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FOR MULTIPLE PIN SHEET
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NORTH CAROLINA

SUPPLEMENTARY DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS:
HIGHGROVE AT SOUTHERN VILLAGE
(PHASE 2, LOTS 401 - 448)

ORANGE COUNTY

THIS SUPPLEMENTARY DECLARATION made this 31st day of December, 1998, by
SOUTHERN VILLAGE LIMITED PARTNERSHIP (Declarant).

WITNESSETH:

Declarant is the owner of certain real property located in Chapel Hill Township, Orange County, North Carolina, which is more particularly described on a map entitled HIGHGROVE AT SOUTHERN VILLAGE, PHASE 2, LOTS 401 - 448, as recorded in Plat Book 82, Page 69, Orange County Registry, reference to which is hereby made (the "Property"). Declarant will convey all of the lots making up the Property (each, a "Lot") subject to the covenants, conditions, restrictions, reservations, and charges as set forth in that certain Master Declaration of Covenants, Conditions and Restrictions recorded in Deed Book 1271, Page 165, and Amendment thereto recorded in Deed Book 1456, Page 295, Orange County Registry, (the "Master Declaration") and as further set forth in this document, and which shall run with the Property and be binding on all parties having any right, title, or interest therein and their heirs, successors, and assigns, and which shall inure to the benefit of each owner thereof. Declarant desires to insure the most appropriate development and improvement of each Lot, to protect the Lot owners against such improper use as would depreciate the value of the Property to each, to preserve insofar as practicable the natural beauty of each Lot, to guard against the erection thereon of poorly designed or proportioned structures and structures built of substandard or unsuitable materials, to secure and maintain proper setbacks with adequate free space between structures, and in general to provide for a high quality of improvements.

THEREFORE, Declarant declares that all of the Property shall be held, sold, and conveyed subject to that certain Master Declaration and the following easements, restrictions, covenants, and conditions.

1. **STRUCTURES.** Except for the fire protection rooms described below, the improvements on any Lot shall be restricted solely to residential dwellings for residential use. All improvements erected upon a Lot shall be of new construction and shall be subject to approval as provided in Section 5. No residential unit shall be erected or allowed to remain on any Lot if the floor area of the main structure, exclusive of unfinished attic and/or basement space, one story open porches, and garages, shall be less than 1900 square feet. "Limited Common Areas" shall include the fire protection rooms located within each building, as will be more specifically described in the deeds conveying those areas to the Sub-Association.

2. DESIGN SPECIFICS. The following design specifics are applicable to each Lot:

- (a) Setbacks - front: 5 feet minimum/15 feet maximum;
- side: 5 feet minimum/15 feet maximum (corner)
none (interior);
- rear: 10 feet minimum.

The stated rear setback is not applicable to any accessory buildings or structures, including detached garages. The stated front setback shall not apply to steps, stoops, caves, or unenclosed porches which do not project more than five (5) feet beyond the building line. Deviations from building line restrictions of ten percent (10%) or less shall not be construed as a violation of this Supplementary Declaration; further, Declarant shall have the right, in its sole discretion and without the consent of any other party, to waive the building setbacks, in whole or in part.

3. SUB-ASSOCIATION MEMBERSHIP AND VOTING RIGHTS.

3.1. Membership/Voting Rights. Declarant has incorporated under the laws of the State of North Carolina the Southern Village Homeowners Association, Inc. (the "Sub-Association") as a non-profit corporation for the purpose of overseeing and administering the provisions of this Supplementary Declaration as well as those applicable provisions contained in the Master Declaration. Each and every owner of a Lot (an "Owner"), including contract sellers, but not including those persons or entities who hold an interest merely as security for the performance of an obligation, shall be a member of Southern Village Homeowners Association, Inc., which Sub-Association shall be a member of the Southern Village Master Association, Inc. (the "Master Association").

The Sub-Association shall have two (2) classes of voting members:

Class A. Class A members shall be each Owner, but shall not include Declarant. Class A members shall be entitled to one (1) vote for each Lot owned. In the case of multiple ownership of a Lot, the vote shall be exercised as those Owners among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to seven (7) votes for each Lot owned. However, the Class B membership shall cease and be converted to Class A membership on the happening of the earlier of the following events:

- (a) The total votes outstanding in Class A membership equals the total votes outstanding in Class B membership; provided, however, that the Class B membership shall be reinstated with all the rights, privileges, responsibilities, and voting power if, after the conversion as hereinabove provided, additional land is annexed to the properties without the assent of members on account of development of such additional land by Declarant in accordance with Article VII, Section 2, of the Master Declaration; or

(h) December 31, 2014.

Except as may be otherwise specifically set out in this Supplementary Declaration or in the Articles of Incorporation and/or By-laws of the Sub-Association, the vote of the majority of the aggregate votes entitled to be cast by all classes of members of the Sub-Association, present or represented by legitimate proxy at a legally constituted meeting at which a quorum is present, shall be the act of the Sub-Association. The number of votes present at a Sub-Association meeting that is properly called and that will constitute a quorum shall be as set forth herein or in the Sub-Association By-laws. The right of any Class A member to vote may be suspended by the Board of Directors of the Sub-Association for just cause pursuant to its rules and regulations and according to the provisions of Article II, Section 7 of the Master Declaration.

3.2. Special Rights. Notwithstanding any provisions in the Master Declaration, this Supplementary Declaration or the bylaws of the Master Association or Sub-Association to the contrary, any and all decisions regarding expenditures exclusively applicable to the Property shall be made in the sole and exclusive discretion of the Owners and not by the entire membership of the Association. It is intended that the Owners, through the additional sub-association described below, have the authority to effect maintenance, repair and other decisions applicable solely to the Property. Declarant has created an additional sub-association exclusively for the Property (known as HighGrove Townhomes Association, Inc.) for the purpose of administering the provisions of this Subsection 3.2. The membership provisions and voting rights for the Owners and Declarant for this additional sub-association shall be structured similarly to those set out in Subsection 3.1 and otherwise as established in this additional sub-association's bylaws.

4. SUB-ASSOCIATION ANNUAL ASSESSMENTS. The Sub-Association shall levy an annual assessment against all the Lots under its jurisdiction, which funds shall be used exclusively for the purpose of promoting the beautification of all property under its jurisdiction, the recreation, health, safety, and welfare of its members, the enforcement of this Supplementary Declaration and all applicable provisions of the Master Declaration, and, in particular, the improvement and maintenance of the services and facilities of the Limited Common Areas, including without limitation any private alleys. In accordance with Article V, Section 10, of the Master Declaration, each Lot shall be subject to an annual assessment for same, which assessment shall be fixed for assessment year 1999 at \$660.00.

5. ARCHITECTURAL CONTROL. Only units or other improvements which have been approved in writing by the Architectural Review Board ("ARB") prior to the commencement of clearing, grading, or construction of any kind on a Lot will be permitted. Upon completion of the foundation and before proceeding with other construction, an actual field survey of the foundation shall be presented to the ARB to ensure compliance with the site plan. The survey must show the proposed location of driveways, and shall indicate the actual distance from all buildings at their closest point to all property lines. All improvements shall comply with the plans as presented unless changes are approved in writing by the ARB. All drives and walks must be paved with concrete or brick. All Lots on which a unit is approved and built shall be landscaped in accordance with the plans approved by the ARB. Landscaping must be finished

upon completion of the unit. Total construction time, from the date of final approval of plans by the ARB to the completion of the unit for occupancy, shall not exceed nine months.

6. **PARTY WALLS.** The property is intended for use as attached townhomes with associated Limited Common Areas. Accordingly, each wall which is built as a part of the original construction of the attached homes and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Supplementary Declaration, the general rules of law regarding party walls and the liability for property damage due to negligent or willful acts or omissions shall apply thereto. The costs of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of such wall in proportion to such use. If a party wall is destroyed or damaged by fire or other casualty, any Owner who makes use of such wall may undertake its restoration, and each Owner having use thereof shall contribute pro-rata to such restoration and repair. Such pro-rata contribution shall not prejudice the right of any Owner to call for a larger contribution from one or more Owners under the rules of law regarding liability for negligent or willful acts or omissions. Notwithstanding any other provision herein contained, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole and entire cost of all necessitated repairs and of the furnishing of the necessary protection against such elements. The right of any Owner to a contribution from any other Owner under these party wall provisions shall be appurtenant to the land and shall pass to his successor in title.

7. **MAINTENANCE/REPAIR.**

7.1. **Sub-Association Responsibilities.** Except as provided in Subsections 7.2 and 7.3 below, the Sub-Association shall provide exterior maintenance upon each of the Lots as follows: repair, replacement and on-going care of roofs, gutters, downspouts, trees, shrubs, grass, exterior building surfaces (including, but not limited to, paint, but specifically excluding glass surfaces), and any other exterior improvements, and sidewalks and alleys, to the extent such are not publicly maintained. In the event the need for maintenance, repair or replacement is caused by the negligent or willful act of an Owner, his family, guests or invitees, or is caused by those excluded acts or incidents as defined and explained in the NC Standard Fire and Extended Coverage Insurance Policies, the costs of such maintenance, repair or replacement shall be added to and become a part of the assessment to which such Lot(s) is/are subject. In order to accomplish the foregoing, there is reserved unto the Sub-Association the right to unobstructed access over, under, and across each Lot at all reasonable times to perform the maintenance as herein provided.

7.2. **Owner Responsibilities.** Maintenance, upkeep, and repairs of any patio, deck, porch decking, screens and screen doors, exterior doors, and windows and window fixtures and other hardware located on a Lot shall be the sole responsibility of the individual Owner of that Lot and not in any manner the Sub-Association's. Notwithstanding that the Sub-Association will have the responsibility for maintaining the landscaping, each Owner shall be responsible for making sure that that landscaping is adequately watered. All fixtures and equipment installed with a townhome commencing at a point where the utility lines, pipes, wires, conduits, or systems are within the townhome's exterior walls, including the courtyards, shall be maintained

and kept in repair by the Owner thereof. An Owner shall do no act, nor any work that will impair the structural soundness or integrity of another townhome, nor impair any easement or hereditament, nor do any act or allow any condition to exist which will adversely affect the other townhomes or their Owners. All private utility systems (other than those serving a single Lot) located outside the exterior walls and/or within the Limited Common Areas shall be maintained by the Sub-Association. All public utility systems located outside the exterior walls and/or within the Limited Common Areas shall be maintained by the appropriate utility company or governmental authority.

7.3. **Reconstruction.** In the event of damage to an Owner's townhome unit, the Owner shall, within forty-five (45) days of the damage, elect to repair/rebuild or not to repair/rebuild such damaged portions of its townhome unit in as good condition as formerly. The election shall be made by giving written notice of such to the Sub-Association within the specified time period. If the Owner fails to timely make an election, it shall be deemed to have elected to repair/rebuild. If the Owner elects not to repair/rebuild, it shall nevertheless demolish the damaged townhome unit, clean up any and all debris, (where applicable) level, grade, pave and landscape the area, and thereafter maintain its Lot in a good, clean, safe and presentable condition. In the event the Owner elects or is deemed to have elected to repair/rebuild, but fails to promptly commence and thereafter diligently pursue the repair/rebuilding or clean up required by this Subsection, the Sub-Association's Board, upon obtaining the required member approval, shall have the power to take the action otherwise required to be performed by the Owner with respect to the damaged townhome unit and to levy a special assessment against the Owner to pay the costs of repair/rebuild and/or clean up. In the event the Sub-Association exercises its rights under this Subsection, the Sub-Association shall be entitled to receive and use any and all insurance proceeds payable under the Owner's insurance policy to the extent necessary to repair/rebuild and/or clean up the damaged townhome unit.

8. **COVENANT TO INSURE.** Each Owner of a Lot, by acceptance of a deed therefor, is deemed to covenant to keep the unit constructed on the Lot insured against loss by fire with what is commonly known as "extended coverage" in an amount equal to not less than ninety percent (90%) of the replacement value of the unit; to name the Sub-Association as an additional insured "as its interest may appear" in order that the Sub-Association will be notified of any lapse in coverage; to apply the full amount of insurance proceeds to the repair or rebuilding of the unit; to repair or restore the unit in the event of damage thereto substantially in accordance with this Supplementary Declaration and the original plans and specs for same; and, to keep the unit in good repair as herein provided. In the event of non-payment by an Owner of any insurance premium as required hereunder, the Sub-Association is authorized to make such payment and to assess the subject Lot with the sums so paid as a special assessment.

9. **EASEMENTS.**

9.1. **Association Easement.** Every Lot shall be subject to an easement for entry by the Sub-Association (and the Persons described above) for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot and that endangers any improvement or portion of the Common Area.

9.2. **Drainage Easement.** For a period of twenty (20) years from the date of this Declaration, the Declarant reserves an easement over and under the Development to maintain and to correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary. After such action has been completed, the Declarant shall restore the affected property to its original condition to the extent practicable. Declarant shall give each affected Owner thirty (30) days' advance written notice of Declarant's intent each time it plans to exercise its rights pursuant to this Subsection 9.1.

10. **LAND USE REGULATIONS.**

10.1. **Uses.** Notwithstanding the uses otherwise permitted by the applicable zoning code and unless otherwise permitted by Declarant, in writing (which it may arbitrarily withhold), use of each Lot shall be strictly limited to attached and/or detached single family residential purposes and those other purposes expressly permitted by this Declaration.

10.2. **Screening.** All equipment, garbage cans, service yards, wood piles, or storage piles shall be kept screened by adequate Improvements so as to screen them from view from the street and adjoining Lots. All garbage, trash, or rubbish shall be regularly removed from the Lot and shall not be allowed to unreasonably accumulate. No clothes lines, whether screened or not, shall be allowed outside of the Owner's townhome.

10.3. **Leasing.** No Lot or any portion of the Improvements thereon shall be leased for transient or hotel purposes, except that an Owner may lease not less than the entire residential structure on its Lot; provided that each lease must be in writing, must be for a period of not less than one (1) year, and must provide that it is subject to this Declaration and the Bylaws and that any failure by a tenant to comply with such shall be a default under the lease. The Owner shall promptly provide the Association with copies of any and all leases entered into by the Owner.

10.4. **Drapes, Blinds, Etc.** The side of all, drapes, blinds, and/or other window treatments which is visible from the exterior of a Townhome shall be white or neutral in color.

10.5. **Utility Devices.** Except as required by law, no exterior television or radio antennas, satellite dishes or solar panels or other utility devices, of any sort shall be placed, allowed or permitted upon any portion of the exterior of the Improvements to be located upon the Property without the prior written approval and the authorization of the Declarant (as long as Class B Membership exists), the Association's Board or the Architectural Committee. The Declarant and the Association, for the common benefit of the Owners, reserves the right to install within the Property such utility devices necessary to provide cable TV or similar services.

10.6. **Business/Obnoxious Activity.** No business activity of any kind or any obnoxious or offensive activity shall be carried on the Property or Improvements thereon, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood. Nor shall the Property be used in any way or for any purpose which may endanger the health or

unreasonably disturb an Owner or his tenants or invitees. No "For Sale" signs (except as otherwise specifically authorized by the Association), advertising signs or rent signs, bill boards, unsightly objects or nuisances shall be erected, placed or permitted to remain on the Property, and in no event in the Common Area. The foregoing covenants shall not, however, apply to the business activities, signs, and billboards or the construction and maintenance of buildings, if any, of Declarant, its agent and assigns, during the construction and sales period for the HighGrove Townhomes.

10.7. Vehicles. No boats, recreation vehicles, campers, motorcycles, tractors, trucks (other than one pick-up truck rated one-half ton or less), or trailers (the "Vehicles") of any Owner or member of his family, his tenants, guest or contract purchasers shall be parked within the Common Area, or within the right-of-way of any street in or adjacent to the Subdivision. All Vehicles shall be stored either within the Owner's garage or other facilities not located on the Subdivision. No Owner shall park or store an inoperative or abandoned Vehicle or automobile on any Lot or on the streets or Common Areas in the Subdivision.

10.8. Tanks. Other than hot tubs or similar devices approved by the Architectural Committee, no above or below-ground tanks or pools will be permitted for the storage of fuel or water or any other substance. The installation of such tanks shall be subject to reasonable screening requirements established by the Architectural Committee.

10.9. Lawn Ornaments. No decorative lawn ornaments shall be placed on any Lot without the prior written approval of the Architectural Committee.

10.10. Trash Removal. Collection of refuse and recyclables shall be as provided under the Master Declaration; except that Declarant shall have no obligation to provide rollcars or bins.

10.11. Governmental Regulations. Each Owner shall comply with all laws, ordinances, governmental building codes, health regulations, zoning restrictions and the like applicable to its Lot and/or Common Areas. 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.

10.12. Additional Restrictions. The Declarant (as long as it hold Class B Membership) and thereafter, the Association, the Association's Board, or the Architectural Committee shall have the power to formulate, amend, publish and enforce other reasonable rules and regulations concerning the architectural control and use of the Property. The Property shall also be subject to all restrictions applicable under the Master Declaration. In the event of a conflict between the restrictions set out in these Protective Covenants and the restrictions included in the Master Declaration, the more restrictive of the two shall control.

10.13. Anti-Discrimination. No action shall at any time be taken by the Declarant, the Association, the Association's Board, or the Architectural Committee in the enforcement or interpretation of these Protective Covenants which in any manner would unfairly discriminate against any Owner in favor of any of the other Owners.

11. APPLICATION OF RESTRICTIONS. The foregoing restrictions shall apply only to the Lots, and nothing contained herein shall prevent the Declarant from altering the size or frontage of any property other than the Lots or the location of any streets or roads other than portions of such streets or roads as about the Lots.

12. WAIVER OF AND CONSENT TO VIOLATIONS. Declarant may waive any violation of these restrictions by an appropriate instrument recorded in the Orange County Registry; provided, however, that if the violation occurs on any Lot which abuts a Lot previously conveyed to an Owner in fee simple, the consent of such adjoining Owner shall also be contained within the aforementioned instrument to be recorded in the Orange County Registry. The provisions of this paragraph whereby the consent of the adjoining property Owner is required shall not be applicable to paragraphs 1 and 2 of this Supplementary Declaration whereby only the written consent of Declarant is required.

13. TERM. These restrictions shall run with the land and be binding on all parties and persons claiming under them for a period of forty (40) years from the date of recordation hereof, after which time said restrictions shall be automatically extended for successive ten (10) year periods unless an instrument agreeing to a change in said restrictions, in whole or in part, and executed by a majority of the then Owners of the Lots has been recorded in the Orange County Registry.

14. ENFORCEMENT. Enforcement of this Supplementary Declaration shall be by proceedings at law or in equity against any person or persons attempting to violate any of the restrictions contained herein, either to restrain violation or to cover damages.

15. ASSIGNMENT BY DECLARANT. Declarant shall have the right to assign its rights under this Supplementary Declaration, in whole or in part, to any person or entity by an express transfer of such rights.

16. SEVERABILITY. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions contained herein, which shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, the day and year first above written.

SOUTHERN VILLAGE LIMITED PARTNERSHIP (SEAL)
BY: SOUTHERN VILLAGE COMPANY, GENERAL PARTNER

BY: _____



President

ATTEST

Assistant Secretary

(CORPORATE SEAL)

