

mail: HB Planning Dept.
P.O. Box 230
HB 27261

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DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
CLIFTON HEIGHTS

THIS DECLARATION, made on the date hereinafter set forth by Melco Properties, L.L.C., hereinafter referred to as "Declarant;"

W I T N E S S E T H:

THAT WHEREAS, Declarant is the owner of certain property in High Point Township, Guilford County, State of North Carolina, which is more particularly described as follows:

All of that certain parcel of land shown on the plat entitled, Clifton Heights, Phase 2, which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 121, at Page 76.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Clifton Heights Homeowners Association, Inc., its successors and assigns.

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

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

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North Carolina - Guilford County

The certificate (s) of _____

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Phoebe A. Sweitzer-Ball

RECORDED

KATHERINE LEE PAYNE
REGISTER OF DEEDS
GUILFORD COUNTY, NC

08/16/1996
1 MISC DOCUMENTS
10 MISC DOC ADDN PGS
1 PROBATE FEE

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\$6.00
\$20.00
\$2.00

A Notary (Notaries) Public is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time shown herein.

BOOK: 4449

PAGE(S): 0877 TO 0887

KATHERINE LEE PAYNE, REGISTER OF DEEDS

K. Edwards

Assistant/Deputy Register of Deeds

08/16/1996 14:15:53

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners including non-dedicated streets. The "Common Area" is shown as non-dedicated streets or is referred to as "Common Area" on the recorded plat. The numbered lots are not a part of the Common Area.

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

Section 6. "Declarant" shall mean and refer to Melco Properties, L.L.C. and its successors and/or assigns, if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

ARTICLE II
PROPERTY RIGHTS

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

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

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

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by at least sixty six and two-thirds percent (66 2/3%) of each class of members, agreeing to such dedication or transfer, has been recorded;

(d) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

Section 2. Declaration of Use. Declarant and Owner may delegate, in accordance with the By-Laws, their rights of enjoyment of the Common Area and facilities to the members of their families,

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their tenants, or contract purchasers who reside on the property.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 1. Declarant and every Owner of a Lot which is subject to assessments shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership or any Lot which is subject to assessment.

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

Class A. Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

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

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership.
- (b) upon resignation of Declarant of Class B member.

ARTICLE IV
COVENANT FOR MAINTENANCE AND ASSESSMENT

Section 1. Creation of Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest at the rate of 18% or the highest rate allowed by law whichever is less, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not

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pass to his successors in title unless expressly assumed by them. In the event that the Association shall fail to pay any taxes or assessments when due, each lot owner shall owe a pro-rata share of said tax or assessment which shall be established in accordance with Section 9-6-10(b)4 of the High Point City Ordinances as amended from time to time. Said pro-rata share shall become a lien on each property owner's lot in favor of the City of High Point.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, service and facilities devoted to this purpose, and to promote the use and enjoyment of the Common Area, including but not limited to, the payment of taxes and assessments assessed against the Common Area, the procurement and maintenance of such insurance, including liability insurance, as may be determined in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, garbage and trash collection services, street lighting, maintenance and landscaping of Common Areas and such other needs as may arise. The Association shall have no responsibility for the maintenance of any lot or improvement thereon.

Section 3. Maximum Annual Assessment. Until January 1 of the second year following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be ONE HUNDRED TWENTY AND NO/100 (\$120.00) DOLLARS per Lot.

From January 1 of the second calendar year following the first conveyance of a Lot to an Owner:

(a) The maximum annual assessment shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed six percent (6%) of the maximum annual assessment of the previous year; and

(b) The maximum annual assessment may be increased without limit by a vote of at least sixty six and two-thirds percent (66 2/3%) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

At any time the Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including retention ponds,

fixtures and personal property related thereto; provided that any such assessment shall have the assent of sixty six and two-thirds percent (66 2/3%) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots within the same class and may be collected on a monthly basis; provided, however, each Lot owned by the Declarant shall be assessed for both annual and/or special assessments at twenty five percent (25%) of the assessment for Lots owned by Class A members, but such twenty five percent (25%) assessment ratio for a particular Lot owned by the Declarant shall terminate immediately upon the transfer of said Lot from the Declarant to a Class A member; and thereafter, the full one hundred percent (100%) assessment for such Lot shall apply.

Section 6. Notice and Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

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Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein may be collected on a monthly basis and shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment against each Lot and send written notice of each assessment of every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the

same or foreclose the lien against the property, and interest, cost and reasonable attorney's fees of such action of foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien provided for herein shall be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer. 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 mortgage, mortgages, deed of trust or deeds of trust.

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

ARTICLE V
DEFAULT BY ASSOCIATION

Section 1. Default By Owners' Association: Upon default by the Owners' Association in the payment to the jurisdiction entitled thereto of any assessments for public improvements or ad valorem taxes levied against the common areas, which default shall continue for a period of six (6) months, each owner of a lot in the development shall become personally obligated to pay to the jurisdiction a portion of the taxes or assessments in an amount determined by dividing the total taxes and/or assessments due to the jurisdiction by the total number of lots in the development. If the sum is not paid by the owner within thirty (30) days following receipt of notice of the amount due, the sum shall become a continuing lien on the property of the owner, his heirs, devisees, personal representatives, and assigns. The taxing or assessing jurisdiction may either bring an action at law against the owner personally obligated to pay the same, or may elect to foreclose the lien against the property of the owner.

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ARTICLE VI
ROUTINE GROUNDS MAINTENANCE

Section 1. Maintenance of Landscaping. The Association is responsible for maintaining the general landscaping of the Common Areas, and for the maintenance of the non-dedicated streets and any retention ponds and utilities located therein. Each Owner is responsible for maintaining the general landscaping of their Lot, in harmony with the general landscape design.

ARTICLE VII
EASEMENTS

Section 1. Utilities and Drainage. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

Section 2. Easement of Owner Over Common Area. The Owner of Each Lot on which a dwelling is situated shall have the right at any time to enter upon the Common Area adjoining said Owner's Lot. The Owner of each Lot upon which a dwelling is situated shall also have the right of ingress, egress and regress over and across the non-dedicated streets as shown on the recorded plat.

ARTICLE VIII
GENERAL PROVISIONS

Section 1. Enforcement. The Declarant, the Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration.

Failure by the Declarant, the Association or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date the Declaration is recorded, after which time they shall be automatically extended for successive periods of

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ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy five percent (75%) of the Lot Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 4. Annexation. Additional residential property and Common Area may annexed to the Properties with the consent of sixty six and two-thirds percent (66 2/3%) of each class of members, or as hereinafter provided.

Provided, however, if within five (5) years of the date of incorporation of the Association, the Declarant shall develop additional lands within the area described in the metes and bounds description attached hereto as Exhibit A and incorporated by reference, such additional lands may be annexed to said Properties without the assent of the Class A members; provided, however, the development of the additional lands described in this section shall be in accordance with a general plan submitted to the Federal Housing Administration and the Veterans Administration with the processing papers for the first section, or as said general plan may subsequently have been amended with the consent of the Federal Housing Administration and the Veterans Administration. The Declarant shall have the authority to determine the number of acres to be annexed, whether or not such land should be annexed, the size and number of Lots, types and sizes of dwellings erected thereon and all other matters incident to the development of such additional land; provided, however, detailed plans for the development of additional lands must be submitted to the Federal Housing Administration or the Veterans Administration prior to such development. If either the Federal Housing Administration or the Veterans Administration determines that the detailed plans are not in accordance with the general plan on file and either agency so advises the Association and the Declarant, the development of the additional lands must have the assent of sixty six and two-thirds percent (66 2/3%) of the Class A members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days not more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

At this meeting, the percentage of members or of proxies entitled to cast sixty percent (60%) of all of the votes of the Class A membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth above, and the

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required quorum at any such subsequent meeting shall be one half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. FHA/Va Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, dedication of Common Areas, and amendment of this Declaration of Covenants, of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

ARTICLE VIII
RESTRICTIONS

1. No lot shall be used for other than residential purposes. No building or structure shall be erected, altered, placed or permitted to remain on any lot other than: (1) one detached, single-family dwelling not to exceed two and one half stories in height (hereinafter the "dwelling"); (2) one private garage or carport, whether attached to or detached from the dwelling, for not more than two automobiles; (3) and one accessory building for storage incidental to residential uses which is not in excess of 250 square feet in area and is located to the rear of the dwelling.

2. No dwelling shall be permitted having an improved heated area on the main structure, exclusive of open porches and garages, of not less than 1,400 sq. ft. for a one (1) story dwelling; 800 sq. ft. (800) on the first floor for a one and one-half story dwelling or for a two story.

3. Asphalt or concrete drive ways are required for each dwelling. Each house fronting on Willard Road shall be provided with sufficient turning area to allow for forward egress to Willard Road.

4. No building shall be located on any lot nearer to the front line or nearer to the side street line than the setback lines established by the City of High Point.

5. No livestock of any nature shall be kept upon any lot, nor shall dogs, cats, or other animals be kept for breeding purposes or for any purpose other than household pets.

6. Violation of these restrictions may be waived by the Developer which waiver shall be in recordable form and any such waiver shall not be construed to be a waiver of a subsequent breach or a consent to a variance of the same or any other restriction.

7. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which maybe or may become any annoyance or nuisance to the neighborhood.

8. No sign of any kind shall be displayed to the public view on any lot except one professional sign of not more than one (1) square foot, one sign of not more than five (5) square feet advertising the property for sale or for rent, or signs used by a builder to advertise the property during the construction and sales period.

9. No structure of a temporary character, trailer, basement, tent, garage, barn or other out building shall be used on any lot at any time as a residence either temporarily or permanently.

10. No lot shall be used or maintained as a dumping ground for rubbish, trash, or other waste which is not kept in sanitary containers. No lot may be used to store junk automobiles or any other type of salvage.

11. No satellite disc or dish larger than twenty-four inches in diameter shall be allowed, unless prior written approval shall be obtained from the Homeowners Association.

12. No lot shall be used to provide access to the public or other landowners adjoining the subdivision.

13. No modular, mobil, prefabricated, manufactured, or similar housing shall be permitted on any lot.

14. Any motor home, trailer, boat, or other type of recreational vehicle must be parked in the rear or in the driveway of any residence, and shall not be parked on the street.

15. No fences or walls, other than retaining walls not more than two feet in height above grade, may be built or allowed to remain upon any lot which shall be nearer the street than the front of the house upon said lot or the front of the house upon the adjoining lot, which ever is greater. All fences shall be approved in writing by the Homeowners Association prior to installation.

IN WITNESS WHEREOF, Melco Properties, L.L.C. has caused this instrument to be executed, as of the 13th day of August, 1996.

Melco Properties, L.L.C.

By: *Heraldine M. Longaker* (SEAL)
Managing Member

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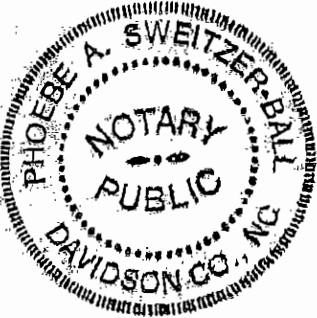
NORTH CAROLINA, GUILFORD COUNTY

I, Phoebe A. Sweitzer, a Notary Public of Davidson County and State aforesaid, certify that ~~John H.~~ ^{GERALD DINE} Longaker, manager of Melco Properties, a limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the company.

Witness my hand and official stamp or seal, this 13 day of August, 1996.

My Commission Expires: 1/10/98

Phoebe A. Sweitzer Ball
Notary Public



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