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 2008 MAY 23 12:32:19 PM
 BK:5964 PG:715-740 FEE:\$86.00

INSTRUMENT # 2008021241

Prepared by and Return to: Stephen D. Lowry, 8358-104 Six Forks Rd., Raleigh, NC 27615

DECLARATION
 OF
 COVENANTS, CONDITIONS AND RESTRICTIONS
 FOR THE
 KEENELAND MANOR SUBDIVISION

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE
KEENELAND MANOR SUBDIVISION

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE KEENELAND MANOR SUBDIVISION (hereinafter referred to as the "Declaration"), made this 22nd day of May, 2008 by TEAGUE-HANKINS DEVELOPMENT, CORP., a North Carolina corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, the Declarant is the owner of those certain lots and parcels and tracts of real property (hereinafter referred to as the "Property" or "Properties") near the City of Durham, Township of Triangle, County of Durham, State of North Carolina, more particularly described in Exhibit A, which said Exhibit A is attached hereto, made a part hereof and incorporated herein by reference; and

WHEREAS, Declarant desires to create on such Property a residential community of single-family residential dwellings to be known as the "KEENELAND MANOR SUBDIVISION" (hereinafter sometimes referred to as "KEENELAND MANOR SUBDIVISION" or the "Subdivision");

WHEREAS, to the extent thereof, Declarant shall designate on the various Plats of the Subdivision and will convey to the "Association" (as hereinafter defined) certain common areas designated as "OPEN SPACE 1, 2, and 3", "SIGN AND LANDSCAPE EASEMENTS" and "SEPTIC AREAS & ACCESS (located off individual lots,) (hereinafter referred to collectively as the "Common Areas") on the recorded map and/or plats of the Subdivision, including easements and rights-of-way, which are hereby designated for the common use and enjoyment of all the residents of the Subdivision (as hereinafter defined), although Declarant makes no representations that any such Common Areas shall now or may hereafter exist; and

WHEREAS, Declarant desires to provide for the upkeep and maintenance of the Common Areas and the entrance way into KEENELAND MANOR SUBDIVISION and to provide a vehicle for ensuring that any storm water drainage systems and facilities for the Subdivision and any Off Lot Septic Areas and Septic Force Main Areas are properly maintained, and, to that end, desires to subject all of the Property within the Subdivision to the covenants, conditions, restrictions, easements, charges, assessments and liens hereinafter set forth, each and all of which is and are for the benefit of said Property, its present and subsequent owners, and the Association as hereinafter specified; and

WHEREAS, Declarant has deemed it advisable to create an organization to own, maintain and administer the Common Areas, to administer and enforce the covenants and restrictions and protective covenants exclusively applicable to the Subdivision, and to collect and disburse the assessments and charges hereinafter created, and Declarant has caused or will cause to be incorporated under North Carolina law as a nonprofit corporation, the "KEENELAND MANOR HOMEOWNERS ASSOCIATION, INC." (hereinafter referred to as the "Association") for the purpose of exercising the aforesaid functions.

NOW THEREFORE, Declarant hereby declares that all of the Property described in the attached Exhibit A (together with any property which may be added pursuant to the terms hereof) shall be owned, held, transferred, sold, conveyed and occupied subject to the following easements, covenants, conditions, restrictions, charges, assessments and liens set forth in this Declaration (hereinafter referred to collectively as the "Restrictions"), which said Restrictions shall run with the title to the Property and be binding on all parties owning any right, title or interest in said Property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of the Property, each owner thereof (both present and future), and to the Association.

ARTICLE I

DEFINITIONS

The following words or terms when used in this Declaration, or any Supplemental Declaration, unless the context shall prohibit, shall have the following meanings:

- A. "Association" shall mean and refer to the KEENELAND MANOR HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation, its successors and assigns.
- B. "Board of Directors" shall mean and refer to the Board of Directors of the Association.
- C. "By-Laws" shall mean and refer to the By-Laws of the Association.
- D. "Class A Member (s)" shall mean and refer to all those Owners other than (i) the Declarant (See Article IV hereof) and (ii) the owners of Lot 21.
- E. "Class B Member" shall mean and refer to the Declarant, its successors and/or assigns (See Article IV hereof).
- F. "Committee" shall mean and refer to the Architectural Review Committee of the Association.
- G. "OPEN SPACE 1, 2 and 3", "OFF LOT SEPTIC AREA" and "20' SEPTIC AREA ACCESS EASEMENT", and "SIGN AND LANDSCAPE EASEMENT" together with any and all improvements erected therein or thereon (hereinafter referred to collectively as the "Common Areas") shall mean and refer to the real property, together with any improvements thereon, if any, owned by the Association, whether in fee, by easement or otherwise, for the common use and enjoyment by the Owners of Lots within the Subdivision. The Common Areas shall be maintained by the Association, or its successors in interest, unless dedicated to public use as set forth herein. The Association shall comply with all Durham County and North Carolina ordinances with regard to said Common Areas.
- H. "OFF LOT SEPTIC AREA" shall mean and refer to lots 1S, 2S, 3S, 4S, 5S, 12S, 13S, 14S, 15S, 16S, 17S, 18S, 19S, 20S and the 20' SEPTIC AREA ACCESS EASEMENT as depicted on the recorded plats of the Subdivision.
- I. "SEPTIC FORCE MAIN AREA" shall mean and refer to the 15' private septic force main easement (utility easement) situated on the front of lots 1 – 20 and within the 20' Well, Septic Area and Open Space Access Easement and the 20' Septic Area Access Easement.
- J. "Contract Seller" or "Builder" shall mean and refer to an Owner who purchased a Lot for resale and is not an occupant of any improvements thereon.
- K. "Declarant" shall mean and refer to TEAGUE-HANKINS DEVELOPMENT, CORP., a North Carolina corporation, its successors and/or assigns.
- L. "Declarant's Property" shall mean and refer to the property described in Article V, Paragraph B of the Declaration as "Declarant's Property".
- M. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision map or plat of the Properties, with the exception of any Common Areas owned in fee or by easement or otherwise by the Association, and with the exception of any off lot septic areas, and with the exception of any street rights-of-way shown on any such recorded subdivision map or plat of the Properties.
- N. "Member" shall mean and refer to every person or entity who holds membership in the Association.
- O. "Membership" shall mean and refer to all of the Members of the Association.
- P. "Owner" shall mean and refer to a person or entity who is a record owner of a fee interest in any Lot which is a part of the Properties, including Contract Sellers or Builders who own the Lot (and do not merely have it under contract).

- Q. "Property" or "Properties" shall mean and refer to the "Existing Property" described in Exhibit A to the Declaration and any additional property annexed into the Association pursuant to the terms and provisions of the Declaration.
- R. "Street" shall mean and refer to any street, road, drive, highway or other thoroughfare as shown on any recorded map or plat of the Properties.
- S. "Subdivision" shall mean and refer to the KEENELAND MANOR SUBDIVISION located to the south of Stagecoach Road between Farrington Road and North Carolina Highway 751, near the City of Durham, Triangle Township, County of Durham, State of North Carolina, together with any additions thereunto annexed by the Declarant pursuant to the terms and provisions of the Declaration.

ARTICLE II

SUBJECTING ADDITIONAL PROPERTY TO THE DECLARATION

- A. Additions to the Properties by Declarant. The Declarant shall have the right to annex into and bring within the scheme of the Declaration additional properties which are located within any phase of KEENELAND MANOR SUBDIVISION, or any other property which is contiguous at any point with the Property or any additions to the Property. A public road, railroad, utility right-of-way, or buffer dividing two properties shall not be deemed to deprive them of contiguity.
- B. Method of Making Additions (Annexation). Additions to the Property shall be made by filing for record in the Office of the Register of Deeds of Durham County, North Carolina a Supplemental Declaration of Covenants, Conditions and Restrictions (the "Supplemental Declaration") with respect to the additional property, which said Supplemental Declaration shall describe the property being annexed. Such Supplemental Declaration(s) may contain such additions and modifications of Article VIII of the Declaration as may, in the sole discretion of Declarant, be necessary to reflect the different character of the added properties. In no event, however, shall such Supplemental Declaration(s) revoke, modify or add to the Restrictions established by the Declaration with respect to the Properties already subject to the Declaration, except to grant the Owners of Lots then subject to the Declaration limited rights with respect to such additional properties (changes to assessments brought about by such addition shall be deemed not to be a revocation, modification or addition of the Restrictions).
- C. Future Additions of Common Areas. Future Common Areas may be added to the scheme of the Declaration and included within the Properties subject to the jurisdiction of the Association, although there is no obligation to do so, and no representations are made with respect to any such additions. Such Future Common Areas will be deeded to the Association by Declarant.
- D. Additions by Others. So long as Declarant is a Class B Member, additions may be made by any other Owner who, with the approval of the Declarant and the Board of directors, which approval may be withheld in their sole discretion, desires to add such property located within the boundaries of the Subdivision to the scheme of the Declaration and to subject it to the jurisdiction of the Association. When Declarant ceases to be a Class B Member, such additions may be made upon approval by two-thirds (2/3) majority vote of the Members who are entitled to vote. Such approval by the Declarant, Board of Directors and, if required, the Membership, shall be evidenced by a certified copy of a resolution of approval recorded in the Office of the Register of Deeds of Durham County, North Carolina.

ARTICLE III

ARCHITECTURAL CONTROL

A. Architectural Control for Lots 1 - 20.

1. Until such time as Declarant shall no longer be a Class B Member of the Association, no dwelling or other structure or other improvements (the "Improvements") shall be erected, placed or altered on any of Lots 1 - 20 in the Properties, or in any addition thereto, until the Improvement's plans and specifications for such Lot and the Lot plan for such Lot (showing the location of such Improvements on the Lot) and the Landscaping Plan for such Lot (collectively, the "Plans") have been approved in writing by the Declarant as to conformity with the Restrictions, quality, materials and as to conformity and harmony of external design with existing (and approved or proposed) Improvements in the Properties, and as to location of the improvements with respect to topography and finished ground elevation. Such written approval from the Declarant must be obtained prior to commencing clearing, grading or construction of any kind on a Lot. All Improvements shall comply with the plans as presented unless changes are approved in writing by the Declarant. The written approval of Declarant shall also be required prior to erecting, placing or altering mail boxes, signs and newspaper boxes upon any lot. All roof pitches for a dwelling, garages, out buildings and fences on any Lot must be approved by Declarant. Anything herein to the contrary notwithstanding, during the initial development of the Properties, Declarant may limit its review to a review of a typical set of Plans and Specifications and Materials for the proposed residence type proposed by a Contract Seller or a Builder to be built within the Subdivision, and, upon Declarant's written approval of such typical Plans, Specifications, and Materials, residences may be constructed in the Subdivision consistent with such approved Plans, Specifications, and Materials without the requirement of further review by the Declarant. Only Builders approved by Declarant shall be used to construct homes in the development. Declarant reserves the right to require that the Builder of each residence in the Subdivision is a member of the then current approved Builder Team for the Development.
2. Upon or prior to the date upon which Declarant shall cease to be a Class B Member of the Association, the Declarant shall form an "Architectural Review Committee" for the Properties (herein referred to as the "Committee"), which said Committee shall be composed of three (3) members appointed by the Declarant. The initial three (3) members of the Committee shall serve until the annual meeting of the Association next immediately following the date of such appointment by the Declarant. Thereafter the members of the Committee shall be appointed by the Board of Directors of the Association, each such member to serve for a term of one (1) year, said term to expire upon the date of the annual meeting of the Association. Each member of the Committee shall have one (1) vote and a majority vote of the Committee shall be required to constitute Committee action on any issue brought before the Committee. So long as Declarant is a Class B Member, all Improvements and placement of Improvements by Builders and/or Contract Sellers shall require the approval of the Declarant. All improvements and placement of Improvements by Lot Owners subsequent to the transfer of ownership of a house from a Builder/and or Contract Seller will require the approval of the Architectural Committee. So long as Declarant is a Class B Member, Declarant reserves the right to approve or reject any guidelines and/or approvals of the Committee. Upon the date upon which Declarant shall no longer be a Class B Member of the Association, the Committee shall assume and be responsible for all of the approvals and responsibilities set forth in subparagraph 1 of paragraph A of this Article with regard to Architectural Control within the Properties, provided, however, that the Declarant shall retain the exclusive right to approve all initial dwelling, and lot improvements including, but not limited to, house location, landscape plan and initial exterior colors and materials

on the dwelling, including improvements to Lot 21, until the last dwelling in the Subdivision is approved and constructed. Upon approval by the Committee of the Plans as herein provided, the Committee shall evidence its approval in writing by memorandum or directly upon such Plans and the applicant Owner may then commence construction in accordance with such plans. The Committee shall approve or reject in writing any Plans within thirty (30) business days after the receipt of the submitted Plans.

- B. Architectural Control for Lot 21. Until such time as Declarant shall no longer be a Class B Member of the Association, no dwelling or other structure or other improvements (the "Improvements") including, but not limited to, barns, fencing and out buildings shall be erected, placed or altered on Lot 21 until the Improvements' plans and specifications for such Lot and the Lot plan for such Lot (showing the location of such Improvements on the Lot) and the Landscaping Plan for such Lot (collectively, the "Plans") have been approved in writing by the Declarant as to conformity with the Restrictions, quality, materials and as to conformity and harmony of external design with existing (and approved or proposed) Improvements in the Properties, and as to location of the improvements with respect to topography and finished ground elevation. Such written approval from the Declarant must be obtained prior to commencing clearing, grading or construction of any kind on a Lot. All Improvements shall comply with the plans as presented unless changes are approved in writing by the Declarant. The written approval of Declarant shall also be required prior to erecting or placing signs upon the lot. All roof pitches for a dwelling and/or garage or other structure on Lot 21 must be approved by Declarant.
- C. Limitation of Liability. No approval of Plans by Declarant or by the Committee shall be construed as a representation, warranty or implication that the Improvements, if built in accordance therewith, will be free from defects, shall meet applicable codes and laws, or will be built in a good and workmanlike manner. Any approvals of the Declarant or of the Committee shall be concerned solely with matters of aesthetics and the satisfaction of the requirements set forth in the Declaration. None of the Declarant, the Association, the Committee, the Board of Directors, or the officers of Members of the Association, shall be liable or responsible to anyone submitting Plans for approval for any loss or damage arising out of or related to the approval, disapproval or failure to approve any such Plans, the noncompliance of such Plans with applicable codes and laws, or the construction undertaken pursuant to such Plans. Approval of the Plans by Declarant or by the Committee shall not be construed as approval of any Plans, or as an indication of approval of any Plans, by the governmental authorities of Durham County, North Carolina or any other federal, state or local agency.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

- A. Membership.
1. Every person or entity who is a record Owner of a fee interest in any Lot which is a part of the Properties, including Contract Sellers or Builders who own the Lot (and to not merely have it under contract), shall be a Member of the Association (herein referred to as a "Member" or collectively as "Members"). The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security, unless such persons or entities acquire title to a Lot through judicial or non-judicial foreclosure, deed in lieu of foreclosure, or other action.
 2. Membership in the Association shall be appurtenant to and shall not be separated from ownership of a Lot. Ownership of a Lot shall be the sole qualification for Membership. When more than one (1) person holds an interest in any Lot, all such persons shall be Members, but the vote for such Members shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast

with respect to any such Lot owned by Class A Member, and in no event shall more than twenty-one (21) votes be cast with respect to any such Lot owned by the Class B Member in KEENELAND MANOR SUBDIVISION. See Paragraph C of this Article IV Entitled "Voting Rights".

3. Notwithstanding the forgoing, the Owner(s) of Lot 21, other than the Declarant, shall not have any right to vote at any Association meetings on matters which do not directly impact Lot 21.

B. Classes. There shall be two (2) classes of voting Members:

1. The Class A Members shall be all those owners other than the Declarant.
2. The Class B Member shall be the Declarant, its successors and/or assigns. Class B Membership may cease and be converted to Class A Membership at the option of the Class B Member, by its written notice to the Secretary of the Association. Subject to the provisions of Subsection 3 of this Paragraph B of this Article IV. Class B Membership shall cease and be converted to Class A Membership, without further act or deed, upon the date ten (10) years from the date upon which the Declaration shall be recorded in the Office of the Register of Deed of Durham County, North Carolina.
3. Notwithstanding a conversion of the Declarant, its successors and/or assigns to a Class A Member or the cessation of the Class B Membership due to the expiration of the ten (10) year period hereinabove described, in the event Declarant, its successors and/or assigns, thereafter acquires or adds additional Lots to the Properties such that Declarant, its successors and/or assigns, would, according to Subsection 2 of this Paragraph B of this Article IV, be entitled to Class B Membership, Declarant, its successors and/or assigns, shall thereupon be reestablished as and converted to a Class B Member of the Association, with all of the benefits and burdens pertaining thereto.

C. Voting Rights.

1. Class A Members shall be entitled to one (1) vote for each Lot owned, as modified by Article IV, Paragraph A3.
2. The Class B Member shall be entitled to TWENTY-ONE (21) votes for each Lot owned by the Class B Member in KEENELAND MANOR SUBDIVISION (whether or not such Lot is under contract to a Contract Seller or Builder).
3. No cumulative voting shall be permitted.
4. Only those Members who are in good standing with the Association may vote.

ARTICLE V

ADMINISTRATION AND MANAGEMENT

- A. Governing Documents. The administration of the Properties shall be governed by the provisions of the Declaration, the Articles of Incorporation (the "Articles"), the By-Laws of the Association (the "By-Laws"), and the published rules and regulations of the Association (the "Rules"), if any. In the event of a conflict between the provisions of the Declaration and the Articles and the By-Laws and the Rules, the provisions of the Declaration shall control. In the event of a conflict between the provisions of the Articles and the By-Laws and the Rules, the Articles shall control. In the event of a conflict between the By-Laws and the Rules, the By-Laws shall control.
- B. Management of the Association/Board of Directors. The affairs of the Association shall be managed by an Initial Board of two (2) Directors who need not be Members of the

Association and who shall be elected by the Declarant. The persons who are to act in the capacity as the Initial Directors of the Association until the selection of their successors are: Thomas C. Hankins and Charles W. Teague, Jr.

1. The number of Directors of the Association shall be two (2) and shall be elected by the Declarant (Class B Member) for so long as the Declarant shall own any Lot which is subject by the provisions of this Declaration, or as this Declaration may be amended, to assessment by the Association or owns any real property which is adjacent to and adjoins any Lot which is subject by the provisions of this Declaration, or as this Declaration may be amended, to assessment by the Association and which the Declarant shall annex into the Association pursuant to the terms and provisions of this Declaration, as may be amended (hereinafter referred to as the "Declarant's Property"). Thereafter the number of Directors of the Association shall be increased to three (3), said three (3) Directors to be elected by the Members at a special meeting of the Members of the Association called by the Declarant within sixty (60) days next immediately following the date upon which Declarant shall own no "Declarant's Property". At such special meeting of the Members of the Association the Members shall elect one (1) Director to serve a term of one (1) year, two (2) Directors to serve a term of two (2) years. The annual meeting of the Members of the Association shall be held each year thereafter on the anniversary of the aforescribed special meeting, unless such date shall fall on a legal holiday, and in such case, on the next business day immediately following such legal holiday.
 2. At each annual meeting of the Association after the first annual meeting the Members shall elect the number of Directors needed to fill the vacancy or vacancies created by the Director or Directors whose term(s) is/are expiring, to serve for a term of three (3) years (except in the case of the initial election of a Director, in which case the term of that Director may be shortened to provide for the staggering set forth in this Article, or in the case of the filling of a vacancy, in which case the Director elected to fill the vacancy shall be elected for the unexpired term of the Director whose vacancy is being filled). The term of office of the Directors shall be staggered so that, except for an election to fill a vacancy or to fill a newly created directorship, the terms of not less than one nor more than two Directors shall expire at each annual meeting of the Members of the Association. Each Director shall hold office until his/her death, resignation, retirement, removal or disqualification, or until his/her successor is elected and qualified, whichever event shall first occur. Directors need not be Members of the Association.
 3. After the date upon which the Declarant shall no longer own any "Declarant's Property" as heretofore described in this Article, the Members of the Association may, by a majority of the votes cast at any duly called annual or special meeting of the Members at which a quorum is present, increase or decrease the number of Directors of the Association, provided, however, that the number of Directors shall not be increased to more than five (5) or decreased to less than three (3) without amendment of the By-Laws of the Association.
 4. So long as the Declarant is a Class B Member, all Directors of the Association shall be elected by the Class B Member. So long as the Declarant is not a Class B Member, all Directors of the Association shall be elected by the Class A Members.
- C. Rules and Regulations of the Association. The Declarant, and the Association if the Declarant shall no longer own any "Declarant's Property", shall have the right to publish rules and regulations for the Association regarding use and enjoyment of the Common Areas and the use of the Lots within the Subdivision and may enforce such rules and regulations by establishing a monetary penalty to be imposed for violation of such rules and regulations by persons who violate such rules and regulations.

- D. Declarant's Property. Declarant's property shall refer to any lots in Tract One as described in Exhibit A, as to which Declarant still holds legal title.

ARTICLE VI

PROPERTY RIGHTS IN THE COMMON AREAS

- A. Extent of Member's Easements. Except as provided in Paragraph D below, Members, their families and guests, are hereby granted a blanket easement to use and enjoy the Common Areas, if any, for recreational, social and other purposes directly related to private single-family residential uses authorized herein, subject to the following:
1. The Association shall have the right to promulgate and publish rules and regulations (the "Rules") with which each Member, their families and guests, shall strictly comply.
 2. The Common Areas, if any, shall not be used for other than intended purpose(s) specified on the recorded plats of the Subdivision, if any. For example, there shall be no activity allowed on the Off Lot Septic Area which could potentially harm any of the septic systems in the Off Lot Septic Area.
 3. The Declarant and the Association, in accordance with the Articles of Incorporation of the Association and the By-Laws of the Association, shall have the right to borrow money for the purpose of improving, renovating, repairing and reconstructing the Common Areas with the written consent of the Class B Member (for so long as the Class B Member shall own any "Declarant's Property"), together with the written consent of sixty-seven percent (67%) of the Class A Members entitled to vote. Such vote shall be in person or by proxy on such matter at a meeting of the Members called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting, to wit: to mortgage all or any part of said Common Areas as security for such loans.
- B. Personal Property for Common use. The Association may acquire and hold in the name of the Association for the use and benefit of all Members, tangible and intangible, real or personal property, and may dispose of the same by sale or otherwise.
- C. Maintenance and Upkeep of Common Areas and Personal Property and Compliance with County/State Ordinances.
1. The Association shall be responsible for the continued maintenance, upkeep and repair of any and all Open Space and Common Areas and all personal property owned by the Association for common use by the Members and shall be responsible for any and all costs and expenses associated therewith, except as modified, herein.
 2. The Association shall comply with any and all Durham County and/or State of North Carolina subdivision ordinances regarding the maintenance, use, upkeep and repair of the Common Areas, including but not limited to, any special "Watershed Zoning Restrictions". Undeveloped Common Areas shall be retained in a vegetative or natural state in accordance with such ordinances and or zoning restrictions. For purposes of this subparagraph, the term Common Areas shall mean and refer to any "OPEN SPACE 1, 2, and 3", "SIGN AND LANDSCAPE EASEMENTS" and "SEPTIC AREAS & ACCESS (not on individual lots)" as shown and depicted on any plat and/or map of the KEENELAND MANOR SUBDIVISION now or hereafter recorded in the Office of the Register of Deeds of Durham County, North Carolina.
- D. Lot 21 Rights. The Owners of Lot 21 shall have no right to use any of the Common Areas without the written approval of the Declarant.

ARTICLE VII

COVENANT FOR MAINTENANCE ASSESSMENT

- A. Creation of Lien and Personal Obligation of Assessment. Declarant, for each Lot within the Properties, hereby covenants, and each Owner of any Lot by acceptance of the deed therefor, whether or not it shall be so expressed in the deed to such Owner, covenants and agrees to pay to the Association all assessments set forth herein and/or established by the Association, and with respect to the enforcement of payment of such assessments, hereby consents to the lien established herein. Such assessments shall be fixed, established and collected from time to time as provided in the By-Laws of the Association. The Annual and Special Assessments, together with such interest thereon and costs of collection thereof, including reasonable attorney's fees, shall be a charge upon the Lot and a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with such interest, reasonable attorney's fees and costs of collection thereof, shall be a personal obligation of the Owner of the Lot at the time when the assessment falls due. Such personal obligation shall not pass to the Owner's successors in title unless expressly assumed by them. **The Owner(s) of Lot 21 shall not be required to pay any annual and/or Special Assessments and/or Capital Contribution other than any fines or assessments imposed for violating these covenants.**
- B. Purpose of Assessments. The assessments (both Annual Assessments and Special Assessments, if any) levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, enjoyment and welfare of the residents in the Properties, and in particular for the improvement, reconstruction, repair, maintenance and upkeep of the Common Areas, and any other purpose reasonable, necessary or incidental to such purposes as determined by the Board of Directors. Special Assessments shall be fixed as hereinafter provided. The Annual Assessment shall be set each year by the Board of Directors, and, subject to the terms and provisions of Paragraph E hereof, all assessments must be fixed at a uniform rate for all lots. Declarant shall not be required to pay any Annual Assessments for so long as Declarant shall own any "Declarant's Property". **Within thirty (30) days after adoption of any proposed budget for the Association and after the Declarant no longer owns any "Declarant Property," the Board shall provide to all the Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at the meeting a majority of all the Owners or any larger vote specified in the Declaration rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.**
- C. Annual Assessment for Off Lot Septic Area. The Association shall be responsible for the maintenance and upkeep of the "OFF LOT SEPTIC AREA" as depicted on the recorded plats of the Subdivision, including but not limited to mowing, brush removal and obtaining an annual inspection of each septic disposal field contained within the confines of the "OFF LOT SEPTIC AREA" and the inspection of the corresponding septic tank and pump to each of these fields. In addition, the Association shall be responsible for maintaining and repairing any of the individual sewer collection lines, French drain systems, and access road contained within the Septic Force Main Area. The costs of this maintenance and inspection shall be borne by the Owners of the fourteen (14) lots served by the "OFF LOT SEPTIC AREA" and the Association shall bill each such Owner within fifteen (15) days of the annual inspection of the septic fields/systems for each Owner's share of such costs. Such Owners shall pay such

assessments within fifteen (15) days of receipt of the bill from the Association. The cost to repair individual pumps, septic tanks and individual waste water disposal fields which service a particular Lot shall be the exclusive responsibility of the individual homeowner of such Lot. Repairs to the lines within the Septic Force Main Area will be the responsibility of the Association; provided, however, that any Lot owner who himself or through his agents damages the sewer lines in the Sewer Force Main Area shall be responsible for the cost of repairing such damages.

- D. Capital Contribution. The purchaser of each Lot in the Subdivision (excluding Lot 21), shall pay to the Association at the closing of the purchase of such Lot the sum of Two Hundred and Fifty and No/100 Dollars (\$250.00) per Lot purchased, said sum to be deposited by the Association in its bank account for use as working capital for the Association. This initial capital contribution of Two Hundred and Fifty and No/100 Dollars (\$250.00) per Lot shall be deemed an assessment pursuant to the terms and provisions of this Article VII and shall be a charge upon the Lot and a continuing lien upon the Lot until paid and shall be enforceable as an assessment pursuant to the terms and provisions of this Article VII.
- E. Basis of Annual Assessment.
1. The Annual Assessments shall be based upon the cash requirements, as the Board of Directors shall from time to time determine, necessary to provide for the payment of all estimated expenses arising out of or connected with the purposes of the assessments as stated in Paragraph B of this Article.
 2. The maximum Annual Assessment for any Lot shall be One thousand and No/100 Dollars (\$1,000.00) per year. This maximum assessment is in addition to the annual assessment for the OFF LOT SEPTIC AREAS contained in Article VII, Paragraph C. The maximum may be changed as follows:
 - a. The maximum Annual Assessment may be increased each calendar year by not more than ten percent (10%) above the maximum Annual Assessment for the previous year without a vote of the Membership.
 - b. The Board of Directors may, from time to time, fix the Annual Assessment at any amount less than or equal to the maximum without a vote of the Membership.
 - c. A majority of the votes cast by the Members (Class A Members and Class B Members) voting in person or by proxy on such matters at a meeting called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance setting forth the purpose of the meeting, shall be required to increase the maximum Annual Assessment for any one year more than the percentage set forth in subparagraph a above. For so long as the Declarant shall own any "Declarant's Property", no such increase in the maximum Annual Assessment by the Membership shall be effective unless and until Declarant shall have given written consent thereto. The Members shall have no power to require Declarant to pay any Annual Assessment as to any Lot or Lots owned by Declarant for so long as Declarant shall own any "Declarant's Property".
- F. Date of Commencement of Annual Assessments. Annual Assessments shall be imposed on the Lots owned by Owners other than Declarant and Lot 21 from and after December 31, 2007 and shall be paid by the Owners and collected by the Association in advance each year. Annual Assessments shall be paid, and collected annually, on or before March 15 of each year. Subject to the provisions of Paragraph E below, Annual Assessment for a Lot owned by an Owner other than a Contract Seller or Builder, shall commence beginning on the first day next immediately following the date upon which such Owner shall have closed (shall have taken title to) upon the purchase of such Lot, prorated for any portion of the year remaining.

- G. Discounted Annual Assessments Prior to Initial Occupancy. The Annual Assessment (but not Special Assessments) on any Lots(s) within the Properties owned by a Contract Seller or a Builder (whether with or without improvements, but if the respective Lot has improvements, only if the improvements are not occupied by the Contract Seller or the Builder) shall be assessed at one-half (1/2) of the Annual Assessment rate. Annual Assessments at the discounted Annual Assessment rate for any such Lot owned by a Contract Seller or Builder shall begin on the date such Contract Seller or Builder shall close on the purchase of such Lot and shall continue until the day of the month on which such Contract Seller or Builder shall have sold (transferred title to) such Lot to a homeowner. Each such Lot owned by a Contract Seller or a Builder who owns more than one Lot within the Properties shall be assessed separately from the other Lots(s) owned by such Contract Seller or Builder.
- H. Special Assessment for Capital Improvements. Upon the affirmative vote of the Class B Member (for so long as Declarant shall own any "Declarant's Property") and a majority of the Class A Members voting in person or by proxy at a meeting called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance setting forth the purpose of such meeting, the Association may levy, in addition to the Annual Assessments hereinabove described, one or more Special Assessments in any calendar year applicable to that year only, for the purpose of defraying in whole or in part the costs of construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including but not limited to, necessary fixtures and personal property related thereto. Any such Special Assessment shall be levied equally on the Lots owned by Owners other than the Declarant. Declarant shall not be required to pay any Special Assessments. Any Special Assessment so levied shall be payable in accordance with the terms set forth in the motion approving such Special Assessment.
- I. The Effect of Non-Payment of Assessments: Remedies of the Association. Each Owner, other than Declarant, shall be deemed to covenant and agree to pay to the Association the assessments (both Annual Assessments and Special Assessment) provided for in the Declaration, and each agrees to the enforcement of the assessments in the manner herein specified. If any Annual Assessment or Special Assessment owned by an Owner shall not be paid within ten (10) days next immediately following the due date for such assessment, such delinquent Owner shall pay to the Association interest on the delinquent amount from the date of delinquency (the due date of the assessment) through the date of payment equal to the highest rate of interest per annum by law allowed on such delinquent amount. Should any Owner's check for any assessment be returned by such Owner's financial institution because of insufficient funds in such Owner's account, then in such event, such Owner shall pay to the Association an administrative fee in the sum of \$25.00 for each such check returned, said administrative fee to be in addition to any assessment and accrued interest due from such Owner to the Association. In the event the Association employs attorneys for collection of any assessment against an Owner, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of the Declaration by an Owner, each such Owner agrees to pay interest on all delinquent amounts from the date of the delinquency through the date of payment equal to the highest rate of interest per annum by law allowed on such amount, together with reasonable attorney's fees and cost thereby incurred, as well as, any other amounts due and any other relief or remedy obtained against said Owner, including reasonable attorney's fees and court costs and expenses incurred thereby. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or by abandonment of his/her Lot. In the event of a default in payment of any such assessment when due, the assessment shall be deemed delinquent if not paid within ten (10) days, and, in addition to any other remedies herein or by law provided, the Association may (i) prohibit the Owner, the members of the Owner's family and any guests or any tenants of the Owner from using any Common Areas, and (ii) enforce each such obligation in any manner provided by law or in equity, specifically including but not limited to, any of the following:
1. Enforcement by Suit. The Board of Directors may cause a suit at law to be commenced and maintained in the name of the Association against an Owner to

enforce each such assessment obligation. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon at the highest rate by law permitted from the date of delinquency, administrative fees, court costs and reasonable attorney's fees.

2. Enforcement by Lien. To the full extent permitted by law, there is hereby created a lien, with power of sale, on each Lot within the Properties to secure payment to the Association of any and all assessments levied against all Owners of such Lots under the Declaration, together with interest thereon at the highest rate by law provided from the date of delinquency and all costs of collection which may be paid or incurred by the Association in connection therewith, including administrative fees and reasonable attorney's fees. At any time after the occurrence of any default in the payment of any assessment the Association, or any authorized representative of the Association, may, but shall not be required to, make a written demand for payment to the defaulting Owner on behalf of the Association. Said demand shall state the date of the assessment was due and the amount of delinquency. Each default shall constitute a separate basis for a demand or claim of lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, the Board of Directors may elect to file such a claim of lien in the appropriate State and/or Durham County offices (i.e., Office of the Clerk of Superior Court and/or Office of the Register of Deeds of Durham County, North Carolina) on behalf of the Association against the Lot of the defaulting Owner. Such a claim of lien shall be executed and acknowledged by any officer of the Association, or an **agent or attorney designated by the Board**, and shall contain the following information:
 - a. The name of the delinquent Owner;
 - b. The legal description and street address of the Lot against which claim of lien is made;
 - c. The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, administrative fees, collection costs and reasonable attorney's fees;
 - d. That the claim of lien is made by the Association pursuant to the Declaration for non-payment of annual and/or special assessment(s); and
 - e. That a lien is claimed against said Lot in an amount equal to the amount stated, plus accruing interest and costs, including reasonable attorney's fees.

Upon the recordation of a duly executed original or copy of such a claim of lien and the mailing a copy thereof by certified mail, postage prepaid, to said defaulting Owner at the last know address of said Owner on the books of the Association, the lien claimed therein shall immediately attach and become effective in favor of the Association as a lien upon the Lot against which such assessment was levied and such lien shall have priority over all liens or claims created subsequent to recordation of the claim of lien thereof, except only tax liens for real property taxes on any Lot, assessments on any Lot in favor of any municipal, county or other governmental assessment unit, and the liens which are hereinafter specifically described in Paragraph J hereinbelow. Any such lien may be foreclosed by appropriate action in court or in the manner provided by law for the foreclosure of a deed of trust as set forth by the laws of the State of North Carolina, as the same may be changed or amended. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all other Owners. The Association shall have the power, but not the obligation, to bid in at any foreclosure sale and to purchase any such Lot and to hold, lease, mortgage and convey any such Lot purchased. In the event such foreclosure is by action in court, reasonable attorney's fees, court costs, title examination fees, interest and all other costs and expenses incurred in such foreclosure by the Association, shall be allowed to extent permitted by law. EACH OWNER, BY

BECOMING AN OWNER IN THE PROPERTIES, HEREBY EXPRESSLY WAIVES ANY OBJECTION TO THE ENFORCEMENT AND FORECLOSURE OF THE LIEN IN THIS MANNER.

- J. Subordination of the Lien to Mortgagees. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect the lien for delinquent assessments; however, the sale or transfer of any Lot pursuant to a foreclosure of a first mortgage or first deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessment as to the payment thereof which became due prior to the date of such conveyance. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust. Any such foreclosure of a Lot shall not extinguish the personal obligation of the Owner against whom such foreclosure proceeding was brought to pay any and all assessments due for such Lot.

ARTICLE VIII

RESTRICTIONS ON USE AND MAINTENANCE OF PROPERTY

- A. Use Restrictions for Lots 1 through 20 inclusive. Except as may be modified by a Supplemental Declaration with respect to another phase of the Subdivision, the following Restrictions and Covenants shall be applicable to the use of any Property subject to the Declaration, excluding Lot 21;
1. Land Use and Building Type - Residential Purposes Only. Except for the Common Areas, no Lot on the Properties shall be used for any purpose other than single-family residential purposes, unless otherwise shown on the recorded plats/maps of the Subdivision. Such restriction shall not prohibit the maintenance and occupancy of any model homes, temporary sales trailers or offices, or temporary construction trailers on the Lots, subject to the prior approval of the Declarant. Subject to the foregoing, no buildings shall be erected or allowed to remain on any Lot except one (1) detached, single-family dwelling not exceeding three (3) stories in height (exclusive of basement and attic), a private attached garage for not more than three (3) cars and/or a detached garage for not more than two (2) cars, and a storage shed or workshop approved by the Declarant (or by the Architectural Review Committee if Declarant shall no longer own any "Declarant's Property"). Except as specified above, no mobile homes, trailers, manufactured homes or modular homes shall be erected or allowed to remain on any Lot in the Subdivision. No carport shall be erected or allowed to remain on any Lot.
 2. Resubdivision of Lots. No Lot shall be resubdivided except with the written consent of the Declarant (or of the Association if the Declarant shall not own any "Declarant's Property").
 3. Nuisances. No nuisance or noxious or offensive activity shall be carried on or upon the Properties or any part thereof or on any Lot, nor shall anything be done or maintained thereof which may disturb the neighborhood or occupants of adjoining property, or detract from its value as an attractive residential community. No portion of a Lot shall be used for business, manufacturing or commercial purposes, nor shall any merchandise be kept or allowed to remain on a Lot for commercial purposes. Each Owner shall maintain his or her buildings, improvements, landscaping and grounds in a safe, clean and orderly fashion.
 4. Animals. No birds, animals, livestock or poultry of any kind shall be raised, bred or kept on any part of the Properties or any part thereof or on any Lot, excepts that dogs, cats or other household pets may be kept, bred or raised solely as domestic pets

and not for commercial purposes. Such domestic pets shall be kept under the control of the Owner of such pets or his/her guests. The Owner of any pet shall immediately remove excrement deposited by said pet upon the Streets and/or the sidewalks and/or the Common Areas and/or the Lots in the Subdivision. Habitual barking, howling, yelping or otherwise noisy pets shall be deemed a nuisance. No horses or barnyard animals shall be kept or allowed to remain on any of the Properties or any part thereof or on any Lot at any time.

5. Dwelling Size. No dwelling shall be erected or allowed to remain on a Lot if the heated floor area of the main structure, exclusive of open porches and garages, shall be less than Three Thousand (3,000) square feet. The Declarant, in its sole and absolute discretion, may grant a variance of up to ten percent (10%) of the minimum dwelling size.
6. Building Setbacks. Unless prior written approval is obtained from the Declarant, no dwelling shall be erected on any Lot so that the front of the dwelling is nearer to the front lot line of said Lot than sixty (60) feet; nor nearer to the rear lot line of said Lot than twenty-five (25) feet; nor nearer to either side lot line of such Lot than ten (10) feet; provided, however, that on corner Lots the dwelling may face either street or may face the corner where said streets intersect but may not be located nearer than fifty (50) feet to one street and no nearer than thirty (30) feet from the other street. For the purposes of this covenant, eaves, steps, stoops, chimneys, uncovered decks not considered a structural part of the dwelling by the Durham County authorities, and uncovered entrances shall not be considered a part of the dwelling, provided, however, that this shall not be construed to permit any portion of a dwelling to encroach upon another Lot or upon any Common Areas. Should there be any differences between the minimum building set-backs requirements depicted on any of the plats/maps of the Subdivision recorded in the Office of the Register of Deeds of Durham County, North Carolina and the minimum building setback requirements imposed in the Declaration, the more restrictive provision shall take precedence and shall control.
7. Utilities and HVAC Equipment. All water, sewer, gas, electric, telephone, television, cablevision and other utility lines and connections between the main utility lines and the dwelling and other structures located on each Lot shall be located underground and concealed so as not to be visible, except that septic tank lids shall be at a height per Durham County standards. Transformers, air conditioning, heating and other mechanical equipment on a Lot, including solar and other alternative energy devices, which said devices must be approved in writing by the Declarant or by the Architectural Review Committee should Declarant no longer own any "Declarant's Property", shall be either concealed within a screen or integrated with the building design of the dwelling on the Lot so as to be inconspicuous. Declarant or the Architectural Review Committee should Declarant no longer own any "Declarant's Property" shall determine whether or not any such integration is inconspicuous.
8. COMMON AREAS. No Owner or occupant shall remove or significantly alter any tree or landscaping in any street, right-of-way, or other part of the Common Areas unless permission in writing is first granted by the Association and unless and until permission in writing has been obtained from the appropriate Durham County governmental authorities, if such governmental permission is required.
9. Waste. No part of the Properties and no Lot shall be used or maintained as a dumping ground for rubbish, grass clippings, garbage or trash. Garbage and other waste shall be kept in sanitary containers. Except on the scheduled trash pick-up day(s), all containers for the storage or disposal of such materials shall be kept inside the residence or inside the garage or in an approved enclosure (such enclosure to be approved by Declarant or the Architectural Review Committee should Declarant no

longer own any "Declarant's Property"). Any such enclosure must be screened from view from the street or integrated with the building design so as to be inconspicuous.

10. Unauthorized Vehicles. Trucks with tonnage in excess of one (1) ton shall not be permitted to park or remain on any streets of the Subdivision or on the driveways on any Lot or on any Lot overnight, except that construction vehicles utilized in the construction or repair of the dwellings on the Lots may be temporarily parked on the streets of the Subdivision and on the Lots provided such vehicles do not unduly interfere with the flow of traffic over said streets. No vehicle of any size which normally transports inflammatory or explosive cargo may be kept in the Subdivision at any time. No mobile home, other than a mobile home used as a temporary sales office or construction office for dwellings being constructed in the Subdivision, shall be placed or allowed to remain on any Lot or on any of the Properties. No boat, marine craft, hovercraft, aircraft, recreational vehicle, pick-up camper, camper, equipment vehicle, tractor, travel trailer, trailer, truck (other than pick-up trucks), commercial vans, camper body or similar vehicle or equipment, or other vehicle (other than operable automobiles, sports utility vehicles and personal vans used only for personal use) may be parked or stored or allowed to remain in any area on a Lot except inside an enclosed building or behind screening, which said building or screening shall have been previously approved in writing by Declarant or by the Architectural Review Committee should Declarant no longer own any "Declarant's Property", or as otherwise consented to in writing by the Declarant or said Architectural Review Committee. Any such vehicle or equipment must be stored on a Lot so as to be screened and not visible from the street of the Subdivision and the adjoining neighbors. The keeping of inoperable vehicles, with or without wheels, on any public street in the Subdivision or on any Common Areas in the Subdivision is expressly prohibited.
11. Roofs. All roof pitches on any dwelling and/or garage on any Lot must be approved by the Declarant or the Architectural Review Committee should Declarant no longer own any "Declarant's Property".
12. Driveways and Walkways. All driveways and walks on any Lot must be paved with concrete or brick.
13. Landscaping. All Lots on which a dwelling has been approved and built in accordance with the provisions of Article III of the Declaration shall be landscaped in accordance with landscaping plans approved by the Declarant (or by the Architectural Review Committee) in accordance with the provisions of Article III of the Declaration. All front yards are to be sodded through the front ditch line, to the street, excluding appropriate natural areas. All sod shall be laid so as not to rise above the level of the asphalt and impede Street drainage as required by the North Carolina Department of Transportation ("NCDOT"). Each Owner will be responsible for the costs of any rework to such Owner's lawn and yard, including the area in front of the property owners lot in the DOT right of way, which may be required necessary for Declarant to obtain NCDOT's acceptance of the Streets in the Subdivision for permanent maintenance. Each Owner shall also be responsible for keeping their yard in a neat and orderly appearance, including but not limited to, mowing, weeding, pruning and including keeping the drainage ways in front of their lot in the NC DOT Right of Way maintained.
14. Signals. No radio signals, television signals or other form of electromagnetic radiation shall originate from any Lot which may unreasonably interfere with the reception of television or radio signals on any other Lot.
15. Antenna. No structure or facility for providing alternative sources or energy (such as solar, wind or bio-mass) or for television, cablevision, or other signal reception (such as antenna or satellite dish) shall be erected or allowed to remain on a Lot without the prior written permission of the Declarant or of the Architectural Review

Committee should Declarant no longer own any "Declarant's Property"; however, small cable television satellite dish(es) having a diameter not exceeding eighteen (18) inches may be mounted on the dwelling on a Lot or placed on a lot without permission if, and only if, such dish(es) is/are mounted/placed in such manner as not to be visible from the Streets in the Subdivision.

16. Mail Boxes, Signs, Newspaper Boxes and Signs. No mail boxes or newspaper boxes or signs shall be placed, altered or allowed to remain on any Lot without the prior permission of the Declarant or of the Architectural Review Committee should Declarant no longer own any "Declarant's Property". All mailboxes shall conform to the approved mailbox style selected by Declarant for the Subdivision.
17. Temporary Structures. No structure of a temporary character or nature shall be erected or allowed to remain on any Lot, except for those provided for in Paragraph A.1 of this ARTICLE VIII. No basement (unless said basement is part of a dwelling erected at the same time the dwelling is erected), tent, shack, mobile home, barn or other outbuilding or temporary structure erected on a Lot shall be used as a residence either temporarily or permanently.
18. Fences and Walls. No fence, retaining wall or screening wall shall be erected or permitted to remain on any Lot closer to the front lot line of said Lot than the front of the dwelling erected on said Lot. In the case of a corner Lot where the dwelling faces one street any such fence, retaining wall and/or screening wall to be erected on the side of the Lot facing the other street (the "side street") shall be erected no closer to the side street line than that side of the dwelling facing said side street and any such fence, retaining wall and/or screening wall to be erected on the other side of said dwelling shall be no closer to the front lot line of said Lot than the front of the dwelling erected on said Lot. In the case of a corner Lot where the dwelling faces the intersection of the two streets any such fence, retaining wall and/or screening wall shall be erected no closer to either street than the front corners of the dwelling erected on said Lot. Chain link fences and chain link animal pens shall not be erected or permitted to remain on any Lot. All fences and walls to be erected on a Lot must be approved in writing by the Declarant or by the Architectural Review Committee should Declarant no longer own any "Declarant's Property". All fences and walls on Lots shall be maintained in good repair and in a clean, attractive manner and, if painted or stained, shall be in a color in harmony with the Subdivision.
19. Driveway Culvert Pipes. All driveway culvert pipes under any driveway servicing a Lot in the Subdivision shall be constructed of concrete reinforced pipe which meets or exceeds North Carolina Department of Transportation specifications and such pipe shall have each exposed end trimmed with stacked stone.
20. Accessory Building. No accessory buildings, including but not limited to, storage sheds and workshops, shall be placed or erected or allowed to remain on any Lot until the design and location of such accessory building has been approved in writing by the Declarant or the Architectural Review Committee should Declarant no longer own any "Declarant's Property". Any siding and roofing materials on such accessory buildings shall be consistent with that of the main dwelling situated on the Lot upon which the accessory building will be erected.

B. Use Restrictions for Lot 21.

1. Land Use and Building Type – Residential, Recreation and Farm Use Only. No portion of Lot 21 shall be used for any purpose other than residential, recreation, and/or farm purposes, unless approved by Declarant.
2. Resubdivision of Lots. Lot 21 shall not be resubdivided except with the written consent of the Declarant (or of the Association if the Declarant shall not own any of "Declarant's Property").

3. Nuisances. No nuisance or noxious or offensive activity shall be carried on or upon Lot 21, nor shall anything be done or maintained thereof which may disturb the neighborhood or occupants of adjoining property, or detract from its value as an attractive residential community. The Owner(s) of Lot 21 shall maintain his or her buildings, improvements, landscaping and grounds in a safe, clean and orderly fashion. Use as a horse farm shall not be considered a nuisance or noxious or offensive activity for the purposes of the restrictive covenants.
4. Animals. No pigs or poultry of any kind shall be raised, bred or kept on any part of Lot 21. Dogs, cats or other household pets may be kept, bred or raised solely as domestic pets and not for commercial purposes and horses and cattle may be kept, bred, or raised for commercial purposes. Such domestic pets shall be kept under the control of the Owner of such pets or his/her guests. The Owner of any pet shall immediately remove excrement deposited by said pet upon the Streets and/or the sidewalks and/or the Common Areas and/or the Lots in the Subdivision. Habitual barking, howling, yelping or otherwise noisy pets shall be deemed a nuisance. It is expressly acknowledged that horses and cattle may be kept, bred and/or raised for commercial purposes.
5. Building Setbacks. Unless prior written approval is obtained from the Declarant, no dwelling shall be erected on Lot 21 so that the front of the dwelling is nearer to the front lot line of said Lot than sixty (60) feet; nor nearer to the rear lot line of said Lot than twenty-five (25) feet; nor nearer to either side lot line of such Lot than thirty (30) feet. For the purposes of this covenant, eaves, steps, stoops, chimneys, uncovered decks not considered a structural part of the dwelling by the Durham County authorities, and uncovered entrances shall not be considered a part of the dwelling, provided, however, that this shall not be construed to permit any portion of a dwelling to encroach upon another Lot or upon any Common Areas. Should there be any differences between the minimum building set-backs requirements depicted on any of the plats/maps of the Subdivision recorded in the Office of the Register of Deeds of Durham County, North Carolina and the minimum building setback requirements imposed in the Declaration, the more restrictive provision shall take precedence and shall control.
6. Waste. No part of Lot 21 shall be used or maintained as a dumping ground for rubbish, garbage or trash. Garbage and other waste shall be kept in sanitary containers. Except on the scheduled trash pick-up day(s), all containers for the storage or disposal of such materials shall be kept inside the residence or inside the barns or garage or in an approved enclosure (such enclosure to be approved by Declarant. Any such enclosure must be screened from view from the street or integrated with the building design so as to be inconspicuous.
7. Landscaping. Lot 21 shall be landscaped in accordance with landscaping plans approved by the Declarant in accordance with the provisions of Article III of the Declaration. The Owner(s) of Lot 21 will be responsible for the costs of any rework to such Owner's lawn and yard which may be required necessary for Declarant to obtain NCDOT's acceptance of the Streets in the Subdivision for permanent maintenance. The Owner(s) of Lot 21 shall be responsible for keeping their grass and pastures mowed and in a neat and orderly appearance. They shall also be responsible for keeping the area along Stagecoach Road in front of Lot 21 mowed and free from trash..
8. Signals. No radio signals, television signals or other form of electromagnetic radiation shall originate from Lot 21 which may unreasonably interfere with the reception of television or radio signals on any other Lot.
9. Antenna. No structure or facility for providing alternative sources or energy (such as solar, wind or bio-mass) or for television, cablevision, or other signal reception (such as antenna or satellite dish) shall be erected or allowed to remain on Lot 21 without

the prior written permission of the Declarant or of the Architectural Review Committee should Declarant no longer own any "Declarant's Property"; however, small cable television satellite dish(es) having a diameter not exceeding eighteen (18) inches may be mounted on the dwelling on the Lot or placed on the Lot without permission if, and only if, such dish(es) is/are mounted/placed in such manner as not to be visible from the Streets in the Subdivision.

10. Fences and Walls. No fence or wall shall be erected or permitted to remain on Lot 21 without the express written permission of the Declarant.
- C. Easement to Repair and Maintain. If any Lot is not maintained, repaired and kept by the Owner(s) of such Lot in accordance with and in conformity with the terms and provisions contained in the Declaration, the Association is hereby granted an easement to enter onto and upon such nonconforming Lot and to perform and pay for such functions as may be necessary and/or required to bring such Lot into conformity with the terms and provisions of the Declaration, and to charge the Owner(s) of such Lot for the cost thereof, such cost being deemed to be an assessment hereunder, payable by the Owner within thirty (30) days after written demand therefore from the Association.
 - D. Waiver of Violations. The Declarant, or the Architectural Review Committee should the Declarant no longer own any "Declarant's Property", shall have the power and right to waive any violation of the terms and provisions of the Declaration, such waiver to be in writing and to be recorded in the Office of the Register of Deeds of Durham County, North Carolina. Upon recordation of such waiver such violation shall be deemed thereafter not to exist.

ARTICLE IX

RESTRICTIONS ON USE OF PROPERTY BY DECLARANT

Declarant hereby specifically excepts, excludes and reserves the following from each and every conveyance as if set out fully in each deed and instrument of conveyance executed and delivered by it to the Owner of a building site or living unit.

- A. Sales Activities. The Declarant shall have the right for itself, its successors and/or assigns, and the power to grant to one or more Contract Sellers or Builders the right to maintain sales and administration offices, construction offices or trailers and model homes with parking facilities on the Properties and to conduct sales activities and marketing therein and thereon, subject to approval by the appropriate Durham County zoning authority and/ or its successor agency.
- B. Construction and Completion. The Declarant shall have the right, for itself, its successors and/or assigns, but not the obligation, (i) for itself, its successors and/or assigns, the power to grant to one or more Contract Sellers or Builders the right to construct and complete the construction of single-family residential homes, buildings, drives, lanes, road and all other improvements on the Properties; (ii) to repair and maintain the Common Areas; (iii) to use and excavate the surface and subsurface of the ground for the erection, construction and installation of improvements and foundations, footings, floorings and basements; (iv) to extend the drives, lanes, streets and roads located, or to be located, on the Properties; (v) to lease or rent such residences; (vi) to sell, grant and convey title to purchasers such subsequently constructed residences; (vii) to use and occupy so much of the Properties as may be necessary for the construction, reconstruction, maintenance and operation of any of said residences, Lots and Common Areas and other improvements, including but not limited to, the right to locate, install, maintain and repair all utilities and utility lines necessary for such construction, reconstruction, maintenance

and operation; and (viii) to convey to any town, county, private utility company, water district, sanitary sewer district or other municipal or quasi-municipal or private corporation all sewer lines and mains and water lines and mains and pipelines and wells and affiliated structures constructed or to be constructed on the Properties, together with suitable easements and/or rights-of-way over said lines and sites for the required installation, maintenance, repair, replacement and operation thereof.

- C. Erosion Control. During site preparation and construction on a Lot, the Owner of such Lot (including Contract Seller and Builders) shall take such action to control erosion on such Lot and sedimentation of streams resulting from erosion on such Lot as may be required by the Declarant or by any governmental authority charged with responsibility therefor. If the Owner of such Lot fails to maintain such erosion and/or sedimentation controls on such Lot, the Declarant may cause the required action/work to be completed and charge the Owner of such Lot for all costs and expenses incurred by Declarant in completing such action/work, including but not limited to, court costs and reasonable attorney's fees incurred to collect such costs and expenses.
- D. Easements. Easements for installation, maintenance, repair, replacement and operation of utilities and drainage facilities and for Subdivision entrance signs and landscaping are reserved as shown on the recorded plats/maps of the Subdivision and Declarant further reserves an easement for and the right at any time in the future to grant rights-of-way for the installation, maintenance, repair, replacement and operation of public and/or private utilities across, on or under each Lot at a distance of not more than ten (10) feet from the front, rear, and side lines of each Lot. Declarant further reserves the right to subject the Lots to a contract with a local utility company for the installation of underground electric cables and or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to said utility company by the Owner of each Lot in the Subdivision and/or by the Association. Declarant further reserves the right to subject the Lots to a contract with one or more cablevision and/or telephone and/or gas companies for the installation of underground cablevision and/or telephone lines, and/or gas lines.

ARTICLE X

EASEMENTS AND RIGHTS

- A. General Easement. Declarant, for itself, its successors and/or assigns (for so long as Declarant shall own any "Declarant's Property"), and the Association, reserves unto themselves, their successors and assigns, the perpetual right and easement to use the Common Areas and any Lot, or any portion thereof, as may be needed for the repair, maintenance and/or construction on such Lot or Common Areas.
- B. Drainage and Utility Easements. Each Owner acknowledges and covenants to honor and provide such easements for drainage and waterflow and utilities as are shown on the plats/maps of the Properties now or hereafter recorded in the Office of the Register of Deeds of Durham County, North Carolina. A perpetual, alienable easement of ingress, egress and regress is hereby reserved over and upon all Lots and on the Common Areas for the purposes of installation, repair, construction and maintenance of all utilities, including but not limited to, underground utilities and drainage facilities, provided, however, no new utility lines may be constructed or no existing utility line may be relocated without the prior approval of the Declarant or of the Architectural Review Committee should the Declarant no longer own any "Declarant's Property". Specifically included herein are easements for the location of underground and above-ground electric transmission lines and equipment, septic conduits,

telephone, cablevision lines and equipment and, gas lines, septic force mains and community water lines.

- C. Easements for Emergency Services. An easement is hereby granted to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency services, to enter upon any Lot and the Common Areas in the performance of such emergency services.
- D. Additional Utility Easement. There is specifically (and in addition to the easements granted and/or reserved elsewhere in this Declaration) reserved unto the Declarant and unto the Association, their successors and assigns, a perpetual, alienable and releasable easement and right on, over and under the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone poles, wires, cables, conduits, sewers (both sanitary and storm), water mains, street lights and other suitable equipment for the conveyance and use of electricity, telephone equipment, sewer (both sanitary and storm), water or other public convenience or utilities on, in or over the Lots and the Common Areas; provided, further, that the Declarant and the Association, or their designee(s) may cut drainways for surface water whenever action may appear to the Declarant and/or the Association to be absolutely necessary in order to maintain reasonable standards of health, safety and appearance. These easements and rights expressly include the right to cut any trees, bushes, shrubbery, vegetation, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and maintenance and to maintain reasonable standards of health, safety and appearance.
- E. Easements Run With the Land. All easements and rights described in this Declaration are easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the Declarant, its successors and assigns, the Association, its successors and assigns, and the Lot Owners, future Lot Owners, Mortgagees and other persons and/or entities having an interest in any Lot, or any part or portion thereof, regardless of whether or not reference to said easements is made in the respective deed of conveyance to such Lot Owner or in the mortgage/deed of trust to such Mortgagee.

ARTICLE XI

PROTECTION OF MORTGAGEES

- A. Book and Records. Any owner or holder of a first deed of trust or first mortgage on any Lot, or its agent(s), shall have the right, during normal business hours, to examine copies of the Declaration, the Articles of Incorporation of the Association, the By-Laws of the Association, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement of the Association for the immediately preceding fiscal year.
- B. Notice to Association. Upon written request to the Association, the owner or holder of a first deed of trust or first mortgage on any Lot shall be entitled to timely written notice of any 60-day delinquency in the payment of assessments or charges owed by any Owner of the Lot securing such owner/holder's loan.
- C. Payment of Taxes. The owners or holders of first deeds of trust or first mortgages on Lots, jointly or singly, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Common Areas of the Association. The persons, firms or corporations making such payments shall be owed immediate reimbursement by the Association.

ARTICLE XII

OBLIGATIONS TO COMMENCE CONSTRUCTION

- A. Obligation to Commence Construction. Each Owner acquiring an unimproved Lot, including without limitation any Contract Seller or Builder, shall be obligated to commence construction of a single-family dwelling-unit on each Lot owned by such Owner within two years following the date of the recording of the deed of conveyance of such Lot to the Owner. For purposes hereof, the term “commencement of construction” shall mean the date when (a) all plans for such construction have been approved by the Declarant or the Architectural Review Committee; (b) a building permit has been issued for the dwelling-unit by the appropriate jurisdiction; and (c) the pouring of footings.
- B. Repurchase Right. In the event commencement of construction has not begun within the two-year period provided in Paragraph A above, Declarant shall have the right, but not the obligation, to repurchase the Lot for a purchase price equal to the then “Fair Market Value” (as defined below), exercisable at any time thereafter and prior to the time that the Contract Seller or Builder commences construction. Once the Owner commences construction, it shall diligently prosecute such construction to completion within an eighteen-month period thereafter. For purposes hereof, completion of the dwelling-unit shall mean that a final certificate of occupancy has been issued by the appropriate jurisdiction for the dwelling-unit. If an Owner fails to commence construction within a two-year period, but Declarant does not exercise its option to repurchase such Lot, or if the Owner commences, but fails to diligently prosecute such construction required hereinabove, such Owner will be assessed a \$500 per month fee for each month or part of a month that such Owner is in default hereunder, which fee shall be a lien against the Lot until paid.
- C. Fair Market Value. For purposes hereof, the “Fair Market Value” of the Lot will be equal to the amount agreed to by the Declarant and such Owner at that time. If the parties are unable to reach an agreement, each party shall select an appraiser who is qualified to perform an MAI appraisal to appraise the Lot, and the “Fair Market Value” will be equal to the average of the two appraisals. In such case, each of the Declarant and the Owner will pay all costs with respect to the appraiser selected by such party.
- D. Force Majeure. Notwithstanding anything herein to the contrary, the time periods set forth in this Article XII shall be subject to extension, at the election of the Declarant, by reasons of Acts of God, Force Majeure, and other matters outside the reasonable control of the Owner. Further, the provisions contained herein shall automatically terminate as to any Lot seven years from the date the deed into the Owner is duly recorded.
- E. Restrictions in Deeds. No Owner may transfer title to any Lot as to which construction has not been completed as required herein, unless the deed conveying such title specifically acknowledges the restrictions contained in this Article XII and subjects the Lot to these restrictions.

ARTICLE XIII

GENERAL PROVISIONS

- A. Revocation and Amendment. For so long as the Declarant, its successors and/or assigns, shall own any "Declarant's Property", Declarant, its successors and/or assigns, shall have the right to revoke and/or amend any of the terms and provisions of the Declaration, so long as such revocation and/or amendment is not in violation of the ordinances of the County of Durham, North Carolina. Any such amendment or revocation shall be effective when duly recorded in the Office of the Register of Deeds of Durham County, North Carolina. Thereafter, the Declaration shall not be revoked nor shall any of the terms and provisions thereof be amended unless approved in writing by at least sixty-six and two-thirds percent (66-2/3%) of the Members voting in person or by proxy on such matter at a meeting called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting. Any such amendment and/or revocation must not be in violation of the ordinances of the County of Durham, North Carolina. Any such amendment or revocation shall be effective when duly recorded in the Office of the Register of Deeds of Durham County, North Carolina.
- B. Term. The covenants, conditions and restrictions of the Declaration shall run with and bind the land subject to the Declaration, and shall inure to the benefit of and be enforceable by the Owners, the Declarant and/or the Association and their legal representatives, successors and assigns, for the term of thirty (30) years from the date of the Declaration is recorded in the Office of the Register of Deeds of Durham County, North Carolina, after which time the Declaration shall automatically be extended for successive periods of ten (10) years unless an instrument signed by the majority of the then Owners of the Lots has been recorded in the Office of the Register of Deeds of Durham County, North Carolina, agreeing to change the Declaration in whole or in part.
- C. Severability and Governing Law. Invalidation of one or more of the terms and provisions of the Declaration by judgment or court decree/order shall not affect any other provisions, all of which shall remain in full force and effect. The terms and provisions of this Declaration shall be construed and enforced in accordance with the laws of the State of North Carolina.
- D. Waiver of Enforcement and Enforcement. Waiver of enforcement of any provision contained in the Declaration shall be limited to that particular provision and shall not be construed to be a waiver of any other provision. All waivers shall be in writing. Enforcement of any of the terms and provisions of the Declaration shall be by proceedings in law or in equity against any person or persons or entity or entities violating or attempting to violate any term and/or provision, either to restrain violation or to recover damages.
- E. Assignment by Declarant. The Declarant shall have the right to assign its rights under the Declaration, in whole or in part, to any person or entity by an express transfer of such rights, including but not limited to, the right to transfer Declarant's powers under Article III herein to an Architectural Review Committee.

(SEE ATTACHED SIGNATURE PAGES)

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the day and year first above written.

Teague-Hankins Development Corp.,
a North Carolina corporation

By: Thomas C. Hankins
Thomas C. Hankins, President

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned, a Notary Public of the County and State aforesaid certify that THOMAS C. HANKINS personally came before me this day and acknowledged the that he is President of TEAGUE-HANKINS DEVELOPMENT, CORP., 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 him as its President as the deed and act of the corporation. WITNESS my hand and official stamp or seal, this 22 day of May, 2008.

My commission expires: 11/05/2010

Johanna K. Taylor
Notary Public

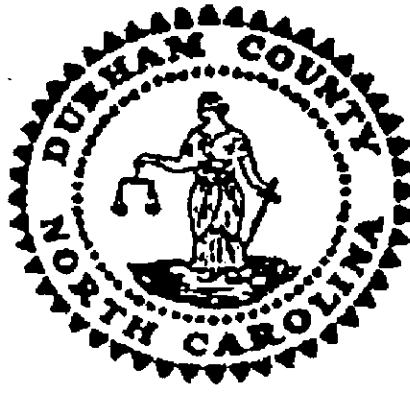
JOHANNA K. TAYLOR
Notary Public, North Carolina
Wake County
My Commission Expires
November 05, 2010

EXHIBIT "A"
(LEGAL DESCRIPTION)

All of those certain parcels or tracts of land in Triangle Township, Durham County, North Carolina, and being more particularly described as follows:

TRACT ONE: Being all of Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 and 21 of KEENELAND MANOR SUBDIVISION as depicted on that certain plat of survey entitled "FINAL SUBDIVISION PLAT AND STAGECOACH ROAD RIGHT OF WAY DEDICATION: KEENELAND MANOR SUBDIVISION dated September 20, 2007, by Sullivan Surveying and recorded in 2008 Plat Book 181, Pages 123, 125, 127, 129, 131, and 133 Durham County Registry.

TRACT TWO : Being all of those certain parcels or tracts of real property depicted as "WINNERS CIRCLE (45' PUBLIC RIGHT OF WAY)", KEENELAND COURT (45' PUBLIC RIGHT OF WAY), OPEN SPACE 1, OPEN SPACE 2 AND OPEN SPACE 3 AND SEPTIC AREAS & ACCESS, as depicted on that certain plat of survey entitled "FINAL SUBDIVISION PLAT AND STAGECOACH ROAD RIGHT OF WAY DEDICATION: KEENELAND MANOR SUBDIVISION dated September 20, 2007, by Sullivan Surveying and recorded in 2008 Plat Book 181, Pages 123, 125, 127, 129, 131, and 133 Durham County Registry.



WILLIE L. COVINGTON
REGISTER OF DEEDS, DURHAM COUNTY
DURHAM COUNTY COURTHOUSE
200 E. MAIN STREET
DURHAM, NC 27701

PLEASE RETAIN YELLOW TRAILER PAGE

It is part of recorded document, and must be submitted with original for re-recording
and/or cancellation.

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