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AMENDED DECLARATION OF
COVENANTS AND RESTRICTIONS

FOR
SUNNY BROOK
FORSYTH COUNTY, NORTH CAROLINA

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**AMENDED DECLARATION OF COVENANTS AND
RESTRICTIONS FOR SUNNY BROOK TOWNHOMES
FORSYTH COUNTY, NORTH CAROLINA**

THIS AMENDED DECLARATION OF COVENANTS AND RESTRICTIONS is made on this 9th day of February, 2012, by LRIG, LLC, a North Carolina limited liability company (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, the Declarant owns all of that certain real property located in Clemmons Township, Forsyth County, North Carolina, which real property is more in particular described in Plat Book 54, Page 193, Sunny Brook, Section One, Forsyth County Registry and made a part hereof (the "Overall Property"); and

WHEREAS, the Declarant intends to develop, in phases, the Overall Property, for residential purposes by the construction thereon of single family townhomes; and

WHEREAS, the Declarant desires to provide open spaces, public streets, green belts, and other facilities for the benefits of the persons who shall reside in the aforesaid townhomes; and

WHEREAS, the Declarant has caused the Overall Property to be sub-divided to show the approximate location of Tentative Building Locations which contain individual Tentative Building Locations for the future townhomes, all as shown in Plat Book 54, Page 193, Forsyth County Registry; and

WHEREAS, the Declarant will record an additional plat or other agreement establishing the exact boundaries of the Building Locations to be conveyed to a future owner at the time of the conveyance or after the townhouse is completed; and

WHEREAS, in order to insure the enjoyment of such open spaces, public streets, green belts, and other facilities by the residents of the said townhomes, and in order to protect and enhance the value of said townhomes, it is desirable to create an association to own, maintain, and administer such open spaces, private streets, green belts, and other facilities, and to administer and enforce the covenants and restrictions imposed by this Declaration on the said townhomes, and to collect, hold and disburse the charges and assessments provided for in this Declaration; and

WHEREAS, it is intended that every owner of any of the said townhomes automatically, and by reason of such ownership and this Declaration, becomes a member of the aforesaid association and be subject to its valid rules and regulations and the assessments and charges made by such association; and

WHEREAS, Declarant retained the sole right to amend the Declaration of Covenants and Restrictions in Article IV, Section 3(b) and hereby with the recordation of this document restates and *amends same*;

NOW THEREFORE, the Declarant does hereby submit the "Townhomes" and the "Association Property" (as those terms are hereinafter defined) to the provisions of this Amended Declaration.

ARTICLE I.

DEFINITIONS

As used in this Declaration, the following terms shall have the meanings ascribed to them in this Article I, such definitions being cumulative of those set forth elsewhere in this Declaration.

"Annual Assessment" shall have the meaning specified in Section 4 of Article V hereof, and shall constitute the assessments which, pursuant to the provisions of Article V hereof, shall be levied by the Association against the Townhomes each year for the purpose of raising the funds necessary to pay the "Annual Expenses" (as that term is defined in Section 3 of Article V hereof).

"Articles of Incorporation" shall mean the Articles of Incorporation of the Association, as the same may be amended from time to time.

"Association" shall mean Sunny Brook Homeowners Association, Inc., a North Carolina non-profit membership corporation.

"Association Property" shall mean all real property which is shown and depicted on any Plat which is neither included with any Townhome nor dedicated to a government authority. Association Property shall also include the easement rights identified in Article III, Section 1 of this Declaration. As portions of the Overall Property are subjected to this Declaration, all of the realty included within the portion of the Overall Property so subjected to this Declaration shall constitute Association Property, except for the parts thereof that shall constitute Townhomes and except for the parts thereof that shall be dedicated to a governmental authority.

"Board of Directors" shall mean the Board of Directors of the Association.

"Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

"Declarant" shall mean LRIG, LLC, a North Carolina limited liability company, and shall include any successor or assign of LRIG, LLC (other than a person acquiring fewer than five (5) Townhomes) who shall acquire the entire interest in the Overall Property which was owned by the immediate predecessor-in-title of such successor or assign and who shall stand in the same relation to the Overall Property as his immediate predecessor-in-title.

"Declaration" shall mean this Declaration of Covenants and Restrictions, as the same may be hereafter amended in accordance with the terms and provisions of Article IX hereof

"Easement Area" or "Limited Common Area" shall mean each of those portions of the Association Property which are located in the rear of the Townhomes and which are shown and depicted on each Plat as "Easement Area" and/or "Limited Common Area."

"First Mortgage" shall mean a Mortgage conveying a first priority lien upon or security title to any Townhome.

"HUD" shall mean the United States Department of Housing and Urban Development and, in the event that said Department shall be abolished and its operations transferred to another division of the United States government, such other division.

"Overall Property" shall mean all that property which is described in Plat Book 54, Page 193, Sunny Brook, Phase One, Forsyth County Registry.

"Patio" shall mean the poured-concrete patio that was laid down and installed within the Easement Area annexed to each Townhome, as part of the original construction of such Townhome.

"Person" shall mean a natural person, corporation, trust, partnership, or any other legal entity.

"Plat" shall mean, collectively, the plat that is identified in Section 1 of Article II of this Declaration and all parts that are hereafter recorded in the Plat Book Records of Forsyth County, North Carolina, pursuant to the provisions of Section 2 of Article II of this Declaration, in connections with the subjecting of additional Townhomes to this Declaration.

"Portico," if any, shall mean the portico that may be constructed as part of the original construction of certain of the Townhomes, said portico being located in the front of, and extending across the entire width of, the front boundary of such Townhome. Each Portico, if any, is depicted on the Plat that was recorded in connection with the subjecting to the terms of this Declaration of the Townhome to which such Portico is attached.

"Stoop" shall mean the front stoop that was constructed as part of the original construction of each Townhome.

"Townhomes" shall mean and include the term "Tentative Building Location" as well as each of those parcels of real property, and all improvements located thereon, described in Section 1 of Article II of this Declaration, and shown and depicted as Townhomes on the Plat, and each of those additional parcels of real property, and all improvements located thereon, as may hereafter be subjected to this Declaration as Townhomes in the manner described in Section 2 of Article II of this Declaration.

"VA" shall mean the United States Department of Veteran Affairs and, in the event that said Department shall be abolished and its operations transferred to another division of the United States government, such other division.

All pronouns used in this Declaration are intended to be gender neutral, and the use of the masculine gender shall be deemed to include the feminine and neuter genders.

ARTICLE II.

TOWNHOMES

Section 1. Townhomes Hereby Subjected to this Declaration. The Declarant, for itself, its successors and assigns, does hereby covenant that the following described property be, and the same hereby is, subjected to and defined in this Declaration as Townhomes: Townhomes No.9 through 34, inclusive, as shown and depicted on that certain Final Plat for Sunny Brook, Phase One, prepared by Beeson Engineering, Inc., dated February 15, 2008, recorded in the Plat Book Records of Forsyth County, North Carolina, in Plat Book 54, Page 193.

The Declarant, for itself, its successors or assigns, hereby further covenants that the above-described property shall hereby be held, transferred, sold, conveyed, used, leased, occupied, mortgaged, or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration as applicable to the Townhomes, including, but not limited to, the lien provisions set forth in Article V hereof. All of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration as applicable to the Townhomes shall be a permanent charge thereon, and shall run with the Townhomes.

Section 2. Additional Townhomes Hereafter Subjected to this Declaration. The Declarant may, at any time, and from time to time, prior to January 1, 2018, subject additional portions of the Overall Property to the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration applicable to Townhomes by:

- (a) executing and recording in the Deed Records of Forsyth County, North Carolina, a supplemental declaration to this Declaration describing such additional Townhomes and stating that this Declaration is thereby extended to, and shall thereafter apply to, such additional Townhomes; and
- (b) recording in the Plat Book Records of Forsyth County, North Carolina, a Plat showing and depicting the additional Townhomes being thereby subjected to this Declaration.

From and after the subjecting of such additional Townhomes to this Declaration, such additional Townhomes shall thereafter be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restriction of this Declaration applicable to Townhomes, including, without limitation, all liens and assessment provisions set forth in this Declaration; from and after the subjecting of such additional Townhomes to this Declaration, all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration as applicable to Townhomes shall be a permanent charge thereon, and shall run with, such additional Townhomes.

No approval from any member of the Association, or from anyone else whomsoever, shall be required for the Declaration to subject any portion of the Overall Property to this Declaration as additional Townhomes.

Section 3. No Effect on Balance of Overall Property. Notwithstanding anything contained in this Declaration which may be construed to the contrary, this Declaration does not create any charge, lien, encumbrance, restriction or limitation on any portion of the Overall Property other than the Townhomes described in Section 1 of this Article II, unless and until any additional portion of the Overall Property is subjected to this Declaration as Townhomes or Association Property in the manner set forth, respectively, in Section 2 of this Article II or in Section 1 of Article III, and then, only from that time forward.

Section 4. Townhome Boundaries. Notwithstanding the depiction of the boundaries of any Townhome on the applicable Plat the boundaries of each Townhome shall be as follows: the side boundary of each Townhome shall be a line consistent with and along the center of all firewalls separating a Townhome from another Townhome, if applicable. The front and rear boundary, and the side boundary of each Townhome which does not separate a Townhome from another Townhome, shall be a line consistent with and along the outer, exterior surface of the outside wall of such Townhome. In the event of any discrepancy between the boundary of a Townhome, as described in this Section 4, and the boundaries of such Townhome shown on the applicable Plat, the description of the boundaries of the Townhome set forth in this Section 4 shall control. All of the area within the boundaries of each of the Townhomes, as herein described, and as shown and depicted on the applicable Plat, shall for all purposes constitute real property which may be owned in fee simple, subject to the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration.

Section 5. All Townhomes Bear the Burdens and Enjoy the Benefits of this Declaration. Every person who is a record owner of a fee or undivided fee interest in any Townhome does, by acceptance of a deed or other conveyance thereto, and by acceptance of such ownership, and by taking record title to such Townhome, agree to all of the terms and provisions of this Declaration. Each of the Townhomes is subject to all the burdens, and enjoys all the benefits, made applicable hereunder.

Section 6. Easements Over the Townhomes. The Townhomes shall be subject to, and the Declarant does hereby grant to the appropriate grantees thereof, the following easements:

- (a) Each Townhome shall be subject to all easements which are shown and depicted on the Plat as affecting and burdening such Townhome;
- (b) Each Townhome shall be subject to an easement for the entry by the authorized agents and representatives of the Association to go in and upon such Townhome under the circumstances, and for the purposes, described in Article VIII of this Declaration.

ARTICLE III.

ASSOCIATION PROPERTY

Section 1. Association Property. The Declarant shall have the right to transfer and convey to the Association any portion of the Overall Property. All portions of the Overall Property which the Declarant shall so transfer or convey to the Association shall thereafter constitute

Association Property. Said right may be exercised by the Declarant any time, and from time to time, prior to January 1, 2018.

All portions of the Overall Property which shall be transferred to the Association by the Declarant (a) shall be conveyed to the Association by limited warranty deed free of debt encumbrance, and (b) shall be conveyed to the Association subject to the rights and easements set forth on Sections 2 and 3 of this Article III, irrespective of whether the deed of conveyance shall make a specific reference to such rights and easements.

By joining in the execution of this Declaration, the Association does hereby covenant and agree to accept all conveyances of the Association Property which may be made to it pursuant to, and in accordance with, the terms and provisions of this Section 1.

Section 2. Members' Rights in Association Property. Every owner of any Townhome shall have a non-exclusive right and easement of enjoyment and use in and to all portions of the Association Property, except for Easement Areas, Porticos, Stoops and Patios (which shall be subject to an easement for the exclusive use of the owner of the Townhome to which the same are attached or annexed, as provided for elsewhere in this Declaration), and such right and easement shall be appurtenant to, and shall pass with, the title to the Townhome(s) owned by such owner. Such right and easement of enjoyment and use are and shall be subject to the easements which are described in Section 3 of this Article III, to all other provisions of this Declaration relating to the use of the Association Property, and to the right of the Association to promulgate reasonable rules and regulations regarding the use of Association Property, and to the right of the Association, as provided in the Bylaws, to suspend the enjoyment rights of the owner of any Townhome during any period in which any assessment which is due to the Association from such owner remains unpaid, and such period as the Board of Directors may consider appropriate for any infraction of its published rules and regulations. No such suspension, however, shall prohibit the owner of any Townhome from using the Association Property to the extent necessary for such owner to have access to and from his Townhome.

Section 3. Easements Over Association Property. All Association Property shall be subject to, and Declarant and the Association do hereby grant, the following easements:

- (a) An easement across, in, under, over and through the Association Property for the purposes of the construction, installation, repair, maintenance and use of all utility and drainage lines, wires, pipes and similar facilities as may be reasonably necessary for the provision of utility services (including water, sewer, gas, electric and telephone services) to the Townhomes;
- (b) An easement in favor of Declarant for the exclusive use of such portions of the Association Property as may be reasonably desirable, convenient or incidental to the construction and installation of improvements on, and the sale of, any Townhome, including, but not limited to, sales and business offices, storage areas, construction yards and signs. Such easements shall be exercisable by any and all persons who the Declarant shall authorize to exercise the same, including, without limitation, real estate sales agents and brokers and builders of Townhomes, irrespective of whether such persons are

affiliated with the Declarant. Such easements shall exist notwithstanding any provision of this Declaration which might be construed to the contrary, but shall terminate at such time as the construction of the Townhome has been completed and all of the Townhomes shall have been conveyed to owners thereof who shall not have acquired the Townhomes for the purpose of immediate resale of the same. Such easements shall and do exist without affecting the obligation of the owner of any Townhome to pay assessments or charges coming due during the period of time as portions of the Association Property shall be used by authorized persons pursuant to the exercise of the easements herein stated.

- (c) The easements described in Sections 6 and 7 of this Article III;
- (d) An easement for the continued maintenance, repair, replacement and use of the area on which the air-conditioning compressor serving any Townhome is located, such easement to be appurtenant to the Townhome served by such air-conditioning compressor.

Section 4. Damage or Destruction of Association Property. All damage that shall occur to any improvements located on any Association Property on account of any casualty shall be repaired in all events. Such repairs shall be undertaken and completed as soon after the occurrence of any such casualty as is reasonably practicable. All repairs to any improvements located on the Association Property shall be made in accordance with plans and specifications that shall be approved for the same by the Board of Directors of the Association.

Section 5. Transfer or Encumbrance. In no event shall the Association abandon, encumber, dedicate, sell or transfer, directly or indirectly, any portion of the Association Property unless such abandonment, encumbrance, dedication, sale or transfer shall be first approved in writing by: (a) the owners of no fewer than sixty-seven percent (67%) of the Townhomes; (b) the holders of no fewer than sixty-seven percent (67%) of the First Mortgages existing in regards to the Townhomes; and (c) until such time as the Class B membership shall terminate (as provided for in Article IV, Section 3) of this Declaration, HUD and V A. In no event shall the Association abandon, encumber, dedicate, sell or transfer any portion of the Association Property consisting of a Stoop, or Easement Area, or any portion of the Association Property.

Section 6. Easement Areas. There shall be appurtenant to each Townhome an easement for the exclusive use and enjoyment of the Easement Area that is depicted on the Plat recorded in connection with the subjecting of such Townhome to the terms of this Declaration as being appurtenant to such Townhome. Such Easement shall include the rights to plant shrubbery, plants, trees, flowers, bushes, grass, ivy and other foliage in and on such Easement Area, and to erect a fence in accordance with the provisions of Article VIII, Section 4 of this Declaration.

Section 7. Porticos, Stoops, and Patios. There shall be appurtenant to each Townhome an easement for the exclusive use of that part of the Association Property which consists of the Stoop that is annexed to such Townhome, and, for those Townhomes to which a Portico, if any, is attached, an easement for the exclusive use of that part of the Easement Area over which such Portico is located and for the repair, maintenance and replacement of the columns supporting such Portico.

Section 8. Maintenance of Association Property.

- (a) Except for the maintenance of each Easement Area which is required to be performed by the owner of the Townhome to which such Easement Area is annexed (as provided for in Section 2 of Article VIII of this Declaration), and except for the maintenance and repair of the Porticos and Stoops which is required to be performed by the owner of the Townhome to which such Stoop and Portico are attached or annexed (as provided) for in Section 1 of Article VIII of this Declaration), the Association shall be responsible for the maintenance and repair of all Association Property.
- (b) In no event shall any person construct, place, install, plant or mount any structure, plant, tree, shrub or other item on any part of the Association Property (including within any Easement Area), except only for (i) fences permitted under the provisions of Section 3 of Article VIII hereof, (ii) items placed or installed on the Patios in accordance with all other terms and restrictions set forth in this Declaration, (iii) plants, shrubbery, trees, flowers, bushes, grass, ivy, or other foliage planted in an Easement Area pursuant to the exercise of the easement set forth in Section 6 of this Article III, and (iv) items placed with the prior, written permission of the Board of Directors.

Section 9. Temporary Structures. Subject to the right of the Declarant to promote the sale of Townhomes, no structure of a temporary character, including, without limitation, any trailer, tent, shack, garage or other building, shall be permitted on any part of the Association Property at any time, whether temporary or permanently, except with the prior written consent of the Board of Directors.

Section 10. Vehicles; Trailers; Boats; Automobiles. No boat, trailer, boat trailer, camper, truck or utility trailer shall be permitted to be stored or repaired upon any part of the Association Property, except with the permission of the Board of Directors, and then, only in compliance with all requirements imposed by the Board of Directors as a condition to the issuance of such permission.

Section 11. Assigned Parking Spaces. The Board of Directors shall have the authority to designate certain parking spaces for the exclusive use of the occupants of a particular Townhome. In the event that the Board of Directors shall exercise such authority, then no vehicle may be parked in any parking space so dedicated for use by the residents of such Townhome, except for automobiles parked by a resident of such Townhome or parked with the permission of a resident of such Townhome. In no event shall more than two (2) such parking spaces be designated for the exclusive use of any one Townhome.

ARTICLE IV. THE ASSOCIATION

Section 1. The Association. Prior to the date that this Declaration has been filed for record in the Deed Records of Forsyth County, North Carolina, the Declarant has caused the Association to be formed, and the Association does now exist, under its Articles of Incorporation and Bylaws.

The Association is and shall be responsible for the ownership, management and operation of the Association Property, the enforcement of the covenants and restrictions set forth in this Declaration, and the performance of such other duties and services as the Board of Directors shall deem to be in the best interest of the members of the Association.

Section 2. Membership. Every person who is, or who becomes, a record owner of a fee or undivided fee interest in any Townhome is and shall be a member of the Association; provided, however, that any such person who holds such interest merely as security for the performance of an obligation shall not be a member of the Association. The transfer of ownership of a fee or undivided fee interest in any Townhome shall automatically transfer membership in the Association, and in no event shall such membership be severed from the ownership of such Townhome.

Section 3. Classes of Membership; Voting Rights. The Association shall have two classes of voting membership: Class A and Class B.

- (a) Class A. The Class A members shall be all those persons holding an interest required for membership in the Association, as specified in Section 2 of this Article IV, except for those persons who are Class B members. Until such time as the Class A members shall be entitled to full voting privileges, as hereinafter specified, the Class A membership shall be entitled to vote only in regard to the following matters: (a) any proposal of merger, consolidation or dissolution of the Association; (b) any proposal to transfer or encumber any portion of the Association Property; (c) any proposal pursuant to Article X of this Declaration to amend this Declaration; (d) any proposal to modify or amend the Articles of Incorporation or the Bylaws and (e) any other matter for which it is herein specifically provided, or for which it is provided by law, that approval of each and every class of membership of the Association is required. Except in regard to the foregoing matters, the Class A membership shall be a non-voting membership until such time as the Class B membership shall terminate, at which time the Class A membership shall be the sole class of membership and shall be entitled to full voting privileges.
- (b) Class B. The Class B member shall be the Declarant, and it shall be entitled to three (3) votes for each numbered Tentative Building Locations in which it holds a fee or undivided fee interest; provided that, the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier: (a) four (4) months after the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or (b) on April 1, 2015;

Because the Declarant desires to provide for a stable and orderly management of Sunny Brook Townhomes and notwithstanding anything in this Section 3 to the contrary, the Declarant shall retain all voting rights for all numbered Tentative Building Locations in the townhomes for a period of five (5) years from the date of closing of the first sale of a Tentative Building Location by the Declarant to the first Owner (hereinafter, the "Period of Declarant Control"). It is the intent of this paragraph that the Declarant will

retain the voting rights for all numbered Tentative Building Locations during the Period of Declarant Control in all Association matters and shall retain all other management responsibilities of the Sunny Brook Homeowners Association, Inc., including, but not limited to, electing Directors and appointing or populating any committees of the Sunny Brook Homeowners Association, Inc.

At any time during the Period of Declarant Control, the Declarant, in its sole discretion, may release or waive its rights to control of the Sunny Brook Homeowners Association, Inc. as provided above, and then and in the event of such waiver, the voting rights of the Owners shall be as stated in sub-paragraph (a) of Section 3 above.

Regardless of whether or not the Declarant controls the Sunny Brook Homeowners Association, Inc. as provided above, the Sunny Brook Homeowners Association, Inc.'s dues will still begin to accrue from the date of closing the purchase of a numbered Tentative Building Location by any party other than the Declarant, including but not limited to an Owner, a builder for an Owner or a builder who is building a residence for sale.

From and after the date at which the Class B membership automatically terminates and ceases to exist, such membership shall not be renewed or reinstated.

Section 4. Suspension of Membership Rights. The membership rights if any member of the Association, including the right to vote and to use the Association Property (except for the right to use the Association Property for access to and from the Townhome owned by such member), may be suspended by the Board of Directors pursuant to the authority granted in the Bylaws. Any such suspension shall not affect such member's obligation to pay assessments coming due during the period of such suspension and shall not affect the permanent charge and lien on the member's property in favor of the Association.

Section 5. Meetings of the Membership. All matters concerning the meetings of members of the Association, including the time at which and the manner in which notice of any said meeting shall be given to members, the quorum required for the transaction of business at any meeting, and the vote required on any matter, shall be specified in this Declaration, or in the Articles of Incorporation or the Bylaws, or by law.

Section 6. Association Acts Through Its Board of Directors. Whenever approval of, or action or inaction by, the Association is referred to or called for in this Declaration, such action, inaction or approval shall be by the Board of Directors of the Association, unless it is specifically stated in this Declaration, the Articles of Incorporation or the Bylaws with respect to such action, inaction or approval that the members of the Association must vote. No member of the Board of Directors of the Association or any officer of the Association (including without limitation, any such individual who shall have been elected by a vote of the Class B members) shall be personally liable to any owner of any Townhome for any mistake of judgment or for any other act or omission of any nature whatsoever, except for any acts or omissions found by a court of competent jurisdiction to constitute gross negligence or fraud.

Section 7. Professional Management. The Association may, but shall not be obligated to, obtain and pay for the services of any person or other entity to manage the affairs of the Association, or any part thereof, and may enter into such agreements for the management of the Association Property as the Board of Directors deems to be in the best interest of the Association.

Section 8. Payment of Governmental Charges. In the event that the Association shall fail to pay to any governmental authority any governmental charges, taxes or assessments which shall be levied against, or otherwise payable in regard to, any Association Property, and said failure by the Association shall continue for a period of longer than six (6) months after the date on which charges, taxes or assessments became past due, then each owner of a Townhome shall become personally obligated to pay to the applicable governmental authority that portion of such overdue charges, taxes or assessments which is equal to the amount of such charges, taxes or assessments so due divided by a fraction, the numerator of which is the number of Townhomes owned by such owner, and the denominator is the total number of Townhomes. In the event that the owner of any Townhome shall fail to pay the amount owed by him to any governmental authority pursuant to the provisions of this Section 8 within sixty (60) days after the date on which said owner shall receive written notice from said governmental authority of the amount so due, then the amount so owed by such owner shall become a lien on all Townhomes owned by him, his heirs, devisees, personal representative and assigns. The governmental authority to whom said amount shall be so owed may either bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the Townhomes owned by such owner.

ARTICLE V.

ASSESSMENTS

Section 1. Assessments; Lien Therefor. The Declarant, as the owner of all of the Townhomes, hereby covenants, and each person who shall own any Townhome, by acceptance of a deed or other conveyance thereto, and by acceptance of such ownership, and by taking record title thereto, shall be deemed to covenant and agree to pay to the Association all assessments and charges which are levied by the Association against the Townhome(s) owned by such person in accordance with the terms and provisions of this Declaration.

All sums lawfully assessed by the Association against any Townhome and the owner thereof, from the time the sums became due and payable, shall be the personal obligation of the owner of such Townhome and constitute lien in favor of the Association on such Townhome prior and superior to all other liens whatsoever, except:

- (a) liens for ad valorem taxes on the Townhome;
- (b) the lien of any First Mortgage or the lien of any other Mortgage recorded in the Deed Records of Forsyth County, North Carolina prior to the recording of this Declaration; or
- (c) the lien of any secondary purchase money Mortgage covering the Townhome, provided that neither the grantee nor any successor grantee on the Mortgage is the seller of the Townhome.

Section 2. Personal Obligation of Members. Each member of the Association, by acceptance of a deed or other conveyance to the Townhome(s) owned by such member, irrespective of whether it shall be so expressed in any such deed or other conveyance, and by acceptance of ownership of such Townhome(s), and by taking record title to such Townhome(s), shall be deemed to covenant and agree to pay to the Association:

- (a) His share of the Annual Assessments which shall be levied by the Association in accordance with Section 4 hereof; and
- (b) When properly authorized in accordance with Section 5 hereof, special assessments, such annual and special assessments to be fixed, established and collected from time to time as hereinafter provided.

All such assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be the personal obligation of the person who is the owner of the Townhome against which such assessments are levied at the time such assessments become due and payable. The covenant to pay assessments herein stated is and shall be a covenant running with the land.

Section 3. Purposes of Assessments. The assessments levied on an annual basis by the Association pursuant to Section 4 of this Article V shall be used to pay the costs and expenses which the Association shall incur in connection with the performance of its duties and responsibilities pursuant to this Declaration, the Articles of Incorporation and the Bylaws (such costs and expenses being herein referred to as the "Annual Expenses"). Without limiting the generality of the foregoing, the Annual Expenses shall include the costs of repair and maintenance of all Association Property which is to be maintained by the Association; payment of the costs and expenses of exterior maintenance of the Townhomes as herein provided; payment of all governmental charges, taxes and assessments which shall be levied against all Association Property; payment of all costs and expenses incurred by the Association in connection with its operations; payment of the premiums for all policies of property and liability insurance maintained by the Association with respect to Association Property; payment of the premiums for all fidelity bonds which shall be obtained by the Association; the maintenance of reserves for the repair and replacement of improvements located on the Association Property and for such other purposes as the Board of Directors shall employ; and the payment of the fees for the provision of such professional services as the Board of Directors shall determine to be required by the Association, including legal, accounting and architectural services.

Section 4. Determination of Annual Assessments and Shares Thereof. Prior to the commencement of each fiscal year of the Association (said fiscal year being specified in the Bylaws), the Board of Directors shall estimate the total amount of the Annual Expenses which are anticipated to be incurred by the Association during such fiscal year and shall determine the amount which will be deposited during the fiscal year into reserve funds maintained by the Association. The Board of Directors shall thereupon adopt a budget for the Association's expenditures and reserve fundings based upon such estimates and providing for the total annual assessment to be levied against the members of the Association for such fiscal year (the total assessment which shall be so determined and levied against all of the members of the Association for any fiscal year is herein referred to as the "Annual Assessment"). The amounts so determined by the Board of Directors shall be levied against all of the members of the Association other than the Declarant and all Townhomes not owned

by the Declarant. The amount of the Annual Assessment that shall be levied against each Townhome shall be equal. The Board of Directors shall send a copy of the budget so adopted by it, together with a written notice of the amount of the Annual Assessment so determined for such fiscal year and the amount of such Annual Assessment which shall be levied against each Townhome, to the owner of every Townhome prior to the commencement of the fiscal year during which such Annual Assessment is to be paid. The amount of such Annual Assessment which shall be levied against each Townhome shall be due and payable to the Association in such installments as the Board of Directors shall determine, and after notice of the same shall have been given to all of the members of the Association by the Board of Directors, and shall be paid to the Association when due without further notice.

Section 5. Special Assessments. If for any reason, including non-payment of any assessments to the Association by the persons liable therefore, the budget adopted by the Board of Directors for any fiscal year shall prove to be inadequate to defray the Annual Expenses for such fiscal year, or if the Board of Directors shall determine that it is in the best interest of the Association to levy a special assessment to pay the costs of any capital improvements or capital repairs, the Board of Directors shall have the authority to levy a special assessment against the Townhomes and the owners thereof (other than the Declarant) to raise such needed funds. Any special assessments levied by the Board of Directors pursuant to the provisions of this Section 5 shall be payable at such time and in such installments as the Board of Directors shall determine. Each Townhome not owned by the Declarant shall be liable for the payment of an equal share of every special assessment which shall be levied by the Association pursuant to the provisions of this Section 5.

Section 6. Townhomes Owned by Declarant. Notwithstanding any term or provision of this Declaration which may be construed to the contrary, no Townhome owned by the Declarant shall be subject to any special assessment provided for in this Article V. Rather, all Townhomes owned by the Declarant shall be exempt from the payment of all assessments for so long as such Townhomes are owned by the Declarant. At such time as any Townhome which is owned by the Declarant shall be conveyed or transferred away by the Declarant, all liens and assessments provided for in this Article V shall immediately become liable for the payment of all such assessments. The amount of each Annual Assessment which shall become so payable with respect to any Townhome shall be prorated according to the respective portions of the fiscal year that such Townhome was owned by the Declarant and by such successor owner.

Section 7. Effect of Non-Payment of Assessments; Remedies of the Association

- (a) In the event that any member of the Association shall fail to pay, within ten (10) days after the date the same is due and payable, any annual or special assessment, or any installment of any annual or special assessment, which is payable by him to the Association, the entire amount of such assessment, including the portion thereof which would otherwise be payable in installments, may be declared by the Board of Directors to be immediately due and payable in full to the Association. All such amounts so declared by the Board of Directors to be due and payable in full to the Association shall be secured by the lien of the Association on every Townhome owned by the

- delinquent member, which lien shall bind such Townhome or Townhomes in the hands of the then owner, and his heirs, devisees, successors and assigns.
- (b) All amounts which the Board of Directors shall declare to be due and payable pursuant to this Section 7 shall bear interest from the date of delinquency at the lower of the rate often percent (10%) per annum or the highest rate permitted by law, and the Association may bring legal action against the member of the Association personally obligated to pay the same, or foreclose its lien upon the Townhome or Townhomes of such member, in either of which events such member shall also be liable to the Association for all costs and attorneys' fees which the Association shall incur in connection with the collection of such delinquent amounts.

ARTICLE VI.

DAMAGE OR DESTRUCTION OF TOWNHOMES

In the event of the occurrence of any damage or destruction by fire or other casualty to anyone or more Townhomes, such damage or destruction shall be repaired or rebuilt in all events. All repair, reconstruction or rebuilding of any Townhomes shall be substantially in accordance with the plans and specifications for such damage or destroyed Townhome prior to the occurrence of such damage, or in accordance with such differing plans and specifications as are approved for such purpose by both the owner of the Townhome which is to be so repaired, reconstructed or rebuilt, and by the Board of Directors. The work of repairing, reconstructing or rebuilding any damaged or destroyed Townhome shall be completed as soon after the occurrence of such damage or destruction as is reasonably practicable at no cost or expense to the Association. The owner of any Townhome which is to be repaired, reconstructed or rebuilt pursuant to the provisions of this Article VI shall be responsible for the completion of such work in the manner, and within the time requirements, set forth in this Article VI.

ARTICLE VII.

RESTRICTIONS

In order to provide for the maximum enjoyment of the Townhomes by all of the residents thereof and to provide protection for the value of the same, the use of the Townhomes shall be restricted to, and shall be only in accordance with, the following provisions:

Section 1. Single-Family Use. All of the Townhomes shall be restricted exclusively to single-family residential use. The term "single-family" shall include one or more related or unrelated adults, as well as the children of any such adults. No Townhome shall at any time be used for any commercial, business or professional purpose. Notwithstanding the foregoing, however, nothing set forth in this Section 1 shall prohibit: (a) the Declarant from conducting such sales, leasing and promotional activities on any Townhome as the Declarant shall determine (including but not limited to, using any Townhome as a model home and a sales office); or (b) the owner of any Townhome from using such townhome as an office, provided that such use does not create regular customer or

client traffic to and from such Townhome and no sign, logo, symbol or nameplate identifying such business is displayed anywhere on such Townhome.

Section 2. Prohibited Activities. No noxious or offensive activity shall be conducted on any Townhome. Each owner of any Townhome, his family, tenants, guests and invitees, shall refrain from any act or use of his Townhome which could reasonably cause embarrassment, discomfort, annoyance or nuisance to any other resident or residents of any other Townhome.

Section 3. Nuisances. No nuisance shall be permitted upon or within any Townhome. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells, or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any Townhome.

Section 4. Animals. No Townhome shall be used for the keeping or breeding of livestock animals or poultry of any kind, except that a reasonable number of household pets may be kept, provided that they are neither kept for breeding nor maintained for any commercial purpose, and provided that none of such pets are permitted to be a source of annoyance to any other resident or residents of any other Townhome.

Section 5. Signs. No sign of any kind or character shall be erected or displayed to the public on any portion of any Townhome without the prior written consent of the Board of Directors, except for customary name and address signs and one "for sale" sign advertising a Townhome for sale. The restriction herein stated shall include the prohibition of placement of any sign within any Townhome in a location from which the same shall be visible from the outside.

Section 6. Antennas; Aerials; Satellite Dishes. No antenna, satellite dish or other reception device having a diameter or diagonal measurement greater than one meter shall be installed on any Townhome. So long as reception of an acceptable quality is not precluded, the antenna, satellite dish or other reception device of appropriate size shall be located only on that portion of the Townhome which is least visible from public view and shielded so as to minimize any risks and to ensure a nuisance is not created.

Section 7. Window Air-Conditioners. No air-conditioners shall be installed in any window of any Townhome, nor shall any air-conditioner be installed on any Townhome so that the same protrudes through any exterior wall of such Townhome.

Section 8. Subdivision of Townhomes. No Townhome may be further subdivided into any smaller Townhome.

Section 9. Enforcement by Members. In the event that the owner of any Townhome, or any person who is entitled to occupy any Townhome, shall fail to comply with or abide by any restriction set forth in either this Article VII, or in Article VI, Section 1 of this Declaration, then the owner of any other Townhome who is aggrieved by such failure of compliance or abidance shall have the right to proceed at law or in equity to compel such owner or such occupant to comply therewith and abide thereby. Additionally, any owner of any Townhome who, or whose lessee, shall

fail to comply with or abide by any such restriction shall be liable for any damages as may be suffered by any other owner of any Townhome as a consequence of such failure.

ARTICLE VIII.

MAINTENANCE

Section 1. Maintenance to Be Performed by the Association. The Association shall maintain the Common Area, Easement Area, and Limited Common Area which are subject to assessments hereunder (except for any enclosed privacy area, which area shall be maintained by the Owner(s) of the Townhome as set forth in Section 2 below), as follows: mow, seed and fertilize all grassed areas; mulch; remove dead or diseased trees or shrubs if such trees or shrubs existed at the time Declarant initially conveyed the Common Area, Easement Area, and Limited Common Area on which the tree or shrub is located; replace dead or diseased trees or shrubs planted by the Declarant or the Association; and prune all trees or shrubs planted by the Declarant or the Association. In addition, the Association shall provide exterior maintenance for the Townhome which is subject to assessments hereunder, as follows: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces (including doors and garage doors, but excluding glass surfaces, window or door screens, any storm doors installed by Owners and garage door openers), steps, and other exterior improvements. Such exterior maintenance shall not include the exterior maintenance to be performed by the Owners as provided in Section 2 below. In the event that the need for any maintenance, repair or replacement required hereunder to be performed by the Association 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 strike, civil commotion, aircraft, vehicles or smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage insurance policies, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Townhome is subject.

The Owner of any Townhome may, at his election, plant flowers in the front and rear beds established by Declarant in developing the Townhome; provided that such maintenance by the Owner does not hinder the Association in performing its maintenance of the exterior of the Townhome and the remaining yard spaces. No such maintenance by an Owner shall reduce the assessment payable by the Owner to the Association. The Owner shall not plant any vegetation in the front yard except with the prior written approval of the Association.

(As a matter of information to future Members of the Association, the Declarant wishes to make it known that due to differing amounts of exposure to the elements and other factors, some Townhomes may require more maintenance than others and that it is in the best interest of the entire Association that all Townhomes be properly maintained and that the Association shall be required to provide such maintenance provided for herein and make a uniform charge without regard to the actual cost of maintenance of each Townhome.)

Section 2. Maintenance to Be Performed by the Owners. Each Owner shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all glass surfaces, window or door screens, any storm doors installed by Owner (any such installation being subject to Article VIII hereof), air conditioning and heating equipment and all utility lines, fixtures and/or their

connections required to provide water, light, power, telephone, sewage and, sanitary service to his Townhome which are not publicly maintained. Each Owner also shall be responsible for the maintenance of any patios, porches, enclosed privacy area, sidewalks, and driveways appurtenant to such Owner's Townhome. In the event that the Owner neglects or fails to perform his maintenance responsibilities in a manner consistent with other Townhomes within the Overall Property, the Association may provide such exterior maintenance and all cost incurred by the Association in providing such exterior maintenance shall be added to the annual assessment for such Townhome and subject to the lien rights described in Article V; provided, however, that the Association shall first give written notice to the Owner of the specified items of exterior maintenance or repair the Association intends to perform and the Owner shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance himself or herself. The determination as to whether an Owner has neglected or failed in this regard to perform his responsibilities shall be made by the Executive Board of the Association, in its sole discretion.

Section 3. Easement to Perform Maintenance. 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 all Common Area, Easement Area, Limited Common Area, and Townhome exteriors at all reasonable times to perform maintenance as provided in this Article.

Section 4. Fences. The owner of every Townhome shall have the right to erect on the Association Property a fence to enclose all or any part of the Easement Area that is annexed to his Townhome. Any such fence that shall be so erected shall contain a gate providing access into the Easement Area which shall not contain any lock or locking device. In no event shall the owner of any Townhome lock or otherwise secure said gate in such a way that it cannot be opened to permit access into said Easement Area. No such fence may be erected outside the Easement Area that is annexed to such Townhome. It shall be the duty of the Board of Directors to maintain in effect a standardized design for the fence that may be so erected upon the Association Property.

In no event shall any fence be erected pursuant to the provisions of this Section 4 unless the design of such fence shall conform to the standardized design which shall be so maintained in effect by the Board of Directors.

In the event that the owner of any Townhome shall elect to erect any such fence pursuant to the provisions of this Section 4, the owner of the Townhome to which such fence is annexed shall be responsible for the repair, maintenance and replacement of such fence.

Section 5. Condemnation of Common Area. The provisions of Section 47F-1-107 of the Planned Community Act shall, to the extent applicable, govern the payment and distribution of awards in connection with the condemnation or taking by eminent domain of all or any portion of the Common Area; provided, however, to the extent applicable and to the extent possible, any awards paid to the Association in connection with the condemnation of a portion of the Common Area shall be first to restore the remaining Common Area to a condition compatible with the remainder of the Property.

ARTICLE IX.

INSURANCE

Section 1. Association Property. It shall be the duty of the Association to obtain and maintain in effect at all times:

- (a) a policy of casualty insurance on all improvements located on the Association Property, except for any Portico, Stoops and Patios, and fences as shall have been erected by any owners within the Easement Area; and
- (b) a comprehensive policy of public liability insurance.

Each such insurance policy shall have limits of coverage, and provide for such deductibles, as shall be determined by the Board of Directors. During the existence of the Class B membership of the Association, such insurances may be provided by a self-insurance program maintained by the Declarant.

Section 2. Townhomes. The owner of each Townhome shall obtain and maintain in effect at all times a master multi-peril policy of property insurance covering all insurable portions of such Townhome, and the Stoop, Patio and any Portico which is annexed to such Townhome, on a replacement cost basis in an amount of not less than one hundred percent (100%) of the insurable value, based upon replacement cost, of the same.

ARTICLE X.

AMENDMENT

The terms, provisions, covenants and restrictions of this Declaration may be amended upon the approval of such amendment by: (a) those members of the Association who own, in the aggregate, no-fewer than sixty-seven percent (67%) of the Townhomes not owned by the Declarant; (b) the Declarant, if the Declarant shall then own any Townhomes or any other portion of the Overall Property; and (c) HUD and VA, if the Class B membership has not terminated, as provided in Article IV, Section 3 of this Declaration. The approval of any such amendment by each of the Class A members shall be given by such Class A member either casting a vote in favor of such amendment at a meeting of the members of the Association duly called for such purpose, or by such Class A member signing a written approval of such amendment after the date on which such meeting was held, notwithstanding anything set forth to the contrary in the Articles of Incorporation or Bylaws. If any such amendment is required to be approved by the Declarant and/or HUD and V A, such approval shall be given only by such Person executing a written approval of the same.

Any amendment to the terms, provisions, covenants or restrictions of this Declaration shall become effective only upon the recording on the Deed Records of Forsyth County, North Carolina, of an instrument certified by the incumbent Secretary of the Association: (a) setting forth such amendment; (b) stating that the approval of the Class A members of the Association which, under the provisions of this Article X, is required for such amendment to be effective, has been given and

obtained; and (c) containing the written approval of the Declarant and/or HUD and V A, if the same is required (as hereinafter provided).

The matters set forth in such instrument shall be presumed to be true and accurate and the amendment which is set forth in such instrument shall be effective, unless it shall be determined by a court of competent jurisdiction that the matters certified to in such instrument are not true and accurate.

Each person who shall own any Townhome, by acceptance of a deed or other conveyance thereto, and by acceptance of such ownership, and by taking record title thereto, and each holder of a Mortgage upon any portion of any Townhome, by acceptance of such Mortgage, thereby agrees that the terms, provisions, covenants and restrictions of this Declaration may be amended as provided in this Article X.

ARTICLE XI.

MISCELLANEOUS

Section 1. Failure of Enforcement. In the Event that the Association shall fail to enforce the compliance with any of the provisions of this Declaration by the owner of any Townhomes, then the owner of any other Townhomes shall have the right to file an action in the Superior Court of Forsyth County, North Carolina for an order from such Court requiring that the Association enforce such compliance; provided, however, in no event shall the Board of Directors, or any officer of the Association, or any of their agents, be personally liable to anyone on account of their failure to enforce any of the terms, provisions or restrictions set forth in this Declaration.

Section 2. Waivers. In no event shall the failure by the Association to insist in anyone or more cases upon the strict performance of any of the terms, covenants, conditions, provisions or agreements set forth in this Declaration be construed as a waiver or relinquishment of the future enforcement of any such term, covenant, condition, provision or agreement. The acceptance or performance of anything required to be performed with knowledge of the breach of a term, covenant, condition, provision or agreement shall not be deemed a waiver of such breach, and no waiver by the Association of any term, covenant, condition, provision or agreement shall be deemed to have been made unless expressed in writing and signed by a duly authorized officer of the Association.

Section 3. Duration. This Declaration, and all of the terms, easements, provisions, liens, charges, restrictions and covenants set forth herein, shall run with and bind the land (the Townhomes), shall be and shall remain in effect, and shall inure to the benefit of, and be enforceable by, the Association and by any owner of any Townhomes, their respective legal representatives, heirs, successors and assigns, perpetually.

Section 4. Notices. Any notices required to be sent to any member of the Association pursuant to any provision of this Declaration may be served by depositing such notice in the mails, postage pre-paid, addressed to the member to whom it is intended, at the address which such member shall have furnished to the Secretary of the Association in accordance with the Bylaws, or, in the absence of any such address having so been furnished to the Secretary of the Association, at the

address of any Townhomes owned by such member. The date of service shall be the date of the mailing.

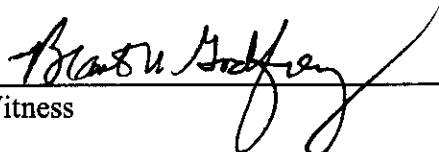
Section 5. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if any provision of this Declaration or the application thereof to any person or to any property shall be prohibited or held invalid, such provision which can be given effect without the invalid provision or the application, and to this end the provisions of this Declaration are declared to be severable.

Section 6. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons or other entities violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the Townhomes, to enforce any liens created by this Declaration.

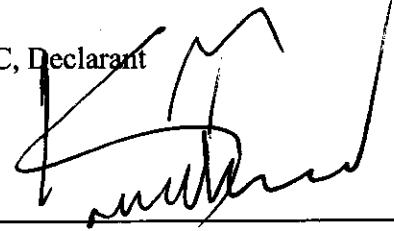
Section 7. Successors to Declarant. In no event shall any person or other entity succeeding to the interest of the Declarant by operation of law or through purchase of the Declarant's interest in all or any portion of the Overall Property at foreclosure, sale under power or by deed in lieu of foreclosure, be liable for any act, omission or matter occurring, or arising from any act, omission or matter occurring, prior to the date such successor succeeded to the interest of the Declarant.

IN WITNESS WHEREOF, LRIG, LLC, Declarant, has caused this Declaration to be executed by its duly authorized officer on the day any year above written.

Signed, sealed, delivered in the presence of:


Witness

LRIG, LLC, Declarant

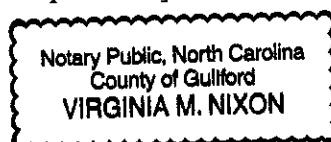
By 
Mehdi Kaussari, Its Manager

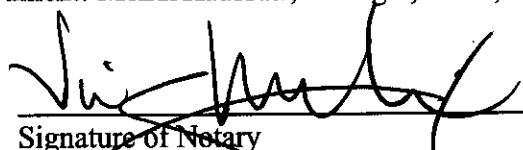
NORTH CAROLINA - FORSYTH COUNTY

I certify that the following person personally appeared before me this day, that I have personal knowledge (or have received satisfactory evidence) of the identity of said person, and that he acknowledged to me that he signed the foregoing document: Mehdi Kaussari, Manager, LRIG, LLC, Declarant.

Date: 2/9/2012

[Stamp or Seal]




Signature of Notary

VIRGINIA M. NIXON
Typed or Printed Name of Notary

My Commission expires: 6/28/2012