

FOR MULTIPLE PIN SHEET
SEE BOOK 574 PAGE 33 & 34 BOOK 574 PAGE 35
Prepared by and Return to:

Charles H. Thibaut, NORTHEN, BLUE, LITTLE, ROOKS, THIBAUT & ANDERSON
P.O. Box 2208, Chapel Hill, NC 27515-2208

(4)

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made this 14 day of May, 1986, by GROUP 6,
INC. OF CHAPEL HILL, 108 Scarlett Drive, Chapel Hill, North Carolina 27514,
hereinafter referred to as "Declarant".

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain property in Chapel Hill
Township, County of Orange, State of North Carolina, described as Laurel
Springs Subdivision, Phase I, which property is more particularly described
in Exhibit A attached hereto and by reference made a part hereof, and which
said property is shown and delineated by survey and plat thereof recorded in
Plat Book 44, at Page 116, Orange County Registry; and

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

WHEREAS, Declarant desires to provide for the preservation of the
values and eminencies and the desireability and attractiveness of the real
property in said subdivision and for the continued maintenance and operation
of such recreational and common areas as may be provided;

NOW, THEREFORE, Declarant hereby declares that all of the Properties
described above shall be held, sold and conveyed subject to the following
easements, restrictions, covenants and conditions, which are for the purpose

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of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Laurel Springs Homeowner's Association, Inc. of Chapel Hill, a non-profit corporation organized and existing under the laws of the State of North Carolina, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the property described on Exhibit A hereof, including contract sellers, but excluding those having interest merely as security for the performance of an obligation, and shall further include the record owner of a fee simple title to any lot which is shown upon any subdivision map for any property hereafter subjected to the terms, provisions and conditions of this Declaration in accordance with the provisions therefore hereinafter provided.

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

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners subject to the Declaration and the Association Bylaws. The Common Area to be owned by the Association at the time of the conveyance of the first lot is more

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particularly described in Exhibit B attached hereto and by reference made a part hereof.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Group 6 of Chapel Hill, Inc., its successors and assigns if such successors or assigns should acquire more than one (1) undeveloped Lot from the Declarant for the purpose of development.

ARTICLE II

PROPERTIES SUBJECT TO THIS DECLARATION

Section 1. Properties Subject. The property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Chapel Hill Township, County of Orange, North Carolina, and is more particularly described in Exhibit A attached hereto and by reference made a part hereof. Only the above-described property is hereby made subject to this Declaration, provided, however, Declarant reserves the right to subject other real property to the restrictions set forth herein as provided below.

Section 2. Annexation of Additional Properties.

(a) At any time during the effective term of this Declaration, Declarant may propose that the Association annex additional Properties which have been or will be developed as a part of the general plan of development for Laurel Springs. Annexation of additional Properties shall require the assent of two-thirds (2/3) of the votes of the Class A membership of the Association and two-thirds (2/3) of the votes of the Class B membership of the Association, if any, at a meeting duly called for this purpose, written

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notice of which shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting. The presence of Members or of written proxies entitled to cast sixty-six and two-thirds percent (66 2/3%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not present at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be the same. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership are not present in person or by proxy, Members not present may give their written assent to the action taken thereat.

(b) Notwithstanding the above, additional land within the area described in the attached Exhibit C may be annexed by the Declarant without the consent of the members within 3 years of the date of this instrument.

Section 3. Supplementary Declarations. Each addition herein authorized shall be made by filing of record one (1) or more Supplementary Declarations in respect to the property to be then made subject to this Declaration and thereby extend the jurisdiction of the Association to such property and subject such addition to the assessments herein provided for a just and proportionate share of the Association's expenses. Each Supplementary Declaration may contain such complimentary additions and modifications of the covenants, conditions and restrictions contained herein as may be necessary to reflect the different character of the added Properties, provided, however, any such Supplemental Declaration or any such other Declaration shall not revoke or otherwise amend the provisions of this Declaration as pertained to the Properties subject thereto.

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ARTICLE III

PROPERTY RIGHTS

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

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

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

(c) the right of the Association, with the assent of two-thirds (2/3) of each class of members, to mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the Bylaws, his right or enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchaser who reside on the property.

Section 3. Title to the Common Area. The Declarant hereby conveys for itself, its heirs and assigns that it will convey fee simple

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title to the Common Area to the Association, free and clear of all encumbrances and liens, except street rights of way, easements for driveways, walkways, parking and utility easements prior to the conveyance of the first Lot. Declarant, for itself, its successors and assigns, hereby reserves to itself the right to substitute a modified legal description of Common Area earlier deeded to the Association. Such modified legal description shall be based on a survey of the Common Area after all improvements are in place. The Association hereby irrevocably appoints and constitutes Declarant as its attorney-in-fact with the power to substitute the aforesaid modified legal description so that there are no discrepancies or encroachments between any Lots or other Properties and the Common Area. Also included within Declarant's powers as attorney-in-fact is a power to quitclaim to Declarant or to any Owner any portion of any Common Area which shall encroach on Lots or other Properties. This power of attorney is reserved and granted pursuant to N.C.G.S. 32A-8 et seq. and shall be appurtenant to and run with the land. This power of attorney shall be registered in the Office of the Register of Deeds of Orange County, North Carolina.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons

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

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

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) on May 14, 1989.

Section 3. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and pursuant to the provisions of Article III, Section I(a).

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of each

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Lot, and such personal obligation, whether for any delinquent assessments and/or all future assessments, shall remain the personal obligation of such Owner and shall not pass to any successor in title unless expressly assumed by him in accordance with the provisions of this Declaration.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used to provide funds for such purposes as the Association may determine or for the benefit of its members, which purposes may include the maintenance, landscaping and beautification of the Common Areas, as well as any charges related to the installation of cable television lines for the benefit of the property. Funds may also be used to provide other services for the Association members to promote the health, safety and welfare of the residents of Laurel Springs, and in particular for the acquisition, improvement and maintenance of Properties, services and facilities related to the use and enjoyment of the Common Area, including but not limited to the cost of repair, replacement and additions thereto; the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance on Association owned property, the employment of attorneys, accountants and other professionals to represent the Association when necessary or useful, the employment of security personnel and the provision of any service which is not readily available from any governmental authority.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessments shall be One Hundred and Forty Dollars (\$140.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may

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be increased each year not more than five percent (5%) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above five percent (5%) by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements: In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall

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be one half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots. The said assessments may be collected on a monthly basis.

Section 7. Date of Commencement of Annual Assessments: Due Dates.

The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the then maximum legal rate and to the extent permitted by law. The Association, its agent or representative, may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of such action of foreclosure shall be added to the amount of such assessment. No Owner may waive or

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otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination to the Lien of Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to any first mortgage foreclosure under a power of sale or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. All property dedicated to, and accepted by, a local public authority and all Properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VI

ARCHITECTURAL CONTROL, MAINTENANCE AND USE RESTRICTIONS

Section 1. Approval of Plans and Architectural Committee. No building, fence, wall or other structure or improvement of any nature whatsoever shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors

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of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. The said Board, or its designated committee, shall have the right to charge a reasonable fee for receiving each application for approval of plans and specifications in an amount not to exceed Twenty-Five Dollars (\$25.00). Upon giving approval to such plans and specifications, construction shall be started and prosecuted to completion promptly and in strict conformity with such plans as have been previously approved by the said Association, or its designated architectural committee, and the Association shall be entitled to stop any construction which is in violation of these restrictions.

In addition, topographical and vegetation characteristics of property within Laurel Springs shall not be altered by excavation, grading, removal, reduction, addition, clearing, cutting, pruning, seeding, planting, transplanting, or any other means without the prior written approval of the Board, or its designated committee. In addition, the Board, or its designated Committee, may, at its election, require prior written approval for a landscape plan. Refusal or approval of plans or any alteration of topographic or vegetation characteristics may be based by the Board, or its designated committee, upon any ground, including purely aesthetic considerations, for which the Board, or its designated committee, reserve complete discretion. In the event said Board, or its designated committee, fails to grant their approval within 30 days after receipt of a written request, approval will not be required, and this Article will be deemed to have been fully complied with.

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Section 2. Each owner shall provide a screened area to serve as a service yard, and an area in which garbage receptacles, fuel tanks, or similar storage receptacles, electric and gas meters, air conditioning equipment, clothes lines, and other unsightly objects must be placed or stored in order to conceal them from view from the road and adjacent properties. Plans for such screened area delineating the size, design specifications, exterior color or finish, and location, must be approved by the Board, or its designated committee. Garbage receptacles and fuel tanks may be located outside of the screened area only if located under ground, and such underground garbage receptacles and fuel tanks and their location must likewise be approved by the Board, or its designated committee, prior to construction.

Section 3. No mail box shall be erected or maintained on any property until the proposed mail box design, color, and location have been approved in writing by the Board, or its designated committee. Refusal or approval of design, color, or location may be based by the Board, or its designated committee, upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Board, or its designated committee, seems sufficient. No alteration in the exterior appearance of any mail box shall be made without like prior written approval by the Board, or its designated committee. The Board, or its designated committee, further reserves the right to establish uniform mail box regulations which shall define standard design criteria for all mail boxes erected upon any property in Laurel Springs.

Section 4. Land Use and Building Type. No Lot shall be used except for residential purposes only. No building shall be erected, altered,

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placed or permitted to remain on any Lot other than one (1) single family dwelling not to exceed two stories in height.

Only one single family dwelling or replacement thereof shall be placed upon each lot as designated on the said plat and no such lot shall be further subdivided by future owners for the purpose of accomodating additional dwellings, provided, that this clause shall not be interpreted as denying a contiguous property owner the right to exchange with, or sell to, another contiguous property owner a small part of his lot for the purpose of improving the shape or dimension of the said lot or the building site thereon and, provided further, that the area so sold or exchanged shall be added to and become a part of the adjacent lot and the said lots, as altered, shall be subject to the restrictions and covenants as contained in this agreement and, provided further, that two or more adjoining property owners may subdivide their lots between them provided no additional building sites are created.

Section 5. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No trash, rubbish, stored materials, wrecked or inoperable vehicles or similar unsightly items shall be allowed to remain on any Lot outside an enclosed structure; provided, the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish and other such debris for pick up by governmental and other similar garbage and trash removal service units. In the event any Owner fails or refuses to keep his Lot free from unsightly objects, weeds or underbrush in a manner satisfactory to a majority of the Board of Directors of the Association, the Association may, through its agent or representative, five (5) days after posting a notice on such Lot or mailing

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a notice to the Owner thereof at his property address requesting the Owner to comply with the requirements of this Section, enter and remove any and all unsightly objects, debris or other vegetation at Owner's expense and Owner, by acquiring any Lot subject to this Declaration, agrees to pay such costs incurred by the Association in the enforcement of this Section promptly upon demand. No such entry as provided herein shall be deemed a trespass.

Section 6. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided they are not kept or maintained for commercial purposes, and provided that such pets shall at all times be under the control of its owner.

Section 7. Outside Antennas. No outside radio or television antennas shall be erected on any Lot or dwelling unit within the Properties unless and until permission for the same has been granted by the Board of Directors of the Association or its architectural control committee.

Section 8. Signs. No signs of any kind shall be displayed to the public view on any Lot except one sign of not more than five (5) square feet advertising the property for sale or rent or signs used by the Declarant or its agent to advertise the property during the construction and sales period.

Section 9. Use of Common Areas. No planting or gardening shall be done upon any Common Area unless authorized or permitted by the Board of Directors of the Association.

Section 10. Responsibility for Maintenance. Unless the same are dedicated to and accepted by the appropriate municipal authority, maintenance responsibility for the private streets and driveways as shown on all recorded maps shall be the Association's.

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Section 11. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each lot and the Common Area.

Section 12. Size of Buildings. No building placed on a lot shall contain less than 1,600 square feet of usable floor space.

ARTICLE VII

EASEMENTS.

Easements for installation and maintenance of utilities and drainage facilities are reserved in favor of Declarant, as shown on the plat recorded or to be recorded. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

Declarant reserves the right to relocate easements for installation and maintenance of utilities and drainage facilities by so indicating on subsequent plats the new location of such easement over and across portions of said property owned by Declarant, and to extinguish the easements reserved across the old location by recordation of a declaration of withdrawal thereof in the Orange County Registry; provided however, that Declarant may not withdraw, terminate, or relocate any easements in such a manner as would impair the vested rights of any lot owner.

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ARTICLE VIII

BINDING NATURE OF DECLARATION

The covenants, conditions and restrictions contained in this Declaration, both negative and affirmative, and including but not limited to

the covenants to pay dues and assessments, shall be construed to be covenants running with the land covered by this Declaration. Each Lot and the Owner of each Lot covered hereby, or any other person or legal entity claiming an interest in any Lot, and his heirs, executors, administrators, successors and assigns, shall be subject to and bound by all of such covenants, conditions and restrictions, regardless of when, in what manner, or from whom any Lot is acquired.

In the event any Owner of a Lot covered by this Declaration sells his Lot, and does not obtain from the purchaser thereof a specific written assumption of the covenants, conditions and restrictions of this Declaration, which assumption must be filed with the Association, then such selling Owner shall be liable, jointly and severally, with his purchaser and all other successors in title, for the performance thereafter of all such covenants, conditions and restrictions, including, but not limited to, the covenants to pay dues and assessments, until an express assumption is obtained from the Owner of that Lot and is filed with the Association.

ARTICLE IX

GENERAL PROVISIONS

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

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

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Section 3. Headings. Headings are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or adding to the particular paragraphs to which they refer.

Section 4. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 5. If any amendment to these covenants, conditions and restrictions is executed, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors shall, within thirty (30) days, do the following:

(a) Reasonably assure itself that the amendment has been validly executed by the Owners of the required number of Lots. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any Lot to be examined.)

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

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CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS, CONDITIONS AND
RESTRICTIONS OF LAUREL SPRINGS HOMEOWNER'S ASSOCIATION, INC. OF CHAPEL HILL

By authority of its Board of Directors, Laurel Springs Homeowner's Association, Inc. of Chapel Hill, hereby certifies that the foregoing instrument has been duly executed by the Owners of _____ percent of the Lots of Laurel Springs and is, therefore, a valid amendment to the existing covenants, conditions and restrictions of Laurel Springs.

This the _____ day of _____, 19____.

LAUREL SPRINGS HOMEOWNER'S
ASSOCIATION, INC. OF CHAPEL HILL

President

Attest:

Secretary

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Orange County Registry.

All amendments shall be effective from the date of the recordation in the Orange County Registry, provided, however, that no such instrument shall be valid until it has been indexed in the name of the Association. When any instrument purporting to amend the covenants, conditions, and restrictions has been certified by the Board of Directors, recorded, and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots.

Section 6. Rights of Noteholders. Any institutional holder of a first mortgage on a Lot will, upon request, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of its fiscal year, and (c) receive written notice of all meetings of the Association and the right to designate a representation to attend all such meetings.

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Section 7. Association Management. Any Management Agreement for the Association will be terminable by the Association for cause upon thirty (30) days written notice thereof and the terms of such agreement may not exceed one year, renewable by the parties for successive one-year periods; provided, however, that any such termination or failure to renew shall require the prior consent of fifty-one percent (51%) of all first mortgage noteholders on the Lots. Each noteholder shall be given one vote for each note it holds on each Lot which is secured by a first mortgage or first lien deed of trust. Fifty-one percent (51%) of those noteholders entitled to votes must consent to such termination or failure to renew.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed the day and year first above written.

GROUP 6, INC. OF CHAPEL HILL

By: John G. Coffey

President

Attest: Robert T. Rickey

Secretary

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& ANDERSON
ATTORNEYS AT LAW
CHAPEL HILL, N. C. 27514

STATE OF NORTH CAROLINA
COUNTY OF Orange

I, Charles H. Thibaut, a Notary Public of the County and State aforesaid, certify that Robert T. Rickey personally came before me this day and acknowledged that he is the Secretary of GROUP 6, INC. OF CHAPEL HILL, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him as its Secretary.

Witness my hand and Notarial Seal, this the 14th day of May,
1986.

My Commission Expires:

7-28-89

Notary Public

Charles H. Thibaut
CHARLES H. THIBAUT
NOTARY PUBLIC
ORANGE COUNTY, NC
MY COMMISSION EXPIRES 7-28-88

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate is of

Charles H. Thibaut,

A Notary ~~or Notaries~~ Public of the designated Governmental units is ~~not~~ certified to be correct. Filed for registration this the 15th day of May 19 86, at 11:25 o'clock, A.M.

in Record Book 574 Page 35.

Betty June Hayes, Register of Deeds

Return: _____

By: Betty June Hayes
Assistant/Deputy
Register of Deeds

EXHIBIT A

DESCRIPTION OF PROPERTIES
SUBJECT TO DECLARATION

The following property shall be subject to this Declaration, provided that additional land may be annexed and made subject to this Declaration pursuant to Article II:

Being all of Lots 1 - 22, inclusive, as shown in that plat and survey entitled "Final Plat, Laurel Springs, Phase I," as drawn by Philip Post and Associates, dated April 11, 1986, and recorded with the Orange County Register of Deeds in Plat Book 44, at Page 116.

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EXHIBIT B

DESCRIPTION OF COMMON AREAS
SUBJECT TO DECLARATION

The following property shall constitute the Common Area, subject however, to (1) annexation of additional land pursuant to Article II of the Declaration and (2) substitution of a modified legal description of any Common Area by Declarant based on an as-built survey as provided in Article III, Section 3.

Being all that property marked and entitled "Common Area" as shown in that plat and survey entitled "Final Plat, Laurel Springs, Phase I," as drawn by Philip Post and Associates, dated April 11, 1986, and recorded with the Orange County Register of Deeds in Plat Book 44, at Page 116.

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EXHIBIT C

DESCRIPTION OF PROPERTY WHICH MAY BE ANNEXED

The following property may be annexed by the Declarant without the consent of the members within 3 years of the date of this instrument.

Tract 1. All that certain tract or parcel of land lying and being in Chapel Hill Township, Orange County, North Carolina, known as Tract Nos. 2 and 3, containing 59.19 acres and 60.00 acres, respectively, as shown in that plat and survey entitled "Division of Property of Dee Durham Heirs," surveyed by ENT Land Surveys, Inc., dated August 31, 1985, and recorded in Plat Book 43, at Page 54, Orange County Registry, to which reference is made for a more particular description.

Tract 2. Being a portion of Tract No. 1 according to the plat and survey referenced above in the description of Tract 1, said property containing 28.28 acres, more or less, and described as follows: Beginning at a PK nail set in the right of way of State Road 1112, also known as Dairyland Road, a common corner of the above-referenced Tract 2, running thence with the line of Tract 2 South $56^{\circ} 31' 31''$ West 2,056.16 feet to a point, a common corner shared with the above-referenced Tract 2, running thence North $08^{\circ} 23' 12''$ East 439.60 feet to an iron located on the West bank of Morgan Creek, hence with the creek North $56^{\circ} 16' 53''$ West 85.36 feet to a point, running thence with the creek North $04^{\circ} 02' 49''$ East 167.69 feet to a point, running thence North $46^{\circ} 20' 54''$ West 261.45 feet to an iron on the west bank of the creek, running thence North $16^{\circ} 13' 35''$ West 114.22 feet to a point, thence with the creek South $85^{\circ} 59' 09''$ West 125.34 feet to a point, thence running with a new line North $33^{\circ} 27' 09''$ East 382.56 feet to an iron, thence South $60^{\circ} 04' 50''$ East 285.41 feet to an iron, thence North $54^{\circ} 00' 00''$ East 273.51 feet to an iron, thence North $53^{\circ} 59' 35''$ East 48.64 feet to a point located within the centerline of State Road 1112, also known as Dairyland Road, running thence along a curve, the centerline of said road, having a radius of 1,328.34 feet, an arc of 200.30 feet and a cord of South $83^{\circ} 30' 50''$ East 200.11 feet to a point in the centerline of said road, running thence with said centerline South $87^{\circ} 50' 01''$ East 648.78 feet to a point within the centerline of said road, running thence with the centerline of said road on a curve having a radius of 1,300.47 feet, an arc of 507.40 feet, and a cord of South $76^{\circ} 39' 22''$ East 504.19 feet to a PK nail set, the point and place of Beginning.

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MULTIPLE PIN

NORTH CAROLINA
ORANGE COUNTY

ASSIGNMENT

BOOK 574 PAGE 58

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Verified by PBS
10/2FOLLOWING PINs ASSIGNED TO: C/C 574 / 60
Document Type Book PageSUBDIVISION DESCRIPTION: Phase 1 Laurel Springs PLAT 1PINDESC:

9769-49-8455 4. #1 Ph 1 Laurel Springs
7.110B.19769-59-0337 5. #2 " "
7.110B.29769-59-1284 6. #3 " "
7.110B.39769-49-9092 7. #4 " "
7.110B.49769-49-7169 8. #5 " "
7.110B.59769-48-6919 9. #6 " "
7.110B.69769-48-7993 10. #7 " "
7.110B.79769-58-0756 11. #8 " "
7.110B.89769-58-1920 12. #9 " "
7.110B.9

MULTIPLE PIN

NORTH CAROLINA
ORANGE COUNTYASSIGNMENT
BOOK 574 PAGE 59Page 2 of 2Verified by PBS
JKRFOLLOWING PINS ASSIGNED TO: C/C
Document Type574 / 60
Book PageSUBDIVISION DESCRIPTION: Ph 1 Laurel Springs PLAT 1PINDESC:

<u>9749-59-3003</u>	1. <u>#10</u>	<u>DA 1 LAUREL SPRINGS</u>
<u>7.110B. 10</u>		
<u>9749-59-4085</u>	2. <u>#11</u>	" "
<u>7.110B. 11</u>		
<u>9749-58-6910</u>	3. <u>#12</u>	" "
<u>7.110B. 12</u>		
<u>9749-58-4711</u>	4. <u>#13</u>	" "
<u>7.110B. 13</u>		
<u>9749-58-6771</u>	5. <u>#14</u>	" "
<u>7.110B. 14</u>		
<u>9749-58-3684</u>	6. <u>#15</u>	" "
<u>7.110B. 15</u>		
<u>9749-58-8329</u>	7. <u>#16</u>	" "
<u>7.110B. 16</u>		
<u>9749-58-5490</u>	8. <u>#17</u>	" "
<u>7.110B. 17</u>		
<u>9749-58-3495</u>	9. <u>#18</u>	" "
<u>7.110B. 18</u>		
<u>9749-58-1497</u>	10. <u>#19</u>	" "
<u>7.110B. 19</u>		
<u>9749-48-9561</u>	11. <u>#20</u>	" "
<u>7.110B. 20</u>		
<u>9749-48-7529</u>	12. <u>#21</u>	" "
<u>7.110B. 21</u>		
<u>9749-48-5714</u>	13. <u>#22</u>	" "
<u>7.110B. 22</u>		