or noxious odors, or which will cause any noise that might disturb the peace and quiet of the occupants of surrounding property. No trash, rubbish, stored materials, wrecked or inoperable vehicles or similar unsightly items shall be allowed to remain on any Lot outside an enclosed structure except for pickup by garbage and trash removal service units. In the event any Owner fails to keep such property free from any unsightly items, weeds or underbrush, the Association may, at its option, ten (10) days after notice to said Owner requesting said Owner to comply with the requirements of this paragraph, enter and remove all such unsightly items and growth at said Owner's expense, and said Owner shall be personally liable to the Association for such costs which shall be a permanent charge and lien upon such Lot enforceable to the same extent and collectable as provided for in Article IV. By acquiring property subject to these Restrictions, each owner agrees to pay such costs promptly upon demand by the Association. No such entry as provided herein shall be deemed a trespass.

SECTION 2. NUISANCE. No noxious, offensive or illegal activity shall be conducted on any Lot; nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

SECTION 3. EXCAVATION AND ELEVATION. No Owner shall excavate or extract earth from any of the Lots for any commercial purpose. No elevation changes shall be permitted which materially affect surface grade of surrounding Lots.

SECTION 4. 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. Provided, however, during periods of construction and sales of living units, Builder shall be entitled to use living units and/or temporary structures for sales office and model purposes.

SECTION 5. RECREATIONAL VEHICLES. All boats or recreational vehicles such as campers or trailers must be parked at designated areas.

SECTION 6. ANIMALS. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any living unit except that dogs, cats or other household pets in reasonable numbers may be kept or maintained provided that they are not kept or maintained for commercial purposes.

SECTION 7. CLOTHESLINES. Stationary outside clotheslines will not be permitted on any portion of the properties, and temporary clotheslines shall be stored out of sight when not in use.

SECTION 8. SIGNS. No sign of any kind shall be erected upon or displayed or otherwise exposed to view on any Lot without the prior written consent of the Board of Directors or its designated Architectural Committee, if any, except for a FOR SALE sign advertising an Owner's Lot and living unit for sale.

SECTION 9. DANGEROUS HOBBIES AND ACTIVITIES. The pursuit of hobbies or other inherently dangerous activities including specifically without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly or unkept conditions; the shooting of firearms, fireworks or pyrotechnic devices of any

Type or size; and other such activities shall not be pursued or undertaken on any part of any Lot or the Common Area.

SECTION 10. IMPROVEMENTS. No Owner shall be allowed to make any permanent physical improvements to such Owner's Lot or Living Unit visible from the exterior of such Living Unit without the prior written approval of the Board of Directors or its designated Architectural Committee, if any.

SECTION 11. OUTSIDE ANTENNAS. No outside radio or television antennas or other elevated communicated towers shall be erected on any Lot or Living Unit.

SECTION 12. APPLICABLE REGULATIONS. Each Owner shall observe all governmental codes, health regulations, zoning restrictions and other regulations applicable to such Owner's Lot. In the event of any conflict between any provision of any such governmental code, regulation or restriction and any provision of this Declaration, the more restrictive provision shall apply.

ARTICLE IX

EASEMENTS

SECTION 1. UTILITIES. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. In addition, easements are hereby reserved for the installation, maintenance and repair of sewer and water lines and other utilities, as necessary, to provide service to each 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.

SECTION 2. UNINTENTIONAL ENCROACHMENTS. In the event that any Living Unit on a Lot shall encroach upon any Common Area or upon any other Lot for any reason not caused by the purposeful or negligent act of the Living Unit Owner or agents of such Owner, then an easement appurtenant to such Living Unit shall exist for the continuance of such encroachment upon the Common Area or other Lot for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Area shall encroach upon any Lot, then an easement shall exist for the continuance of such encroachment of the Common Area into any such Lot for so long as such encroachment shall naturally exist.

SECTION 3. DEVELOPMENT. Declarant and Builder shall have a temporary easement for themselves, their agents and their employees to enter upon any and all portions of the Common Area for the purpose of completing the development of the properties and constructing living units thereon.

SECTION 4. EMERGENCIES. In case of any emergency originating in or threatening any Living Unit on any Lot, the Board of Directors of the Association, or any person authorized by it or its designated Managing Agents shall have the right to immediately enter such Living Unit whether or not the Owner thereof is present, for the purpose of remedying or abating the cause of such emergency.

ARTICLE X

ANNEXATION

SECTION 1. ANNEXATION WITH CONSENT OF MEMBERS. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of all Members.

SECTION 2. ANNEXATION BY DECLARANT. Additional land within the area described in Exhibit "A" attached hereto and incorporated by reference may be annexed in whole or in part by the Declarant

without the consent of Members at any time, from time to time, within ten (10) years of the date this instrument is recorded in the Office of the Register of Deeds for Mecklenburg County, North Carolina, provided the FHA and VA determine any such annexation is in accord with the general plan heretofore approved by them. The procedure for making any such annexation shall be for the Declarant to file or record a Supplementary Declaration with respect to the land to be made thereby subject to this Declaration, which such Supplementary Declaration shall extend the jurisdiction of the Association to the land therein described and thereby subject such additional land to assessment for its share of the Association's expenses. Such Supplementary Declaration may contain such complementary additions and modifications of the Restrictions as may be necessary to reflect the different character of the added properties; but any Supplementary Declaration shall not revoke or amend this Declaration as it pertains to the properties previously subjected hereto.

ARTICLE XI

INSURANCE

SECTION 1. AUTHORITY TO PURCHASE INSURANCE. Insurance policies upon the Properties (except title insurance) shall be purchased by the Association in the name of the Board of Directors of the Association, as Trustees for the Owners, for the benefits of the Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or mortgage endorsements to the holders of first mortgages or deeds of trusts on the Lots or any of them, and if the companies writing such policies will agree, the policies shall provide that the insurer waives its rights of subrogation as to any claims against Owners, the Association and their respective servants, agents and guests.

SECTION 2. INSURANCE COVERAGE TO BE MAINTAINED -- USE AND DISTRIBUTION OF INSURANCE PROCEEDS.

(a) The following insurance coverage shall be maintained in full force and effect by the Association covering the operation and management of the Lots and Common Area:

(1) Casualty Insurance covering the buildings and all improvements upon the properties and all personal property located thereon except such personal property as may be owned by others, shall be procured in an amount equal to 100% of the insurance replacement value thereof (exclusive of excavation, foundations, streets and parking facilities) with a replacement cost endorsement as determined annually. If coverage is provided by an insurance policy in which there is a co-insurance clause applying, every effort will be made to obtain an agreed amount endorsement or its equivalent. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; (b) such other risks as from time to time customarily shall be covered with respect to building similar in construction location and use including vandalism and malicious mischief.

(2) Bodily Injury Liability and property damage liability insurance in such amounts and in such forms as shall be required by the Association, covering all premises and all operations necessary or incidental to the conduct of the business of the Association including hired automobile and non-owned automobile bodily injury and property damage liability coverages.

(3) All liability policies shall contain a severability of interest (cross-liability) endorsement. The insurance afforded under the liability section of the policy applied separately to each insured against whom claim is made or suit is brought except with respect to this company's limit of liability.

(4) Fidelity Coverage protecting against dishonest acts by Association officers, directors, trustees, and employees and all others

who are responsible for handling funds of the Association in the amount of one year's operating budget, plus projected reserve balance during the budget year. If professional management is obtained by the Association and it has this coverage and it handles the funds, then this requirement will be satisfied.

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

(c) All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association as Trustees for the Owners. The Association shall hold such proceeds in trust for the benefit of the Association, the Owners and their respective mortgagees in the following shares:

(1) Proceeds on account of damage to Common Area shall be held by the Association to repair or rebuild the Common Area. If the property is not rebuilt, then the funds shall be held by the Association and applied to its general expenses.

(2) Proceeds on account of damages to Lots shall be held in the following undivided shares:

(a) Partial destruction when the building is to be restored: for the Owners of damaged Lots in proportion to the costs of repairing the damage suffered by each damaged Lot;

(b) Total destruction of the building or where the building is not to be restored: for all Owners and their mortgagees, the share of each being the percentage of loss suffered by that Lot in relation to total loss.

(d) In the event a mortgagee endorsement has been issued as to a Lot, the share of the Owner shall be held for the mortgagee and the Owner as their interests may appear, but no mortgagee shall have the right to participate in the determination of reconstruction or repair.

(e) Proceeds of insurance policies received by the Association shall be paid to defray the costs of repairing and reconstructing improvements. Any proceeds remaining after defraying such costs shall be distributed to the beneficial Owners, all remittances to Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Lot and may be enforced by him.

(f) Each Owner, at his expense, shall keep in force comprehensive personal liability insurance covering liability for damages to person or property of others located within such Owner's Lot in such amounts as the Board of Directors shall, from time to time, determine, but in no case less than \$100,000 for each occurrence. Each Owner at his expense, may obtain such additional insurance coverage on his Lot, personal property and personal liability and any additional insurance shall contain waiver of subrogation clause.

(g) Immediately after the casualty causing damage to property, the Association shall obtain reliable and detailed estimates to the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board deems appropriate.

(h) Each Owner delegates to the Board of Directors of the Association his right to adjust with insurance companies all losses under policies purchased by the Association.

(i) Any such reconstruction or repair shall be substantially in accordance with the plans and specifications contained herein.

ARTICLE XII

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 way 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-year period by an instrument signed by not less than 90 percent of the Lot Owners, and thereafter, by an instrument signed by not less than 75 percent 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. FHA/VA APPROVAL. As long as there is a Class B Membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

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 this the 6th day of October, 1983.

THE MATHISEN COMPANY
BY: MA Mathisen FEE 33.50
President <> 33.50
16:31 #9226 000 33.50
10/12/83



Camilla J. Mathisen
Secretary
(CORPORATE SEAL)

Southeastern Savings & Loan Co., as holder of a Promissory Note secured by a Deed of Trust recorded in Book 4695 at Page 84 of the Mecklenburg Public Registry, and GEORGE S. CURRIN, as Trustee under said Deed of Trust, join in the execution hereof for the purpose of making said Deed of Trust subject to the terms and conditions of this Declaration.

SOUTHEASTERN SAVINGS & LOAN CO.



BY: A. King
President

Carol L. Remley
Secretary
(CORPORATE SEAL)

G. S. Currin
GEORGE S. CURRIN, Trustee

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I, LANNY L. SKIDMORE, a Notary Public of the County and State aforesaid, certify that PAMELA L. MATHISEN personally came before me this day and acknowledged that he is the Secretary of THE MATHISEN COMPANY, a North Carolina corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its HER President, sealed with its corporate seal and attested by HER as its Secretary.

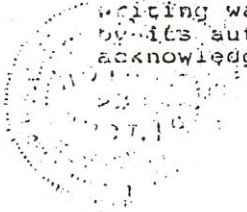
WITNESS my hand and notarial seal, this the 5th day of OCTOBER, 1983.



Lanny L. Skidmore
Notary Public
My Commission Expires: 8/16/88

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

This the 16 day of October, 1983, personally came before me C. Crowder who, being by me duly sworn, says that he is President of SOUTHEASTERN SAVINGS & LOAN CO., and that the seal affixed to the foregoing instrument in writing is the corporate seal of said Corporation, and that said writing was signed and sealed by him in behalf of said Corporation by its authority duly given. And the said secretary acknowledged the said writing to be the act and deed of said Corporation.

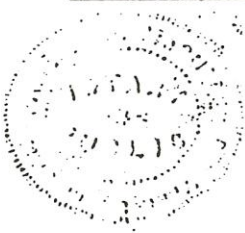


Pamela G. McCuller
Notary Public
My Commission Expires: 1-4-86

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I, Pamela G. McCuller, a Notary Public for said County and State, do hereby certify that GEORGE S. CURRIN, Trustee personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal, this 6 day of October, 1983.



Pamela G. McCuller
Notary Public
My Commission Expires: 1-4-86

State of North Carolina, County of Mecklenburg
The foregoing certificate(s) of Lanny L. Skidmore and Pamela J. McCuller.

Notary(ies) Public of said County and State.
were certified to be correct. This 12 day of October, 1983.
Charles E. Crowder, Register of Deeds, By: *May A. Posey*
DEPUTY

BOOK PAGE
4735 0487

EXHIBIT "A"

ADDITIONAL LAND WHICH MAY BE ANNEXED TO
THE VILLAGE AT COLLEGE DOWNS

BEGINNING at the northeasterly corner of Lot 8 in Block 12 of the subdivision known as COLLEGE DOWNS as shown on map thereof recorded in Map Book 15 at Page 353 of the Mecklenburg Public Registry, and running thence with the rear line of the aforesaid Lot 8 N. 66-34-30 W. 331.17 feet to a point; thence N. 59-58-30 W. 90.76 feet to a point; thence N. 23-08-30 E. 516.64 feet to a point; thence N. 21-10-50 E. 398.75 feet to a point; thence S. 71-38-46 E. 350.43 feet to a point; thence N. 57-39-42 E. 251.72 feet to a point; thence with the northwesterly margin of the right-of-way for Old Concord Road three calls and distances as follows: (1) S. 21-08-09 W. 528.83 feet to a point; (2) in a southwesterly direction with the curve of a circle to the right having a radius of 4792.85 feet an arc distance of 167.16 feet; and (3) S. 23-08-03 W. 469.07 feet to a point; thence N. 66-34-30 W. 78.45 feet to the point and place of BEGINNING, SAVE AND EXCEPT all of the above-described property which appears of record as Map 1 of the Village at College Downs, Lots 1 through 19, inclusive, as shown in Map Book 20 at Page 406 of the Mecklenburg County, north Carolina, Public Registry.