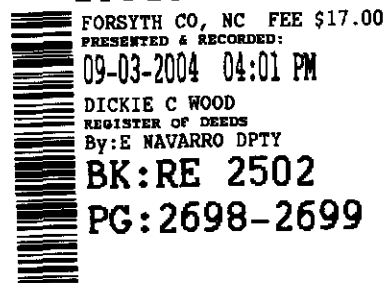


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NORTH CAROLINA)

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FORSYTH COUNTY)

Box 126

**AMENDMENT OF DECLARATION
 OF COVENANTS, CONDITIONS AND
 RESTRICTIONS FOR TAYLOR'S RUN**

THIS AMENDMENT dated August 25, 2004, is made and entered into by Taylor's Run Development Company (Declarant) and Thames Home Builders (Owner).

WITNESSETH:

WHEREAS, Declarant and Owner are the owners of certain real property located in Forsyth County, North Carolina, and being more particularly described on a Map or maps of TAYLOR'S RUN, as recorded in Plat Book 46, Pages 63 and 64, and amended in Plat Book 46, Page 66, Plat Book 46 Pages 149 and 150, and Plat Book 47, pages 56 and 57, Forsyth County Registry; and

WHEREAS, said property is subject to a Declaration of Covenants, Conditions and Restrictions as recorded in Book 2424, Page 3084, Forsyth County Registry; and

WHEREAS, Article VII, Section Two, of the Declaration reads as follows: "Size. The Living Area of any Living Unit, exclusive of one-story porches, garages, carports and patios, shall not be less than 1800 square feet for all one-story dwellings and 2100 square feet for all dwellings of more than one-story. No split level or split foyer dwelling may be constructed."

WHEREAS, Declarant and Owner desire to amend Article VII, Section Two, of the Declaration to read as follows: "Size. The Living Area of any Living Unit, exclusive of one-story porches, garages, carports and patios, shall not be less than 2100 square feet for all one-story dwellings and 2400 square feet for all dwellings of more than one-story. No split level or split foyer dwelling may be constructed."

Except as herein amended, the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the duly authorized officers of the parties hereto have executed this instrument for and on behalf of the companies under authority of the respective Board of Directors.

Taylor's Run Development Company

BY: [Signature]
President

Thames Home Builders, Inc

BY: [Signature]
President

NORTH CAROLINA)

FORSYTH COUNTY)

I, Tabitha D. Atwood, a Notary Public of Davidson County and State aforesaid, certify that Anthony H. Disher personally appeared before me this day and acknowledged that he is President of Taylor's Run Development Company, a North Carolina Corporation, and that he, as President, being authorized to do so, executed the foregoing instrument on behalf of the corporation.

***** Witness my hand and official stamp or seal, this 25 day of August, 2004.



NOTARY PUBLIC
OFFICIAL SEAL
TABITHA D. ATWOOD
DAVIDSON COUNTY, NC
My Commission Expires 4/27/08

Tabitha D. Atwood

Notary Public

My commission expires: 4-27-08

NORTH CAROLINA)

FORSYTH COUNTY)

I, Crystal A. Martin, a Notary Public of Davidson County and State aforesaid, certify that George W. Thomas personally appeared before me this day and acknowledged that he is President of Thames Homes Builders, Inc., a North Carolina Corporation, and that he, as President, being authorized to do so, executed the foregoing instrument on behalf of the corporation.



WITNESS my hand and official stamp or seal, this 3rd day of September, 2004.
OFFICIAL SEAL
CRYSTAL A. MARTIN
NOTARY PUBLIC - NORTH CAROLINA
DAVIDSON - COUNTY

Crystal A. Martin
Notary Public

My commission expires: 1/31/09

STATE OF NC - FORSYTH CO

The foregoing certificate(s) of:

Tabitha D. Atwood and
Crystal A. Martin NP(s)

is certified to be correct at the date of recordation shown on the first page thereof,
Dickie C. Wood, Register of Deeds by: [Signature] Deputy/Asst.

FORSYTH CO, NC 117 FEE: \$ 56.00
PRESENTED & RECORDED: 11/21/2003 11:52AM
DICKIE C. WOOD REGISTER OF DEEDS BY: NAVARR
BK2424 P3084 - P3098

DRAWN BY: ZACHARY T. BYNUM, III (BOX) 10
NORTH CAROLINA

***DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR TAYLOR'S RUN***

FORSYTH COUNTY

KNOW ALL MEN BY THESE PRESENTS, that the Declaration of Restrictive Covenants made and entered into this the 20th day of November, 2003, by Taylor's Run Development Company, Inc., hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of the certain real property described herein and desires to create thereon a residential community.

NOW, THEREFORE, the Declarant declares that the said real property is, are, and shall be held, transferred, sold, conveyed, and occupied subject to the covenants, conditions, restrictions, and easements (sometimes referred to herein as "covenants and restrictions" of "this Declaration") hereinafter set forth.

ARTICLE I. PROPERTY SUBJECT TO THIS DECLARATION.

The real property which is, and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Forsyth County, North Carolina, and is more particularly described on the map entitled "*TAYLOR'S RUN*" recorded in Plat Book 46, Page 6364, Forsyth County Registry.

Annexation. (a) Additional residential property now owned or hereafter acquired by Declarant and adjoining the Properties may be annexed by the Declarant in its discretion within ten (10) years of the date of this Declaration.

(b) Except as provided in subsection (a) above, additional contiguous residential property and Common Area may be annexed to the Properties only with the consent of two-thirds (2/3) of each class of members.

(c) Additional properties as annexed shall become a part of the Properties as defined herein and shall be subject to the provisions of this Declaration, the By-Laws and the Articles of Incorporation of the Association.

ARTICLE II. DEFINITIONS.

Section One. The following words when used in this Declaration or any additional or supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

- (a) "Living Area" shall mean and refer to those heated and/or air-conditioned areas of a Living Unit exclusive of garages, carports, porches, or patios.
- (b) "Living Unit" shall mean and refer to any building or portion of a building, situated upon any Lot, as shown on the recorded Plat, designed and intended for use and occupancy as a residence by a single family.
- (c) "Lot" shall mean and refer to any platted lot as shown upon any recorded subdivision map, or combination of one or more lots.
- (d) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot.
- (e) "Association" shall mean and refer to Taylor's Run Homeowners Association, Inc., a nonprofit corporation organized and existing under the laws of the State of North Carolina.
- (f) "Common Area" shall mean and refer to all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners and any areas designated as Common Areas in the Plat or any landscape walkway or drainage easement areas designated or Common Area easements in TAYLOR'S RUN.

The Declarant may identify additional Common Area in the future.

- (g) "Common Expenses" shall mean and include:
- (a) All sums lawfully assessed by the Association against its members;
 - (b) Expenses of administration, maintenance, repair or replacement of the Common Area and any private streets and roads within the subdivision;
 - (c) Expenses declared to be common expenses by the Declaration or the Bylaws of the Association (hereinafter "the Bylaws");
 - (d) Hazard, liability or such other insurance premiums as the Declaration, the Bylaws or applicable laws or ordinances may require the Association to purchase;
 - (e) Expenses agreed by the members to be common expenses of the Association; and
 - (f) Ad valorem taxes and governmental assessments levied against the Common Areas.

ARTICLE III. GENERAL PROVISIONS.

Section One. Duration. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of the Owners for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years each, unless and until an instrument signed by the then Owners of two-thirds (2/3rds) of the Lots has been recorded agreeing to change said covenants and restrictions in whole or in part; provided, however, that no such agreement to change shall be effective unless made and recorded three (3) months in advance of the effective date of such change, and unless written notice of the agreement is sent to every Owner at least three (3) months in advance of the effective date of such change.

Section Two. Notices. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Owner of record at the time of such mailing.

Section Three. Enforcement. Enforcement of these covenants and restrictions shall be by an appropriate civil proceeding against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages or both.

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

ARTICLE IV. ARCHITECTURAL CONTROL.

No building or other structure shall be commenced, erected, or maintained upon any Lot nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the elevation, kind, shape, height, and location of the same shall have been submitted in duplicate to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Declarant. The Declarant shall have the absolute and exclusive right to refuse to approve any such building plans which, in their opinion, are not suitable or desirable for any reason, including purely aesthetic reasons; provided, Declarant shall not unreasonably withhold its decision with respect to plans and specifications submitted for approval, and any plans and specifications submitted to Declarant shall be deemed approved if Declarant fails to accept or reject said plans within thirty (30) days from the date of submission. The Declarant may establish an Architectural Control Committee for these purposes.

Once a home is built, completed and purchased by a homeowner any changes to the outside of the home must be approved by the Architectural Control Committee. These shall include but shall not be limited to decking, fencing, or additions to existing improvements, etc.,. Declarant may transfer some or all of the responsibility to the Homeowners Association for this task.

ARTICLE V. LAND USE AND BUILDINGS.

No Lot shall be used except for residential purposes, and no building of any type shall be erected, altered, placed or permitted to remain on any lot other than one detached single-family dwelling. When the construction of any building is once begun, work thereon shall be pursued diligently and continuously until the full completion, and must be completed in accordance with said plans within twelve (12) months after the start of the first construction upon each building Lot unless such completion is rendered impossible as the direct result of strikes, fires, national emergencies, or natural calamities. The Owner of a Lot may elect to erect a carport, garage, or utility building detached from the dwelling provided that he first obtain written approval from the Declarant as provided in Article IV hereof.

ARTICLE VI. TEMPORARY STRUCTURES.

No structure of a temporary character, basement, tent, shack, garage, barn, or other outbuilding of any type shall be located on any Lot at any time.

Building contractors may place a construction trailer at a sight approved by Declarant on any Lot during construction thereon.

ARTICLE VII. LIVING UNIT QUANTITY, SIZE, LOCATION AND DESIGN

Section One. Quantity. No more than one (1) Living Unit shall be constructed upon any Lot.

Section Two. Size. The Living Area of any Living Unit, exclusive of one-story porches, garages, carports, and patios, shall be not less than 1800 square feet for all one-story dwellings and 2100 square feet for all dwellings of more than one-story. No split level or split foyer dwelling may be constructed.

Section Three. Exterior. The exterior of all fireplaces and chimneys shall be built of brick or stone or must be approved in writing by Declarant. The roof pitch of each house and/or garage shall be 7/12 or greater. The exterior of each home must be at least seventy-five percent (75%) brick, stone, stucco or masonry. All mailboxes shall be uniform and shall be those approved by Declarant.

Section Four. Building Location.

- (a) No Living Unit shall be located on any Lot nearer to the front lot line, rear lot line, or nearer to the side street line than the minimum building setback lines which may be shown on any plat of the subdivision or nearer than forty (40) feet to the front lot line, or nearer than fifteen (15) feet to any side street line, and each Lot shall have two side yards with a total width of not less than twenty-five (25) feet, provided that in no case, shall either side yard be less than ten (10) feet. The front set back line may be waived in writing down to forty (40) feet by letter from Declarant. It is anticipated that some lots will have a front set back line established in the Plat which may be greater than forty (40) feet.
- (b) Except as otherwise provided herein, no enclosing fence of any kind shall be placed or constructed nearer to the front lot line than the rear corner of the Living Unit; provided, however, that short sections of open-type decorative fencing (split rail or similar) are permitted. No fencing of any kind shall be allowed close to the curb of any street than twenty (20) feet. Fencing shall be of open decorative style fencing and shall be no higher than six (6) feet.
- (c) No garage, storage, or accessory building structure of any kind shall be erected on the Lot nearer than ten (10) feet to an interior lot line.

- (d) For the purposes of this Article VII, eaves and steps shall not be considered as a part of a building; provided, however, that this shall be construed to permit any portion of a building to encroach upon another Lot.
- (e) There shall be no bird bathes, fountains, statutes, or other decorative yard items placed in the front yards.

Section Five. Garages. There shall be no front facing garages unless written permission is obtained from Declarant.

ARTICLE VIII. DRIVEWAY CONSTRUCTION.

All driveways shall be constructed of concrete or asphalt at a width of ten (10) or more feet.

ARTICLE IX. UTILITY LINES AND SIDEWALKS.

All telephone lines and power lines (both main lines and service lines) shall be installed underground.

ARTICLE X. SIGNS.

No advertising sign of any kind shall be displayed to the public view on any Lot; provided, however, that one (1) sign of not more than five (5) square feet advertising a Lot and dwelling for sale or rent shall be permitted.

ARTICLE XI. TREES.

It is agreed that it is necessary for the integrity and beauty of the development to leave all large hardwood trees where ever possible or practical. No live hardwood trees larger than 8 inches in circumference shall be cut, damaged or removed except for where the trees are located within the boundaries of the house or any improvements to the home built on a lot including driveways, etc.,. It is the intent of this restriction that all large live hardwood trees in the front, rear and side yards shall be left to the extent reasonable and practical. If any owner should desire to trim or cut any live hardwood trees more than 8 inches in diameter other than where it is necessary to clear a location for the home, driveway into the lot, they shall submit a plan showing the landscaping plans and must obtain prior written approval for said landscaping plan from the Declarant.

ARTICLE XII. EASEMENTS.

1. Declarant for its self, its successors, and assigns, reserves an easement for and the right at any time in the future to grant, right-of-ways for the installation and maintenance of public utilities across, on or under said property at a distance of not more than 10 feet from the front, rear and side property lines, but such right-of-ways must be

used so as to interfere as little as possible with the use of the property by its owners; and in addition to said easement, there are reserved hereby easements for septic and storm drainage facilities as outlined on the recorded Plat of this development. Further, there is reserved on behalf of Declarant, Duke Power Company, and Southern Bell Telephone and Telegraph Company, Piedmont Natural Gas Company, and their successors and assigns, an easement to enter upon the premises to maintain, repair, or modify existing or future underground facilities, and the owners, or their successors in title to said lots shall in no way interfere with said facilities, or dig up, cut or tamper with them except at their own peril, in violation of the rights of said telephone and power companies. No public utility company or governmental entity or agency shall obtain any right in the easement reserved herein without an express written and recorded grant thereof by Declarant, its successors and assigns. In the event the property subject to this Declaration is served by any underground public utility facilities, the service to structures erected thereon shall be connected to the underground facility at the pedestals provided for this purpose. No conveyance by the Declarant of any Lot, or of any interest therein, shall be deemed to be, or construed as, a conveyance or release of these easements, or any of them, even though the conveyance purports to convey the Lot in fee simple, or by other language purports to convey the Declarant's entire interest therein, but such effect shall only arise if the conveyance specifically recites it to be the intention of the Declarant to thereby convey or release the easements.

2. The designation of streets, avenues, roads, courts, and open spaces on the Plat is for the purpose of description only and not dedication, and the rights of the Declarant in the same are specifically reserved. The Declarant hereby reserves to itself, its successors and assigns, the right to grade, regrade, and improve the streets, avenues, roads, courts, and open spaces as the same may be located on the Plat, including the creation or extension of slopes, banks, or excavation in connection therewith and in the construction of and installation of drainage structures therein.

3. The Declarant further reserves to itself, its successors and assigns, the right to grant easements, rights-of-way and licenses to any person, individual, corporate body, or municipalities, to install and maintain pipelines, underground or above ground lines, with the appurtenances necessary thereto, for public utilities or quasi-public utilities access to Common Areas, or to grant such other licenses or permits as the Declarant may deem necessary for the improvement of the Property in, over, through, upon, and across any and all of the streets, avenues, roads, courts, and open spaces, and in, over, through, upon, and across each and every Lot in the easement area reserved in paragraph 1 of Article XII of this Declaration or as shown on the Plat. The Declarant further reserves to itself, its successors, and assigns, the right to dedicate all of the streets, avenues, roads, courts, open spaces, and easements to public use. No street, avenue, road, court, open space, or easement shall be laid out or constructed through or across any Lot, except as set forth in this Declaration, or as laid down and shown on the Plat without the prior written approval of the Declarant.

4. The Declarant further reserves the right to grant such easements across any lots or Common Areas as are reasonably necessary to maintain the Common Areas

and areas such as areas designated for landscaping easements and entranceway(s) and including walkway, sidewalk and other access to Common Areas as are necessary to maintain the Common Areas and provide access for the Lot owners to the Common Areas.

5. The Declarant has reserved easements for septic system purposes which may be retained or assigned to lot owners or the Homeowners Association.

ARTICLE XIII. GENERAL RESTRICTIONS.

(a) No boat, marine craft, hovercraft, aircraft recreational vehicle, pick-up camper, travel trailer, motor home, camper body or similar vehicle or equipment may be parked for storage in the driveway or front yard of any dwelling or parked on any public street in the Subdivision, nor shall any such vehicle be stored in the side or rear yard of any residence. No such vehicle or equipment shall be used as a residence or office temporarily or permanently. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance or repair of a residence in the immediate vicinity.

(b) Trucks with tonnage in excess of one (1) ton and any vehicle with painted advertisement shall not be permitted to park in public view overnight within the Subdivision except those used by a builder during the construction of improvements.

(c) No vehicle of any size which transports inflammatory or explosive cargo may be kept in the Subdivision at any time.

(d) No vehicles or similar equipment shall be parked or stored in an area visible from any street except passenger automobiles, passenger vans, motorcycles, pick-up trucks and pick-up trucks with attached bed campers that are in operating condition and have current license plates and inspection stickers and are in daily use as motor vehicles on the streets and highways of the State of North Carolina.

(e) No Lot or other area in the Subdivision shall be used as a dumping ground for rubbish or a site for the accumulation of unsightly materials of any kind, including without limitation, broken or rusty equipment, disassembled or inoperative cars and discarded appliances and furniture. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or other disposal of such material shall be kept in clean and sanitary condition. Materials incident to construction of improvements may be stored on lots during construction so long as construction progresses without undue delay.

(f) No garage, garage house or other outbuilding (except for sales offices and construction trailers during the construction period) shall be occupied by any owner, tenant or other person prior to the erection of a residence.

(g) No air conditioning apparatus shall be installed on the ground in front of a residence. No air conditioning apparatus shall be attached to any front wall or window of a residence. No evaporative cooler shall be installed on the front wall or any window of a residence. Window units are not permitted.

(h) No antennas, discs or other equipment for receiving or sending sound or video messages shall be permitted in this Subdivision, except antennas for AM and FM radio reception and UHF and VHF television reception except as permitted hereinafter. All antennas shall be located inside the attic of the main residential structure, except that one (1) antenna may be permitted to be attached to the roof of the main residential structure and to extend above said roof a maximum of five (5) feet. No satellite disc or other similar structure may be placed on a Lot, except a satellite disc of 24" or less provided no disc may be attached to the front facade of the home located on a lot, or closer to the front property line than the front of the home.

(i) No Lot or improvement shall be used for business, professional, commercial or manufacturing purposes of any kind. No activity, whether for profit or not, shall be conducted which is not related to single-family residential purposes. No noxious or offensive activity shall be undertaken within the Subdivision, nor shall anything be done which is or may become an annoyance or nuisance to the neighborhood. Nothing in this subparagraph shall prohibit an Owner's use of a residence for quiet, inoffensive activities such as tutoring or giving art lessons so long as such activities do not materially increase the number of cars parked on the street or interfere with adjoining homeowner's use and enjoyment of their residence and yards.

(j) Excavation. No Owner shall excavate or extract earth from any of the Lots subject to this Declaration for any purpose. No elevation changes shall be permitted which materially affect surface grade of surrounding Lots.

(k) Storage. No lumber, brick, stone, cinder block, concrete or other building materials, scaffolding, mechanical devices or any other thing used for building purposes shall be stored on any Lot except for the purpose of construction and shall not be stored for longer than the length of time reasonably necessary for the construction to completion of the improvement in which same is to be used.

(l) Tanks. Subject to the provisions of "m" below, no exposed above-ground tanks nor underground tanks will be permitted for the storage of fuel or water or any other substance.

(m) Wells. Except with the prior written approval and permission of the Review Board, no water well shall be sunk or drilled on any Lot. However, Declarant reserves the right to locate wells, pumping stations and tanks within the residential areas or any open space, or any Lot designated for such use on any recorded plat.

(n) Mailboxes. Mailboxes shall be of a type consistent with the character of the Properties and shall be placed and maintained to complement the houses in the neighborhood and shall be those approved by Declarant.

(o) 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 such other activities shall not be pursued or undertaken on any part of any Lot or the Common Area without the consent of Declarant and the Board of Directors of the Association.

(p) Governmental Regulations. Each Owner shall observe all governmental building codes, health regulations, zoning restrictions and other regulations applicable to his 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.

(q) Clothes Drying. No drying or airing of any clothing or bedding shall be permitted outdoors on any Lot within the Properties other than between the hours of 8:00 a.m. and 5:00 p.m. on Monday through Friday and 8:00 a.m. and 1:00 p.m. on Saturdays (except when any such day shall fall upon a holiday) and clothes hanging devices such as lines, reels, poles frames, etc., shall be stored out of sight other than during the times aforementioned.

(r) Pools. No above ground pools except children's wading pools shall be located on any Lot in the subdivision.

(s) Gardens. Gardens shall be confined to rear yards only, except that flower gardens may be permitted in the front yards.

ARTICLE IX. LIVESTOCK AND POULTRY.

No animals, livestock or poultry of any kind shall be raised, bred or kept on any property in the Subdivision except that dogs, cats or other household pets may be kept for the purpose of providing companionship for the private family. Animals are not to be raised, bred or kept for commercial purposes or for food. It is the purpose of these provisions to restrict the use of the property so that no person shall quarter on the premises cows, horses, bees, hogs, sheep, goats, guinea fowls, ducks, chickens, turkeys, skunks or any other animal that may interfere with the quietude, health or safety of the community. No more than four (4) pets will be permitted on each Lot. Pets must be restrained or confined on the homeowners back lot inside a fenced area or within the house. It is the pet owner's responsibility to keep the Lot clean and free of pet debris. All animals must be properly tagged for identification. Animals which have vicious propensities are not allowed. Pit Bull dogs are considered vicious animals and are not allowed.

ARTICLE X. NUISANCES.

No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood or tend to damage or destroy either private or public property.

ARTICLE XI. FIREARMS AND HUNTING.

All types of firearms and pyrotechnics including but not limited to shotguns, rifles, and pistols, are prohibited from being discharged or carried on any Lot; provided, however, that firearms may be kept inside any Living Unit for protection purposes only. Hunting of any type, or discharge of any firearms, including pellet guns or B-B guns is prohibited on any Lot.

ARTICLE XII. MOTORIZED VEHICLES.

All motorized vehicles operating on any Lot must be properly mufflered so as to eliminate noise which might be offensive to others. Two or three wheel motorized vehicles as well as four wheel "go-carts" or "beach buggy" type vehicles are prohibited from being used or operated on any Lot; provided, however, this shall not prohibit use of any vehicles by the U.S. Postal Service or by law enforcement agencies, or of licensed vehicles for necessary ingress or egress to and from any Lot.

ARTICLE XIII. HOMEOWNERS ASSOCIATION

By acceptance of a deed to a lot subject to these restrictions, the owner and his successor and assigns agree to be a member of, pay any dues and/or assessments of, and be bound by all rules and regulations of a homeowners association (hereinafter "Association") which is to be formed and established by the Declarant for the purpose of owning, regulating, maintaining, paying the taxes, insurance, for the purpose of owning, regulating and maintaining the entranceway(s) and maintaining all landscape easements, common areas and decorative street lighting for the TAYLOR'S RUN Subdivision as established and platted by the Declarant. This may include a second phase of TAYLOR'S RUN, said plat to be established and platted by Declarant in the future. The entranceway(s) and landscaping on Common Areas are for the benefit of the lots in TAYLOR'S RUN. The annual dues or assessments (hereinafter "Assessment") shall be due on January 1 of the year for which it is assessed, provided that the Association may make provision for payment thereof in installments. Each annual assessment (or installment thereof) shall, when due, become a lien against the lot against which such assessment is made. Upon demand, the Association shall furnish to any owner or mortgagee a certificate showing the assessments, or installments thereof, due as of any given date. Each lot subject to these restrictions is hereby made subject to a continuing lien to secure the payment of each assessment or charge (or installment thereof) when due.

Such assessment shall be in an amount to be fixed from year to year by the Association, which may establish different rates from year to year as it may deem necessary. The Association may levy additional assessments if necessary to meet the needs of the entranceway(s) and landscape.

The funds arising from said assessment or additional assessments may be used for any or all of the following purposes: maintaining, operating and improving the entranceway(s); landscaped Common Areas or landscaped easement areas; maintaining decorative street lighting and maintaining such insurance as the Directors of the Association see fit. The Association shall pay the taxes, insurance and maintain the common area.

Upon the failure of the Owner of any lot to pay any such assessment, additional assessment, or installment thereof when due, the Association shall have the right to collect the amount thereof by an action at law against the owners as for a debt, and may bring and maintain such other suits and proceedings at law or at equity as may be available. Such rights and powers shall continue in the Association and the lien of such charge shall be deemed to run with the land, and the successive owners of each lot, by the acceptance of deeds therefor, shall be deemed personally to assume and agree to pay all unpaid assessments or additional assessments which have been previously levied against the property, and all assessments or additional assessments as shall become a lien thereon during their ownership. Unpaid assessments or charges, additional assessments, or installments thereof, shall bear interest at ten percent (10%) from the due date thereof, until paid. The Homeowners Association may charge a late payment penalty for dues paid late.

The lien provided for herein shall be subordinate to the lien of any first lien deed of trust (sometimes hereinafter called "mortgage" or "first mortgage" and the holder thereof being sometimes hereinafter referred to as a "first mortgagee") on any Lot if, but only if, all such assessments with respect to such Lot having a due date on or prior to the date such mortgage is filed for record have been paid. The lien and permanent charge hereby subordinated is only a lien and charge as relates to assessments authorized hereunder having a due date subsequent to the date such mortgage is filed of record and prior to the satisfaction, cancellation or foreclosure of such mortgage or the sale or transfer of the mortgaged property pursuant to any proceeding in lieu of foreclosure or the sale or transfer of the mortgaged property pursuant to a sale under power contained in such assessment lien. The sale or transfer of any Lot which is subject to any mortgage pursuant to a foreclosure thereof or under a power of sale or any proceeding in lieu of foreclosure thereof shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer, but the Association shall have a lien upon the proceeds from foreclosure or of sale junior only to the said foreclosed first mortgage and the equity of redemption of the mortgagor or trustor. No sale or transfer shall relieve such Lots from liability for any assessment thereafter becoming due or from the lien thereof.

The monies collected by virtue of the assessments or additional assessments, of the lien provided by this section, shall be paid to the Association to be used in such manner and to the extent as the Association may determine, in accordance with this Section for the benefit of the residents of TAYLOR'S RUN. The judgment of the Directors of the Association in the making of assessments or charges or additional assessments and the expenditure of funds shall be final.

The annual assessment shall be no more than Three Hundred Dollars (\$300.00) per year per Lot for the first year following execution of these Declarations.

The Association shall not be obligated to spend in any one calendar year all of the sums collected during said year by way of assessments or additional assessments and may carry forward to surplus any balance remaining. The Association shall not be obliged to apply any such surplus to the reduction of charges in the succeeding year.

The Association shall have authority, in its discretion, to borrow money to expend for the purposes set forth in this section upon such terms and security and for such periods as it may determine, and to repay said borrowings and the interest thereon from the assessments or additional assessments provided for in this section.

ARTICLE XIV. CONSTRUCTION AND ENFORCEMENT.

In all cases the restrictions set forth or provided for in these restrictions shall be constructed together and shall be given that interpretation or construction which will best tend toward their strict enforcement, and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective.

If the Owner of any of the Lots subject to this Declaration or their heirs, assigns, or successors in title, shall violate or attempt to violate any of the covenants herein, it shall be lawful for any other person, persons, firms or corporations owning any real property situated in said development or subdivision or the Association to prosecute any proceeding at law or in equity against the person or persons, firms and corporations, violating or attempting to violate any such covenant, and either prevent him or them from so doing or to recover damages for such violations.

Invalidation of any one or more of these covenants by judgment or court order shall in no way effect any of the remaining provisions hereof and which shall remain in full force and effect.

ARTICLE XV. AMENDMENT BY DECLARANT.

Any restriction, covenant or condition hereinafter set forth may be removed, modified or changed by securing the written consent of Declarant, which written consent shall be duly executed, acknowledged and recorded in the Office of the Register of Deeds of Forsyth County, North Carolina, and which written consent may be given or withheld

within the uncontrolled and sole discretion of the Declarant, and its heirs and assigns. The Declarant may convey its rights to remove, modify or change any restriction, condition or covenant of this instrument to any person, firm or corporation by instrument in writing duly recorded in the Office of the Register of Deeds of Forsyth County, North Carolina.

In the event Declarant shall seek to obtain approval of this Declaration, the By-Laws, Rules and Regulations and/or the Articles of Incorporation and its development plan, as the same may be changed or supplemented, in order that Lots will be eligible for loan approval, guaranteed or insured by the Veterans Administration ("VA"), the Department of Housing and Urban Development ("HUD"), the Federal Housing Loan Mortgage Corporation ("FHLMC"), the Federal National Mortgage Association ("FNMA") or other governmental agency, it is possible that such agency or agencies will require change in this Declaration and other documents in order to make the Lots and Units eligible for such loans. In such event, Declarant, without the consent or approval of any other Owner (member), shall have the right to amend this Declaration and/or Supplemental Declaration, and other documentation and the amendment shall become effective upon recordation of the amendment, in the Office of the Register of Deeds of Forsyth County, North Carolina. Each Owner (member) and his respective mortgagees, by acceptance of a deed conveying a lot or living unit or a mortgage including the same, as the case may be, hereby irrevocably appoints Declarant his or their Attorney-in-Fact, such power of attorney being coupled with an interest, and authorize, direct and empower Declarant, in the event that Declarant exercises the rights reserved here to amend this Declaration and any Supplemental Declaration and other documentation as here provided, to execute, acknowledge and record for and in the name of such Owner (member) and any such mortgagee an amendment or amendments for such purpose, and for and in the name of such respective mortgagee to execute a consent and joinder of such amendment or amendments.

ARTICLE XVI. GOVERNMENT REGULATIONS.

No covenant or restriction contained herein shall be construed to be contrary to or in conflict with any applicable and valid law, ordinance, or regulation of any properly constituted governmental body having jurisdiction over any Lot as described in Article I. Any variance between the provisions of this Declaration and any such applicable, valid law, ordinance, or regulation (including any amendment thereof) shall be construed so that the latter shall take precedence.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, Taylor's Run Development Company, Inc. has caused this instrument to be signed in its corporate name by its duly authorized officer, this the 20th day of November, 2003.

TAYLOR'S RUN DEVELOPMENT
COMPANY, INC.

By: _____

President

NORTH CAROLINA - FORSYTH COUNTY

I, Penny H. Bell, a Notary Public of County and State aforesaid, certify that Zachary T. Bynum, III, personally appeared before me this day and acknowledged that he is the President of TAYLOR'S RUN DEVELOPMENT COMPANY, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation executed the foregoing instrument.

Witness my hand and official stamp or seal, this 20th day of November, 2003.

My commission expires: _____

12-04-2004



Penny H. Bell
NOTARY PUBLIC

STATE OF NORTH CAROLINA - COUNTY OF FORSYTH

The foregoing certificate(s) of Penny H. Bell, a Notary Public for Forsyth County, NC is certified to be correct. This the 21 day of November, 2003.

DICKIE C. WOOD, REGISTER OF DEEDS

By: _____

Deputy/Assistant