

Prepared by and return to:
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FAISON & BROWN
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Raleigh, North Carolina 27609

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
COURTLAND GREEN AT SPRING HILL

THIS DECLARATION, made on the date hereinafter set forth by MYRICK CONSTRUCTION COMPANY OF RALEIGH, INC., a North Carolina corporation, Route 1, Box 560, Knightdale, North Carolina 27545, hereinafter referred to as "Declarant".

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

WHEREAS, Declarant is the owner of certain Properties in the County of Durham, State of North Carolina; and

WHEREAS, Declarant will convey lots from its said Properties subject to certain protective covenants, conditions, restrictions and easements as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares that all of the Properties described hereinafter shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of enhancing and protecting the value and desirability of, and which shall run with, the Properties 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.

*Sub. Agmt.
BK 1513
P 628
5-22-90*

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Courtland Green Homeowner's Association, Inc., its successors and assigns.

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

Section 3. "Properties" shall mean and refer to that certain real property more particularly described on Exhibit A attached hereto and incorporated herein by this reference, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean that certain portion of the Properties (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners, including the private roads or streets, if any, parking areas and any recreational facilities. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is described with greater particularity on Exhibit B attached hereto and incorporated herein by this reference.

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 and road rights-of-way which are offered for public dedication.

Section 6. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 7. "Declarant" shall mean and refer to MYRICK CONSTRUCTION COMPANY OF RALEIGH, INC., a North Carolina corporation, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 8. "Board of Directors" shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

Section 9. "Bylaws" shall mean and refer to the Bylaws of the Association as amended from time to time.

Section 10. "Assessment" shall mean and refer to the share of the Common Expenses from time to time assessed against a Lot and its Owner by the Association in the manner herein provided.

Section 11. "Common Expenses" shall mean and refer to all sums lawfully assessed against a Lot by the Association; expenses of administration, maintenance, repair or replacement of the Common Areas; expenses agreed upon as Common Expenses by the Association; expenses declared Common Expenses by the provisions of this Declaration or the Bylaws; and, insurance premiums.

ARTICLE II

PROPERTY RIGHTS

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

(a) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facilities which may constitute a portion of the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of any of the recreational facilities which may constitute a portion of the Common Area 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;

(c) the right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and its facilities, and in aid thereof, to deed in trust the Common Area;

(d) 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 agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of Members has been recorded; and,

(e) the right of the Association to formulate, publish, impose and enforce rules and regulations for the use and enjoyment of the Common Area, which regulations may further restrict the use of the Common Area.

Section 2. Delegation of Use. Subject to Section 1 above, any Owner may delegate, in accordance with the Bylaws, his rights of use and enjoyment in and to the Common Area, to the members of his family, his lawful tenants, or contract purchasers who reside on such Owner's Lot and, to his guests, invitees and licensees.

Section 3. General Easements and Associated Undertakings. All of the Properties, including Lots and Common Area, shall be subject to such easements for private roads or drives, public streets, water lines, sanitary sewers, storm drainage facilities, gas lines, cable communication transmission, telephone and electric power lines and other public utilities as shall be established by the Declarant or by his predecessor in title, prior to the subjecting of the Properties to this Declaration; provided, however, as to any easements which may be granted that run across or affect any of the Lots, such easements shall not be granted so as to run under or disturb in any way any of the

dwelling structures which may be constructed upon such Lots; and the Association shall have the power and authority to grant and establish upon, over, under and across the Common Area conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Properties. Sight easements, if any, as may be shown upon any recorded subdivision map of the Properties are hereby reserved by the Declarant.

An easement is hereby established for the benefit of the County of Durham, City of Durham and any agency thereof over all Common Area and Lots hereby or hereafter established for the setting, removal, and reading of water meters, the maintenance and replacement of water, sewer and drainage facilities, the fighting of fires, collection of garbage and police protection. Initially, the collection of garbage shall be by hand refuse collection.

Section 4. Temporary Construction Access and Disturbance Easement. An easement over, through and to the Common Area is hereby reserved, conveyed and established in favor of Declarant and all Owners of any Lot to be used for purposes of ingress, egress, regress, conduct of construction activity, storage of construction materials, the necessary disturbance of land for construction on any Lot, and installation of driveways, sidewalks, underground drainage and utility conduits and hookups. This easement shall be used only as and when necessary to facilitate the construction of improvements at any time on a Lot by Declarant or Owner as well as the extension of driveways, sidewalks, underground drainage and utility conduit and hookups to any dwelling structure situated on a Lot. In using and taking the benefits of said easement, Declarant or its designate and Owners shall use their best efforts to minimize any soil or land disturbance activities, and shall restore the land to a condition

which is graded smooth and in harmony with surrounding areas. Should Declarant, its designate or an Owner fail to restore the disturbed land as required above, the Association may restore the land to the required condition and Declarant, its designate or Owner, as the case may be, shall indemnify the Association for the reasonable expense incurred in performing such restoration. Where any Owner shall seek to take advantage of the easement herein conveyed, such Owner's rights of use shall be restricted to that Common Area which shall be reasonably servient and proximate to his Lot.

Section 5. Easement for Minor Encroachments. All Lots and the Common Area shall be subject to a perpetual easement for the encroachment of initial improvements constructed on Lots by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, roofs, gutters, downspouts, exterior storage rooms, bay windows, stoops, decks, patios, porches, steps and walls. If any encroachment shall occur subsequent to subjecting the Properties to the Declaration as a result of settling or shifting of any improvement or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and there shall be a valid easement for such encroachment and for the perpetual maintenance of the same. Every Lot shall be subject to an easement for entry and encroachment by the Declarant for a period not to exceed eighteen (18) months following conveyance of a Lot to an Owner for the purpose of correcting any problems that may arise regarding grading and drainage. The Declarant, upon making entry for such purpose, shall restore the affected Lot or Lots to as near the original condition as practicable.

Section 6. Structural Support. The dwelling structures constructed upon each Lot are constructed such that they adjoin dwelling structures on adjacent Lots by virtue of a party wall. Every portion of a dwelling structure on a Lot which contributes to the structural support of the adjoining dwelling structure shall be burdened with an easement of structural support for the benefit of such adjoining dwelling structure.

Section 7. Emergencies and Entrance. Every Lot and dwelling structure thereon shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot or within any dwelling structure and that endangers any improvement or portion of the Common Area. Every Lot and dwelling structure thereon shall also be subject to an easement and right of entry by the Association to do other work reasonably necessary for the maintenance and operation of the Properties, as to the right of entry to the dwelling structure granted by this sentence, prior notice of the entry shall be given by the Association and the same shall be exercised at reasonable times.

Section 8. Title to the Common Area. The Declarant hereby covenants for itself, its heirs and assigns that it will convey fee simple title to the Common Area described on Exhibit B hereto to the Association, which Common Area shall include any private roads or drives which may have been previously created, free and clear of all encumbrances and liens, except those matters of record.

Section 9. Utility Charges for Water and Street Lights. As consideration for the conveyance of the Common Area and as consideration for the rights, entitlements and benefits granted to and conferred upon the Association under and by virtue of this Declaration, the Association covenants and agrees to accept the

responsibility for payment of any and all fees, charges and expenses arising by virtue of the use of water provided to and used in connection with any of the Common Area and by virtue of the use and operation of the street lights installed and erected within the Common Area from and after the date of acceptance. Such cost of fees, charges and expenses paid by the Association shall be charged ratably to the Owners as an Assessment according to the provisions of Article IV below.

Section 10. Parking Rights. Ownership of each Lot shall entitle the Owner thereof, and those to whom such Owner may choose to delegate, to the use of two automobile parking spaces, together with the right of ingress and egress in, to and upon said parking areas. Such parking spaces shall be as near and convenient to each Lot as reasonably possible. No boats, trailers, campers or recreational vehicles shall be parked within the Common Area, or right-of-way of any private road or street within the Properties.

Section 11. Spring Hill Planned Residential Development. The Properties are included within, and constitute a portion of, the Spring Hill Planned Residential Development ("Spring Hill"). Spring Hill will be comprised of a variety of subdivisions, condominiums and townhouse projects, each of which may likely have general common areas. Each of the general common areas will likely be owned or managed by the respective property owners association (including a condominium association) established for that project. In order to provide for the use and enjoyment of all such general common areas by all property owners within Spring Hill, it is important that each project grant cross-covenants of use and enjoyment for such general common areas to the property owners of each respective recorded project within Spring Hill that is also subjected to covenants with

recorded reciprocal cross-covenants for use of general common areas as are indicated on recorded survey plans filed by the developer thereof with respect thereto. There is therefore hereby granted a reciprocal nonexclusive cross-covenant for the use and enjoyment of general common areas to any property owner within Spring Hill who owns property within a project within Spring Hill which is subjected to recorded reciprocal land use covenants substantially similar to this covenant which grants reciprocal rights for the use and enjoyment of the general common areas within that respective project. Where such cross-covenants are effective, the respective property owners associations, including the Courtland Green Homeowner's Association, Inc., shall coordinate to provide for reasonable rules and regulations regarding the use and maintenance of such general common areas. In the absence of such coordination, reasonable rules and regulations established by the Association shall control the use and enjoyment of the Courtland Green Common Area. In order to carry out the foregoing, to ensure that all signage throughout Spring Hill is maintained in a consistent, attractive manner, to ensure that entrance ways and all of Spring Hill is attractive and well maintained, to ensure that the private sewer system serving Spring Hill is maintained properly, the Association shall have the affirmative duty, in good faith and with reasonable diligence, to work with other property owners associations in Spring Hill to establish such agreements as may be necessary and appropriate to provide for such care and maintenance on a shared basis or such other basis as is agreed upon by the Association and the other respective associations. Except as expressly set forth herein, no other rights or covenants, express or implied, shall be created or implied with

respect to any portion of Spring Hill located outside the Properties.

Section 12. Wastewater Collection System. Declarant, at its expense, has constructed a gravity and outfall wastewater collection system to serve Spring Hill. When such system has been extended to serve the Properties, the facilities have been inspected by the North Carolina Environmental Management Commission, and a permit has been issued by the North Carolina Environmental Management Commission, Declarant will dedicate such portion of the system to the Association as is necessary to properly serve the Properties. Upon such dedication, the Association shall undertake the following obligations, which obligations may be enforced by the North Carolina Environmental Management Commission as a third party beneficiary of this Section 12.

(i) The Association, after transfer of ownership by Declarant to the Association of the respective portion of the wastewater collection system as is necessary to properly serve the Properties, shall apply to the North Carolina Environmental Management Commission for a permit to operate the system and shall thereafter properly maintain and operate the wastewater collection system and wastewater treatment or disposal facilities and appurtenances thereto in conformity with law and the provisions of the permit for construction, operation, repair, and maintenance of the system and facilities issued by the North Carolina Environmental Commission; and, the Association acknowledges and agrees that the ready availability of funds to accomplish the foregoing construction, operation, repair and maintenance shall be given highest priority by the

Association, except for Federal, state and local taxes and insurance;

(ii) If a wastewater collection system provided by any city, town, village, county, water and sewer authorities, or other unit of government shall hereinafter become available to serve the Properties, the Association or the Declarant, shall take such action as is necessary to cause the existing and future wastewater from the Properties to be accepted and discharged into such governmental system; and shall convey or transfer as much of the wastewater collection system and wastewater treatment and/or disposal facilities and such necessary easements as the governmental unit may require as a condition of accepting wastewater from the Properties;

(iii) The Association, recognizing that it would be contrary to the public interest and to the public health, safety and welfare to enter into voluntary dissolution without having made adequate provision for the continued proper maintenance, repair and operation of its wastewater collection system and wastewater treatment and/or disposal facilities, shall not enter into voluntary dissolution without first having transferred its said system and facilities to some person, corporation or other entity acceptable to and approved by the North Carolina Environmental Management Commission by the issuance of a permit; and

(iv) The Association shall not transfer, convey, assign or otherwise relinquish or release its responsibility for the operation of its portion of the private sewer system until it has first secured the written approval of the North Carolina Environmental Management Commission.

ARTICLE III

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 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 vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they 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 occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; provided, however, in the event the Class B membership shall cease and be converted to Class A membership because the Declarant no longer owns the number of Lots required to keep such Class B membership in effect, such Class B membership shall be reinstated by the recordation of a subdivision map of the Properties which creates additional Lots that are in accordance with the overall plan of development for Courtland Green at Spring Hill or annexed in accordance with the provisions of Article IX, Section 5 hereof, but in no event shall such Class B membership extend

beyond the time stated in subparagraph (b) of this Section; or

(b) on November 1, 1993.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned with the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual Assessments or charges, and (2) special Assessments for capital improvements, such Assessments to be established and collected as hereinafter provided. The annual and special Assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such Assessment is made. Each such Assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area and the improvements thereon, including the parking areas, private roads, drives or streets, if any, construction, operation, maintenance and repair of the wastewater collection system, exterior maintenance of the dwelling structures constructed upon each Lot, maintenance and repair of the private

portions of the water system and establishment of adequate reserves for the replacement of such private portions of the water system, for the establishment of adequate reserves for the replacement of capital improvements, if any, located within the Common Area, payment of insurance premiums for contracts of hazard and liability insurance on the Common Area and hazard insurance on the dwelling structures constructed upon each Lot, payment of assessments for public and private capital improvements made to or for the benefit of the Common Area, payment of local ad valorem taxes, if any, on the Common Area and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual Assessment shall be Eight Hundred Twenty Eight and NO/100 Dollars (\$828.00).

(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 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 or property owned by Courtland Green Homeowner's Association, Inc., including fixtures and personal property related thereto, extraordinary costs incurred with respect to the construction, operation, maintenance and repair of the wastewater collection system or extraordinary exterior maintenance required to be performed upon the dwelling structures constructed upon the Lots; provided, however, 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 of this Article 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 be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special Assessments must be fixed at a uniform rate for all Lots and annual Assessments shall be due and payable and collected on a monthly basis; provided, however, annual and special

Assessments for all Lots owned by Declarant which are not occupied as a residence shall be twenty-five percent (25%) of such Assessments for other Lots. Special 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 and shall be due and payable as to all Lots platted of record on the first day of the month following the conveyance of the Common Area and on the first day of each consecutive month thereafter. Such amount due and payable on the first day of each such month shall be equal to one-twelfth (1/12) of the annual Assessment as set forth and established pursuant to Section 3 of this Article. The first annual Assessment shall be adjusted according to the number of months remaining in the calendar year. In addition to the annual Assessment, there shall be paid at the time of the initial sale of each Lot at least two months' Assessments in order to provide a working capital fund for the initial months of the Association's operation, which payment shall be exclusive of, and not a prepayment of any portion of, the annual Assessment otherwise due. 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 date shall be as previously set forth herein, unless otherwise 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. A properly executed certificate of the Association as to the status of Assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments. Remedies of the Association. Any Assessment not paid within thirty (30) days after the due date shall be subject to a late charge of Twenty Five and NO/100 Dollars (\$25.00). The Association may bring an action at law against the Owner personally obligated to pay the same for such delinquent Assessment, late charges and reasonable attorney's fees of any such action, or foreclose the lien against the property. For purposes of this Section, the amount of delinquent Assessment and late charge shall be considered evidenced by this paragraph and therefore, evidence of indebtedness shall exist hereby. No owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to 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 mortgage foreclosure 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. Lien for Delinquent Taxes or Government Assessments. Upon default by the Association in the payment of any ad valorem taxes or assessments for public improvements to the governmental authority entitled thereto, which default shall continue for a period of six (6) months, the taxing or assessing governmental authority shall be vested with a lien on each individual Lot within the Properties in an amount determined by dividing the total taxes and assessments due the governmental

authority by the total number of Lots in the Properties. Such liens may be foreclosed by the governmental authority in the same manner as provided for foreclosure of liens for ad valorem taxes and assessments for public improvements.

ARTICLE V

INSURANCE

Section 1. Ownership of Policies. All insurance policies upon the Common Area and dwelling structures constructed upon Lots which shall be purchased by the Association shall be for the benefit of all the Association and the Owners and their mortgagees as their interest may appear, and provisions shall be made for the issuance of a certificate of mortgagee endorsement to the mortgagees of Lots. Owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expenses and such other coverage as they may desire.

Section 2. Coverage. All dwelling structures constructed upon Lots and all improvements and personal property included in the Common Area shall be insured in an amount equal to one hundred percent (100%) of their insurable replacement value with reasonable deductibles as determined annually by the Association with the assistance of the insurance company underwriting the coverage. Such coverage shall provide protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and such other risks as from time to time shall be customarily covered with respect thereto. In addition, public liability insurance shall be secured by the Association with limits of liability of no less than One Million Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such

other insurance coverage as the Association shall determine from time to time to be desirable and necessary. Such policies shall contain clauses providing for waiver of subrogation, if possible. The Association shall maintain insurance and fidelity bond coverage as specified in the FNMA Lending Guide, Chapter 3, Part 5, as the same may be amended from time to time, or as contained in any successor provisions relative thereto.

Section 3. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to at least six (6) months' Assessments plus reserves accumulated.

Section 4. Premiums. Premiums for contracts of insurance purchased by the Association shall be paid by the Association and charged ratably to all Owners as an Assessment according to the provisions of Article IV above.

Section 5. Proceeds. All contracts of insurance purchased by the Association shall be for the benefit of the Association and its mortgagees, if any, as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein.

Section 6. Distribution of Insurance Proceeds. Proceeds of contracts of insurance received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficiary or beneficiaries thereof in the following manner:

(a) the proceeds shall be paid first to defray the cost of reconstruction and repair of casualty or liability so covered.

(b) any expense of the insurance trustee may be paid from proceeds after payment of reconstruction or repair expenses or liability. Any proceeds remaining thereafter shall be distributed to the beneficiary or beneficiaries of the trust.

ARTICLE VI

ARCHITECTURAL AND APPEARANCE CONTROL

Section 1. Required Approval. Except for the initial dwelling structure constructed on a Lot by Declarant in accordance with Declarant's general plan of development, which initial dwelling structure shall be exempt from the following approval process, so long as the plans and specifications therefor are in strict conformity with those previously approved by the Federal National Mortgage Association, Veterans Administration or Federal Housing Administration, as the case may be, no building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, including expansions of the initial dwelling structure constructed, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

Section 2. Exterior Maintenance. In addition to the maintenance of the Common Area and the facilities located thereon, the Association shall provide exterior maintenance upon each Lot which is subject to Assessment hereunder, as follows: Stain and/or paint the exterior of the dwelling structure located on a Lot, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, mailboxes, fences installed by Declarant or the Association, exterior post lights and other such exterior improvements as deemed necessary by the Association. Such exterior maintenance shall not include glass surfaces, exterior lighting fixtures and outlets attached to the dwelling structure located on a Lot.

Any owner who fences or encloses any portion of his Lot (which fence or enclosure shall require the prior approval of the Association) may plant trees, shrubs, flowers and grass in the fenced or enclosed portion as he elects and shall maintain the fenced or enclosed portion at his own expense, provided that such maintenance does not hinder the Association in performing its maintenance duties as to the dwelling structure located on a Lot, the remaining yard spaces, or the Common Areas. No such maintenance by an Owner shall reduce the Assessment payable by him to the Association. If, in the opinion of the Association, any such Owner fails to maintain his yard in a neat and orderly manner, the Association may revoke the Owner's maintenance rights for a period not to exceed one year and the Association shall perform maintenance during the revocation period. No Owner shall plant any vegetation on the Common Area except with the prior written approval of the Association.

In the event that the need for maintenance or repair of a Lot or the improvements thereon is caused through the willful or

negligent acts of its Owner or his family, tenants, contract purchasers, guests, or invitees, the cost of such maintenance, replacement, or repairs shall be added to and become a part of the Assessment to which such Lot is subject.

ARTICLE VII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of a dwelling structure upon the Properties and placed on the dividing lines between two (2) adjoining Lots, and all reconstruction or extensions of such walls, shall constitute party walls, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support in below-grade construction and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

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

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

Section 4. Reconstruction of Party Wall. The Owner of any Lot may construct or reconstruct (subject to and within the limitation of architectural control and other limitations of this

Declaration) with the right to go upon the adjoining Lot to the extent necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition as prevailed before the commencement of such construction as is reasonably practicable.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who, by his negligence or willful act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7. Certification by Adjoining Property Owner that No Contribution is Due. If any Owner desires to sell his Lot, he may, in order to assure a prospective purchaser that no adjoining Owner has a right of contribution as provided in this Article VII, request of the adjoining Owner a certification that no right of contribution exists, whereupon it shall be the duty of each adjoining Owner to make such certification immediately upon request and without charges; provided, however, that where the adjoining Owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section 8. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided by the laws of North Carolina then in effect relating to arbitration.

ARTICLE VIII

USE RESTRICTIONS

Section 1. 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 each Lot and the Common Area.

Section 2. Use of Properties. No portion of the Properties (except during the period of initial Lot sales the Declarant may use one or more Lots for temporary office space and as a model for sales purposes) shall be used except for residential purposes incidental or accessory thereto.

(a) Outside clothes lines shall not be permitted upon any Lot at locations where they can be viewed from any street.

(b) No commercial signs, with the exception of a "For Sale" or "For Rent" sign no more than three feet in width and three feet in height, shall be erected or maintained on any Lot.

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

(d) No exposed above-ground tanks will be permitted for the storage of fuel or water or any other substance, except that such tanks may be placed above-ground provided they are kept in a screened enclosure which must be compatible in appearance and locale with the previously constructed residential structure. Any such screened enclosure must exceed in height by at least one (1) foot any such tanks as may be placed therein.

(e) Nothing shall be kept and no activity shall be carried on in any dwelling structure on a Lot or on the Common Area which

will increase the rate of insurance, applicable to residential use, for the property involved or the contents thereof. No Owner shall do or keep anything, nor cause or allow anything to be done or kept, in his dwelling structure or on the Common Area which will result in the cancellation of insurance on any portion of the Properties, or the contents thereof, or which will be in violation of any law, ordinance, or regulation. No waste shall be committed on any portion of the Common Area. All garbage receptacles, containers and enclosures shall be located at the rear of the dwelling structure on a Lot.

Section 3. Hobbies and Activities. The pursuit of hobbies or other 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, shall not be pursued or undertaken on any part of any Lot or Common Area.

Section 4. Required Land Use. No Lot may be subdivided by sale or otherwise so as to reduce the total area thereof below that as shown on any recorded subdivision map of the Properties.

Section 5. Animals and Pets. No stable, poultry house or yard or other similar structure shall be constructed or allowed to remain on any Lot, nor shall livestock of any nature or classification whatsoever be kept or maintained on any Lot without the express written permission of the Association first had and obtained. However, a reasonable number of household pets as determined by the Board of Directors of the Association shall be permitted, provided they are not raised for commercial purposes. Such pets as may be permitted shall be subject to such rules and regulations as may be established by the Board of Directors with respect to the enforcement of pet control.

Section 6. Prohibited Activities. Noxious, offensive or loud activities shall not be carried on upon any Lot. Each Owner shall refrain from any act or use of his Lot which could reasonably cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. Each Owner shall keep and maintain his Lot in a neat, orderly and well kept manner.

Section 7. Governmental Regulations. All governmental building codes, health regulations, zoning restrictions and the like applicable to the Properties shall be observed. In the event of any conflict between any provision of such governmental code, regulation or restriction and any provision of this Declaration, the more restrictive provision shall apply.

ARTICLE IX

GENERAL PROVISIONS

Section 1. Enforcement. The Association, Declarant 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, Declarant or 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 wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants, conditions 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 approved by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument approved by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded.

Section 4. Amendment Form. If any amendment to these covenants, conditions and restrictions is so approved, 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 approved 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:

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS
CONDITIONS AND RESTRICTIONS OF
COURTLAND GREEN AT SPRING HILL

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

This the _____ day of _____, 19____.

COURTLAND GREEN HOMEOWNER'S
ASSOCIATION, INC.

President

Attest:

Secretary

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

All amendments shall be effective from the date of their recordation in the Durham 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 5. Annexation of Additional Properties. 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 Courtland Green at Spring Hill as follows:

(a) Additions by Declarant. Additional land within the area described in Exhibit C attached hereto, may be annexed by the Declarant without the consent of Members within five (5) years from the date of this Declaration provided that the FHA, FNMA or VA, as the case may be, determine that the annexation is in accord with the general plan heretofore approved by them.

The additions authorized under this and the succeeding subsection, shall be made by filing of record an amendment with respect to the additional property which shall extend the scheme of the covenants and restrictions of this Declaration to such property or by adopting this Declaration in whole or in part by reference.

Such amendment may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the scheme of this Declaration.

(b) Other Additions. Annexation of additional properties other than those described in Exhibit C 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 notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (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 sixty (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 consent to the action taken thereat.

Section 6. Leasing. No Lot or the residential structure thereon shall be leased for transient or hotel purposes, nor may any Owner lease less than the entire residential structure on his Lot, nor shall any such lease be for a period of less than thirty (30) days. Any lease must be in writing and provide that the terms of the lease and occupancy of the dwelling structure shall

be subject to this Declaration and the Bylaws and any failure by a lessee to comply with such shall be a default under the lease.

Section 7. Addition of Recreational Facilities. The Declarant shall not add any recreational facilities as amenities for the Association without first obtaining the written consent of a majority of the Class A Members.

Section 8. Contract Rights of Association. As long as there is a Class B membership, any contract entered into by or on behalf of the Association shall contain a provision giving the Association or the other party thereto the right to terminate such contract upon the giving of not more than thirty (30) days written notice to the other party or parties.

Section 9. Lender's Notice. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

(a) any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage.

(b) any sixty (60) day delinquency in the payment of Assessments owed by the Owner of the Lot on which it holds the mortgage.

(c) a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) any proposed action that requires the consent of a specified percentage of mortgage holders.

(e) the Association's financial statement for the immediately preceding fiscal year.

Section 10. FHA/VA/FNMA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration, Veterans

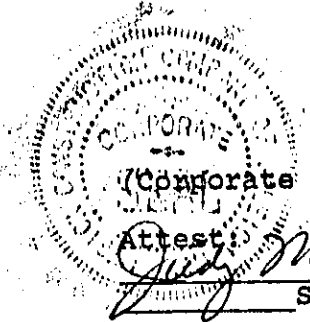
Administration or Federal National Mortgage Association, as the case may be: Annexation of additional properties, dedication of Common Area, deeding in trust the Common Area, mergers and consolidations and amendment of this Declaration.

Section 11. Conflicts. In the event of a conflict between the terms and provisions of this Declaration and the Bylaws or Articles of Incorporation of the Association, the terms and provisions of this Declaration shall control. In the event of a conflict between the terms and provisions of the Bylaws and the Articles of Incorporation of the Association, the terms and provisions of the Articles of Incorporation shall control.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 17th day of May, 1990.

MYRICK CONSTRUCTION COMPANY OF RALEIGH, INC.

By: [Signature] President

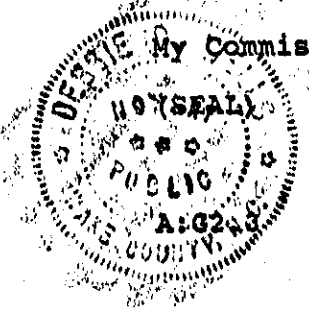


STATE OF NORTH CAROLINA COUNTY OF Wake

I, a Notary Public of the County and State aforesaid, certify that Judy W. Hicks personally came before me this day and acknowledged that she is Corporate Secretary of Myrick Construction Company of Raleigh, Inc., 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 Corporate President, sealed with its corporate seal and attested by herself as its Corporate Secretary. Witness my hand and official stamp or seal, this the 17th day of May, 1990.

My Commission Expires: 8-17-91

[Signature] Notary Public



FILED
BOOK 1593 PAGE 593-627
'90 MAY 22 PM 2 54
RUTH C. GARRETT
REGISTER OF DEEDS
DURHAM COUNTY, N.C.

State of North Carolina - Durham County
The foregoing certificate(s) of [Signature]
A Notary (Notaries) Public for the Designated Government units is (are) certified to be correct.
This the 22 day of May A.D. 1990
Ruth C. Garrett
Register of Deeds
By: [Signature]
Assistant, Deputy Register of Deeds

Exhibit A

Being all of that certain tract of land located in Durham County, North Carolina and being more particularly described as follows:

BEGINNING at the point of intersection of the southern margin of the right of way of Highgate Drive and the eastern margin of the right of way of Touchstone Drive; thence leaving said point of BEGINNING and running along and with a curve to the right commencing in the eastern margin of the right of way of Touchstone Drive and ending in the southern margin of the right of way of Highgate Drive, said curve having a radius of 25 feet, a length of 39.27 feet and a chord bearing and distance of South 37 degrees 02 minutes 31 seconds West 35.36 feet; thence running with the southern margin of the right of way of Highgate Drive North 82 degrees 02 minutes 31 seconds East 132.62 feet to a point; thence leaving the southern margin of the right of way of Highgate Drive and running South 00 degrees 19 minutes 40 seconds West 245 feet to a point; thence running North 89 degrees 40 minutes 20 seconds West 145 feet to a point located in the eastern margin of the right of way of Touchstone Drive; thence running with the eastern margin of the right of way of Touchstone Drive three (3) calls as follows: (1) thence running with a curve to the right having a radius of 149.73 feet, a length of 37.83 feet and a chord bearing and distance of North 03 degrees 52 minutes 46 seconds East 37.74 feet to a point; (2) thence running with a curve to the left having a radius of 245 feet, a length of 81.53 feet and a chord bearing and distance of North 01 degrees 34 minutes 31 seconds East 81.15 feet to a point; and, (3) North 07 degrees 57 minutes 29 seconds West 79.59 feet to the point and place of BEGINNING and being all of Phase I of Courtland Green at Spring Hill as shown on plat recorded in Plat Book 122, Page 175, Durham County Registry.

Exhibit B

page 6 26

Being all of that certain common area located in Durham County, North Carolina, being more particularly described as follows:

Being all of Phase I of Courtland Green at Spring Hill as shown on plat recorded in Plat Book 122, Page 175, Durham County Registry, reference being made to such recorded plat for the metes, bounds, courses and distances, LESS AND EXCEPT from this conveyance Lots 501, 503, 505, 519, 521 and 523, as shown in Plat Book 122, Page 175, Durham County Registry, reference being made to such recorded plat for the metes, bounds, courses and distances of such Lots as are excluded herefrom.

Exhibit C

Being all of that certain tract of land located in Durham County, North Carolina and being more particularly described as follows:

BEGINNING at a point located in the southern margin of the right of way of Highgate Drive, said point also being the northeasternmost corner of Lot 505, Phase I of Courtland Green at Spring Hill as shown on the hereinafter referenced recorded plat; thence leaving said point of Beginning and running with the southern margin of the right of way of Highgate Drive three (3) calls as follows: (1) thence running North 82 degrees 02 minutes 31 seconds East 21.30 feet to a point; (2) thence running with a curve to the right having a radius of 238.0 feet, a length of 34.43 feet and a chord bearing and distance of North 86 degrees 11 minutes 09 seconds East 34.40 feet to a point; and, (3) thence running South 89 degrees 40 minutes 14 seconds East 74.93 feet to a point; thence leaving the southern right of way of Highgate Drive and running South 00 degrees 19 minutes 40 seconds West 398.73 feet to a point; thence running South 01 degrees 00 minutes 44 seconds West 160.51 feet to a point; thence running South 41 degrees 07 minutes 10 seconds West 142.51 feet to a point; thence running South 76 degrees 17 minutes 22 seconds West 172.25 feet to a point; thence running North 71 degrees 40 minutes 38 seconds West 40.93 feet to a point; thence running North 39 degrees 27 minutes 03 seconds East 260.66 feet to a point located in the eastern margin of the right of way of Touchstone Drive; thence running with the eastern margin of the right of way of Touchstone Drive three (3) calls as follows: (1) thence running with a curve to the left having a radius of 237 feet, a length of 120.12 feet and a chord bearing and distance of North 27 degrees 51 minutes 27 seconds West 118.83 feet to a point; (2) thence running North 42 degrees 22 minutes 38 seconds West 63.70 feet to a point; and, (3) thence running with a curve to the right having a radius of 149.73 feet, a length of 101.96 feet and a chord bearing and distance of North 22 degrees 52 minutes 33 seconds West 100.0 feet to a point; thence leaving the eastern margin of the right of way of Touchstone Drive and running North 89 degrees 40 minutes 20 seconds West 145 feet to a point; thence running South 00 degrees 19 minutes 40 seconds West 245 feet to the point and place of BEGINNING and being all of that property designated as "Future Development" as shown on plat of Courtland Green at Spring Hill recorded in Plat Book 122, Page 175, Durham County Registry.

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