

Prepared by and return to: Beemer, Savery & Hadler, P.A., P.O. Drawer 3150, Chapel Hill, N.C., 27515.

NORTH CAROLINA

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR PICKARD OAKS

ORANGE COUNTY

THIS DECLARATION, made and entered into this the day of March, 2001, by CAPKOV VENTURES, INC., a North Carolina corporation, party of the first part, hereby referred to as Declarant, whose address is 203 Stable Road, Carrboro, NC 27510.

WITNESSETH:

Whereas, Declarant is the owner of the following described real property located in the Town of Chapel Hill, Chapel Hill Township, Orange County, and also in Triangle Township, Durham County and more particularly described as:

BEING all that certain property as shown on a survey entitled "Final Plat PICKARD OAKS" prepared by Riley Surveying, P.A. and last revised February 21, 2001, and recorded in Plat Book 37, Page 124, Orange County Registry and Plat Book __, Page __, Durham County Registry.

AND WHEREAS, Declarant intends to construct a townhouse home on each primary numbered Lot with the centerline of the party wall of each townhouse home being the property line for said Lot; intends to then subdivide the Lot into a Lot A and a Lot B, identifying each adjacent A and B set with the same numerical prefix; and lastly intends in total to convey 64 townhouse home Lots from said property subject to the Covenants, Conditions and Restrictions contained in this Declaration.

NOW, THEREFORE, Declarant declares that all the property in the townhouse development known as PICKARD OAKS shall be held, sold, and conveyed subject to the following restrictions, covenants and conditions.

FOR MULTIPLE PIN SHEET
SEE BOOK 2220 PAGE 376-378

Preamble: The purpose of this instrument is to protect the value, desirability and attractiveness of the aforesaid real property; to insure the best use and the most appropriate development and improvements of each Lot located therein; to protect the owner of each Lot against such improper use of surrounding Lots as will depreciate the value of said owner's property; to preserve, as far as practicable, the natural beauty of said property; to guard against the erection of poorly designed or proportioned structures and/or structures built of improper or unsuitable materials; to obtain harmonious color schemes; to insure the highest and best development of said property; and to enhance, as far as is practical, the value of investments made by owners of Lot therein. To that end, Declarant herein creates a Homeowners' Association and vests it with certain powers and authority consistent with the intentions expressed in this Preamble. Lastly, said restrictions, covenants and conditions shall be appurtenant to and run with the land and shall be binding on all parties having any right, title or interest in the described real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE ONE: Definitions.

Section 1: "Properties" shall mean and refer to that certain real property known collectively as PICKARD OAKS as shown on Plat Book 87, Page 124, Orange County Registry, and Plat Book __, Page __, Durham County Registry, and any property added subsequent hereto in Phases by Amendments to this Declaration properly recorded and brought within the jurisdiction of the "Association" subject to this Declaration.

Section 2: "Association" shall mean and refer to the PICKARD OAKS Homeowners' Association, Inc., its successors and assigns.

Section 3: "Lot" shall mean and refer to any plot of land as shown on any recorded subdivision map of the "Properties" excluding the aforesaid Common Areas lands. In particular, Lot shall mean and refer to either an A Lot or a B Lot.

Section 4: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any A or B 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 5: "Common Areas" shall mean and refer to all real property (including any improvements thereto) owned in fee simple by the Association or for which the Association shall have been granted by Declarant easement rights for the common use and enjoyment of all the Owners of Lots in PICKARD OAKS, subject to this Declaration and By-Laws. For PICKARD OAKS, this shall mean and refer to the common area space, recreation space, private storm drainage easements, storm water detention easement area, buffers, pedestrian easement, all as shown on the aforesaid recorded plat of PICKARD OAKS. All Common Areas shall be maintained by the Association.

Section 6: "Declarant" shall mean and refer to Capkov Ventures, Inc., its successors and assigns. In the event Capkov Ventures, Inc., for any reason, should cease to exist, then Declarant shall mean any entity which purchases or otherwise acquires Capkov Ventures, Inc.'s remaining interests in and to the development known as PICKARD OAKS.

Section 7: "Member" shall mean and refer to any person or entity entitled to membership in the Association as provided for herein. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to an assessment by the Association. The Owner of a Lot shall become a member of the Association merely by virtue of being an Owner of a Lot. In the event of multiple ownership of any given Lot, each Owner shall be a member of the Association but only one vote total shall be accorded to each Lot.

Section 8: "Phase" shall mean and refer to any additional areas, if any, adjacent to and brought into the Properties. Phasing shall be accomplished by amendment to this Declaration which shall require execution only by Declarant, or his successors and assigns. Once the phasing amendment is recorded, the new area affected thereby shall become a part of the Properties subject to the Declaration.

ARTICLE TWO: Property Rights.

Section 1: Owners' Easements of Enjoyment: Each Owner of a Lot in PICKARD OAKS shall have a right and easement of enjoyment in common with every other Lot Owner in PICKARD OAKS in and to Common Areas lands. The Owner of each Lot in PICKARD OAKS shall have an exclusive right and private easement of enjoyment in common only with the Owner of the Lot with whom a party wall is shared. Such rights shall be appurtenant to the land 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 Common Areas;

(b) The right of the Association to suspend the voting rights and the right of access to and through the Common Areas if such access is intended for recreational purposes and the right to the use of the recreational facilities located on Common Areas 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 non-assessment infraction of its published rules and regulations;

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

(d) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Areas and facilities, and in aid thereof to mortgage said property, and the rights of such mortgagees in said properties shall be subordinate to the rights of the homeowners hereunder.

Section 2: Ownership of each Lot shall entitle the owner or owners thereof to the use of at least two automobile parking spaces, which shall be as near and as convenient to the front door of each Lot as reasonably possible, together with the right of ingress, egress and regress in and upon said parking areas. The parking of boats, trailers, motor homes, commercial vehicles of any type except delivery vehicles while in the process of making deliveries is expressly prohibited without the express written permission of the Association. The Board of Directors of the Association shall have the

power and authority to enforce the provisions of this Section including such authority to develop reasonable rules, regulations, and grievance procedures consistent with this Section and the municipal regulations of the Town of Chapel Hill for purposes of enforcing the adherence of the provisions contained herein. No Lot owners under any circumstances will be allowed to leave his vehicle parked and unattended if the location of that vehicle in any manner, fashion or form blocks or impedes the rights of ingress, egress and regress of any other Lot owner in the subdivision, particularly the Lot owner who shares the same numerical prefix. Declarant, for itself, its successors and assigns, hereby gives and grants unto each Lot owner in PICKARD OAKS an easement of ingress, regress and egress over, across and through the Common Areas of PICKARD OAKS.

Section 3: Delegation of Use: Subject to this Declaration and By-Laws, a Lot owner may delegate his right of enjoyment to Common Areas and facilities to his heirs and assigns, members of his family, invitees, agents, licensees, guests, tenants, or contract purchasers who reside on the property.

Section 4: Conveyance of Common Areas: Declarant shall, prior to the conveyance of the first Lot in PICKARD OAKS, convey fee simple title to the Common Areas to the Homeowners Association, subject to Declarant's reserved easement rights during construction as set forth herein but free and clear of all encumbrances except for street or road rights of way, sidewalks, parking areas and utility easements. So long as Declarant remains the record owner of any Lot within the Properties, Declarant expressly reserves the right to alter and restructure existing Lot lines provided

Declarant shall not increase or decrease the number of existing buildable Lots.

ARTICLE THREE: Membership and Voting Rights.

Section 1: Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. By way of illustration, the record owner of Lot 15A shall be entitled to one vote; the record owner of Lot 15B shall be entitled to one vote and there will be sixty-four (64) lots, each with a vote.

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

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

Class B - The Class B member(s) shall be the Declarant and shall be entitled to five (5) 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 exceeds the total votes of outstanding in the Class B membership, or

(b) December 31, 2007.

ARTICLE FOUR: Covenant for Assessments.

Section 1: Creation of the Lien and Personal Obligation of Assessments. The

Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) an Annual Assessment, and (2) a Special Assessment for capital improvements, both such assessments to be established and collected as hereinafter provided. The Annual Assessment, and as applicable, the Special Assessment, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them. For each Lot owned by Declarant, whether vacant or in any stage of construction, but not yet conveyed, Declarant shall pay to the Association one-eighth (1/8) of the Annual Assessment on a monthly basis. Declarant shall not be liable for any Special Assessment.

Section 2: Purpose of Assessments.

(a) The assessments levied by the Association shall be used to promote the recreation, health, safety, and welfare of the residents of the Properties.

(b) In addition, the assessments as collected shall be spent for general maintenance of the Common Areas, Front Yards, Side Yards that remain open and accessible, and Easements on Lots. Maintenance shall include, but not necessarily be

limited to, general lawn care and shrubbery care, including but not limited to, fertilization and pruning, mowing, trimming and re-seeding of grass and lawn areas. The Association will also maintain the Stormwater Detention Facility and all landscape bufferyards. The Association will also provide for the ongoing inspection and warranty for termites on for each lot. General maintenance shall also include the following Common Area equipment: all outbuildings, playground equipment and recreational amenities such as benches, regulation sand volleyball court, grills, sheds, gazebos, picnic shelters, water meters, and other related items.

(c) By way of further example and again not by way of limitation, the Board of Directors of the Association, being responsible for procuring adequate fire and extended casualty insurance on all the buildings and general liability insurance on all the Common Areas of PICKARD OAKS, shall defray the cost of the same from the Annual Assessment.

(d) The Annual Assessment shall also be used to pay for the electricity lighting Common Areas lands and the streets serving PICKARD OAKS.

(e) The Annual Assessment shall also be used to perform the annual task of planting, tilling and fertilizing the community garden. In addition the cost of maintaining water service to the garden area shall be borne by the Association. The Board of Directors will develop regulations for the equitable division and use of the garden area by Lot owners.

(f) By way of further information regarding the assessment, each Lot Owner should note that due to differing amounts of exposure to the elements and other

factors, some Lots may require more maintenance than other Lots. It is in the best interest of the Association and all the Lot Owners individually that all Lots be properly maintained and that the Association be required to provide such maintenance. Lastly, it should be noted that money spent, particularly by and through a special assessment on any given Lot, enhances the value of all Lots within the Properties, some of which may require special assessments for capital maintenance at some date in the future when other Lots within the Properties do not have this same need or requirement.

Section 3: Maximum Annual Assessment. Until April 1, 2002, the maximum Annual Assessment shall be Eight Hundred and Forty (\$840.00) Dollars per Lot, payable at the rate of Seventy (\$70.00) Dollars per month.

(a) From and after April 1, 2002, the maximum Annual Assessment may be increased each year, without a vote of the Lot Owners, in an amount equal to but not greater than the increase in the Consumer Price Index (as published by the United States Department of Labor) for the preceding calendar year.

(b) From and after April 1, 2002, the maximum Annual Assessment may be increased above that total increase established by the Consumer Price Index for the preceding calendar year only by a vote of two-thirds (2/3) of all the Lot Owners who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the Annual Assessment at any amount not in excess of the maximum.

Section 4: Special Assessments for Capital Improvements. In addition to the Annual Assessment authorized above, the Association may levy, in any assessment year, a

Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon Common Areas lands, including fixture and personal property related thereto, and for maintenance, repair or replacement of siding, roofing and originally constructed privacy fences for each townhouse building; provided however, that except for the particular situation as set forth in Article Five, Section 5, any such special assessment must have the assent of two-thirds (2/3) of the votes of all the Lot Owners who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5: Notice and Quorum for Any Action Authorized Under Sections 3 and 4.

Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Lot Owners not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Lot Owners or of the 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 quota at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6: Uniform Rate of Assessment. Both Annual and Special Assessments must be fixed at a uniform rate for all Lots except the Lot 33, and may be collected on a monthly basis. Lot 33, will not be required to pay any assessment, but the owners

thereof shall be entitled to use the amenities, but the Association shall have no responsibility to maintain Lot 33.

Section 7: Date of Commencement of Annual Assessment: Due Dates. The Annual Assessment provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Areas including those Lots owned by the Declarant but not yet conveyed to an Owner. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. In the event the annual assessment is increased, written notice of the increase shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8: Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten (10.0%) percent per annum, plus a one-time late payment penalty of Ten (\$10) Dollars. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments

provided for herein by non-use of the Common Areas or abandonment of his Lot.

Section 9: Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer except that such an extinguished lien may be reallocated and assessed to all of the Lots as a common expense. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10: In addition to the above, the assessment provided for herein shall be allocated in part to a reserve fund which shall be established by the Board of Directors. Said reserve, funded by and through the Annual Assessment collected monthly, shall be used for periodic maintenance, repair and replacement of the dwelling units themselves and/or Common Areas maintenance, repair and improvements. This reserve fund shall be in supplemented by the working capital or reserve fund created herein to be funded with the sale and conveyance of each Lot within the Properties as set forth in Article Twelve, Section 7 herein.

Article Five: Insurance and Assessments:

Section 1: The premiums for all insurance policies shall be deemed a common expense and shall be paid as part of the Annual Assessment, collected monthly, for each Lot in PICKARD OAKS.

Section 2: The Board of Directors shall have the authority to and shall obtain insurance for all buildings owned by the Association against loss or damage by fire or other hazards in an amount equal to the maximum insurable replacement value (100% of current replacement costs) as determined annually by the Board of Directors with the assistance of the insurance company providing such coverage such that the coverage will be sufficient to cover the costs of all repair or reconstruction work necessitated by damage or destruction from any insurable hazard.

Section 3: The Board of Directors shall have the authority to and shall also obtain a broad form public liability policy covering all Common Areas and all damage or injury to person or property caused by the negligence of the Association or any of its agents.

Section 4: The Board of Directors shall have the authority to and shall obtain insurance for all buildings owned by individual Lot Owners against loss or damage by fire, extended casualty or other hazards in an amount equal to the maximum insurable replacement value (100% of current replacement costs) as determined annually by the Board with the assistance of the insurance company providing such coverage such that the insurance coverage will be sufficient to cover the full replacement cost of any repair or reconstruction work necessitated by damage or destruction from any insurable hazard. This master or blanket policy shall insure against damage to the roof, party wall, foundations, supports, and basic structure of the building. In the event of any conflict between the terms and conditions set forth herein and the terms and conditions of any policy of hazard insurance duly obtained by and through the responsible actions of the Board of Directors, then the terms and conditions of the actual policy shall

control.

Section 5: In the context of Article Five, Sections 2 through 5, if the proceeds of the hazard insurance are insufficient to defray the estimated costs of reconstruction and/or repair, the Board of Directors shall have the authority to impose one or more special assessments in an amount sufficient to provide funds for such reconstruction or repair against all the individual Lot owners prorate without the requirements of an affirmative vote of the Lot Owners. The Association shall pay the deductible associated with each any every loss claim.

Section 6: All insurance policies required as set forth herein will be obtained in the name of the Association and will designate not only the individual Lot Owner and said Owner's mortgagees but also the PICKARD OAKS HomeOwners' Association, Inc., through its Board of Directors, as a loss payee, all as their interests may appear.

Section 7: In the event of damage or destruction by fire or other casualty to any property covered by insurance written in the name of a Lot Owner designating the Association as a loss payee, the Board of Directors and the individual Lot Owner or Owners shall upon receipt of the insurance proceeds, contract jointly to rebuild or repair such damaged or destroyed portions of the property to as good condition as formerly. Prior to entering into a contract for the repair, the Board of Directors and Lot Owner shall obtain a minimum of two competitive bids and mutually agree on the contractor chosen. In the event of a disagreement between the Board of Directors and the Lot Owner regarding the hiring of a contractor to complete the repair of the damaged or destroyed property, the Board of Directors shall be empowered to make a

final decision.

Section 8: Each individual Lot Owner shall be solely and exclusively responsible for obtaining insurance coverage for said Owner's personal possessions and personal general liability insurance.

ARTICLE SIX: Architectural Control.

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event the Board or its designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed fully complied with. All such requests shall be sent by certified mail to the Declarant, or to Board of Directors, to the Architectural Control Committee, as the case may be, at the last known address of the party to whom the request is being sent.

As to all construction within the Properties, this approval process will remain the sole responsibility of Declarant so long as Declarant owns one or more Lots in PICKARD OAKS, or until such time as Declarant, in writing, transfer this responsibility to the Board of Directors of the Association or any Architectural Control Committee

ARTICLE SEVEN: Party Walls, Roofs, Foundations and Foundation Walls.

Section 1: General Rules of Law to Apply. Each wall, roof, foundation and foundation wall which is built as a part of the original construction of the homes upon the Properties and placed on or traverse to the dividing line between the Lots and all reconstruction or extensions of such structures shall constitute a party wall, roof, foundation and foundation wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and lateral support in below-ground construction and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2: Sharing of Repair. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall or benefit therefrom in proportion to such use and benefit. If repair is necessitated by the occurrence of a casualty for which the Association had insurance, then such costs as are set forth herein shall be the responsibility of the Board of Directors.

Section 3: Easement for Construction. The Owner of any Lot may construct, reconstruct or extend a party wall, roof, foundation or foundation wall in any direction (subject to and within the limitations of architectural control and other limitations of this Declaration) with the right to go upon the adjoining Lot to the extent reasonably necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the

commencement of such construction as is reasonably practicable.

Section 4: Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5: Right of Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6: Certification by Adjoining Property Owner that No Contribution is Due. If any Owner desires to sell his property, he may, in order to assure a prospective purchaser that no adjoining property Owner is owed any money under any right of contribution as provided for hereunder, request the adjoining property Owner or property Owners to certify that no money is then due under any right of contribution. It shall be the duty of each adjoining property Owner to make such certification immediately upon request and without charge; provided, however, that where the adjoining property Owner claims an amount of money due under a right of contribution the certification shall contain a recital of the amount so claimed.

Section 7: Arbitration. In the event of any dispute arising concerning a party wall or other external improvements covered by this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE EIGHT: Exterior Maintenance.

Section 1: As set forth in the Preamble as well as in Article Four, Section 2(b), the Board of Directors of the PICKARD OAKS Homeowners Association shall be responsible for maintenance and upkeep of the Common Areas of PICKARD OAKS as well as the exterior maintenance of each lot within the Properties. To that end, each Lot Owner herein grants to the PICKARD OAKS Homeowners Association, its successors and assigns, agents, employees and licensees, an exclusive easement to come upon said Lot at reasonable times for the sole and exclusive purpose of doing such exterior maintenance as set forth in Article Four, Section 2(c). In addition to those matters set forth in Article Four, Section 2, from the Annual Assessment or any duly voted upon Special Assessment, the Association shall provide funds for each Lot for necessary repairing and replacing roofs, gutters, downspouts, siding, privacy fences constructed by the Declarant or during initial construction, re-painting and/or re-staining original exterior surfaces and all other original structural exterior improvements, excluding the replacement of glass surfaces, screens, exterior decks, awnings, HVAC or ventilation equipment, walks, driveways or foundations, and any maintenance to approved structural additions to the initial dwelling unless this maintenance has been affirmatively assumed by the Board of Directors in writing at the time the structural addition was approved.

Section 2: Declarant and, subsequent to when Declarant has turned over the affairs of PICKARD OAKS to the Homeowners' Association, the Association shall be responsible for maintenance of the recreation area and stormwater detention basins serving PICKARD OAKS. In the event either or both entities fail to do so, Declarant, for itself,

its successors and assigns, including the PICKARD OAKS Homeowners' Association, herein gives and grants to the Town of Chapel Hill the right and authority to promulgate necessary rules and regulations and/or to enter onto the recreation area and/or stormwater detention basins of PICKARD OAKS in order to enforce the maintenance of same if either or both are not adequately maintained to Town standards by either Declarant or the Association, including the authority to assess the costs for such maintenance against each Lot in PICKARD OAKS and to collect any unpaid assessments through procedures provided by North Carolina General Statutes Chapter 160A, Article 10, or other methods allowed by law; provided, however, that this provision shall not obligate the Town of Chapel Hill to assume any responsibility for the recreation areas and/or stormwater detention basins.

Section 3: The Owner of any Lot may, at his election, plant harmonious trees, shrubs, vegetable or flower gardens and grass in the Lot's rear yard space; provided, however, that such plantings and voluntary Owner maintenance does not hinder the Association in performing its maintenance tasks as set forth above. All plantings in the Lot's front yard shall be subject to the same conditions as set forth herein and must first be approved in writing by the Architectural Control Committee.

Section 4: In the event that the need for maintenance or repair is caused by or through the willful or negligent act of the Owner, his family, guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject. It is specifically contemplated that such maintenance as provided for herein shall arise from normal usage and weathering and does not include

maintenance made necessary by fire or other casualty.

ARTICLE NINE: Easements

Section 1: All of the Properties, including all Lots and Common Areas, shall be subject to such easements for water lines, sanitary sewer lines, storm drainage facilities, gas lines, cable TV, telephone and electric power lines and other public utilities as shall be or shall have been granted by the Declarant or by its predecessors in title. No TV antennae shall be visible from the front of the house in PICKARD OAKS. Declarant, while it retains fee simple title to at least one Lot in PICKARD OAKS, or the Associations's Board of Directors shall have the power and authority to grant and establish upon, over, under and across the Common Areas as conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property as well as its proper maintenance or operation.

Section 2: Each A and B Lot with the same numerical prefix shall be served by a paved concrete driveway with a minimum of one off street parking space within the concrete driveway for the A and B Lot. By way of illustration only, Lot 15A and Lot 15B shall be served by one driveway and one parking area for the exclusive and mutual use and enjoyment of the Owners of both Lot 15A and 15B. To that end, therefore, the Owner of a Lot in PICKARD OAKS will have in common with the Owner of the adjacent Lot with the same numerical prefix an easement for ingress-egress-regress purposes over any driveway and parking area serving the two adjacent Lots with the same numerical prefix and over any designated walkways from said parking area to the entryway of the dwelling on each Lot Owner's Lot. By acceptance of a conveyance of a Lot in

PICKARD OAKS, each Lot Owner covenants with the Owner of the adjacent Lot with the same numerical prefix not to interfere with or otherwise impede that Lot Owner's free and unfettered use and enjoyment of the ingress-egress-regress easement areas. The common driveway for each Lot A and Lot B will be separated by 18 inch grass strip. The grass strip will be maintained by the Association. The Owner of Lot A and will maintain and repair that portion of the driveway nearest to the residence for Lot A and the Owner of Lot B will maintain and repair that portion of the driveway nearest to the residence for Lot B.

Section 3: All Lots shall be subject to easements for encroachment of initial improvements constructed on adjacent Lots or on the Common Areas to the extent that such initial improvements actually encroach, including, but not limited to, such items as overhanging eaves, gutters and downspouts, steps, porches and walls. The centerline of the party wall of each dwelling shall be the common lot line between the Lots which share the same numerical prefix.

ARTICLE TEN: Use Restriction

Section 1: Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each Lot and the Common Areas.

Section 2: Use of Property. No portion of the Property (except for temporary office of the Declarant and/or a model townhouse used by Declarant for sale's purposes) shall be used except for residential purposes and related incidental purposes. "Single-family

residential" purposes may include "light-housekeeping" apartments containing no more than one bedroom. Specifically, no Lot may be stripped of its topsoil and trees or permitted to go to waste by being excavated, neglected or having trash or refuse thrown, dropped or dumped on it.

Section 3: Setback Lines: Shall be consistent with Town of Chapel Hill current zoning regulations.

Section 4: Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be or become a nuisance or annoyance to the neighborhood. No trash, rubbish, stored materials, wrecked or inoperable vehicles or similar unsightly items shall be allowed to remain on any Lot outside an enclosed structure; provided, however, that this shall not be construed to prohibit temporary deposits of trash, rubbish, and other such for pickup by governmental or other similar garbage/trash removal services.

Section 5: Signs. No signs of any kind except those advertising an individual Lot "For Sale" or "For Rent" and those signs used by the Declarant in the advertising of the Property, shall be displayed for public view in and about the premises.

Section 6: Use of Common Areas. No planting or gardening shall be done upon or in any Common Areas lands except as authorized by the Board of Directors of the Association.

Section 7: Items to be Approved by Association: Without the prior approval of the Board of Directors as to location, style, type, size and composition, no antennae, aerials, pole towers, solar collectors or similar structures, no fuel tanks or any similar

type of storage receptacle, no mailboxes or newspaper containers and no temporary structures such as shed, mobile homes, trailers or tents may be placed on any Lot or the Common Areas. Declarant, their heirs or assigns, may place one or more construction trailers on any Lot or the Common Areas during construction provided the same are removed within a reasonable period of time after construction in that area has been completed. No travel trailers or recreational vehicles shall be at any time used as a residence either temporarily or permanently without the express written consent of the Association.

Section 8: No Lot A or Lot B shall contain a living unit with less than 1,000 square feet of heated space.

Section 9: All trees located on a Lot over four (4) inches in diameter at a height of twenty-four (24) inches above the surface of the land and all redbud, dogwood and beech trees of every size shall be retained, unless Declarant or the Architectural Control Committee shall have given consent in writing to their removal; provided that all dead or diseased trees, shrubs, bushes or other vegetation shall be cut and promptly removed from any Lot by the Association in the performance of its maintenance duties as soon as the Declarant or Architectural Control Committee has determined that such are dead.

Section 10: Violation of any of these provisions shall subject the violating Lot owner to legal action, in law or in equity, filed against him by either the Board of Directors of the Association or any Lot owner in PICKARD OAKS. Such legal action, if successful, shall provide for the payment of reasonable attorney's fees in addition to remedies in law or

in equity.

ARTICLE ELEVEN: Easements for Construction Purposes

The Declarant, or its duly authorized agents, shall have full rights of ingress and ingress to and through, over and about the Common Areas during such period of time as the Declarant is engaged in any construction or improvement work on or within the Property described herein or any additional property which may, subject to the provisions of this Declaration, be annexed to the Property. Declarant shall further have an easement for the purposes of storage of materials, vehicles, tools, equipment and so forth which are being utilized in such development or construction. No Lot Owner, his guests, licensees, clients or invitees shall in any way interfere or hamper Declarant, its employees, successors, agents or assigns in connection with construction.

ARTICLE TWELVE: General Provisions

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

Section 2: Severability. Invalidity 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. In the event of any contradiction, real or apparent, between the Articles of Incorporation and the By-Laws, the By-Laws shall control and in the event of

any contradiction, real or apparent, between the By-Laws and this Declaration, then the terms and conditions of this Declaration shall control.

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 this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded.

Section 4: Mortgagee's Rights. A first mortgagee, or the insurer or guarantor of a first mortgage shall be entitled, upon written request, to receive copies of this Declaration, the By-Laws, Rules and Regulations, and Articles of Incorporation of PICKARD OAKS; entitled to inspect the books and records of the Association during normal business hours or under other reasonable circumstances; entitled to receive at no additional cost the annual audited financial statement within ninety (90) days following the end of the fiscal year; entitled to receive written notices of meetings of the Association and to designate a representative to attend all such meetings; entitled to receive timely notice of any substantial damage to or destruction of a townhouse or any part of the common area and facilities; entitled to receive notice if any townhouse Lot or any part of the common area and facilities are subjected to a condemnation or eminent domain proceeding or are otherwise sought to be acquired by a condemning authority; entitled to receive notice of any sixty (60) days delinquency in the payment of assessments or charges of any Owner of any townhouse Lot upon which that mortgagee, insurer or

guarantor holds a mortgage; entitled to receive notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and entitled to receive notice of any proposed action which requires the consent of a specified percentage of mortgage holders.

Section 5: Additional Rights and Duties of Association. The Association shall have a reasonable right of entry upon any townhouse Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance of PICKARD OAKS. The Association shall maintain in effect at all times casualty and liability insurance and fidelity bond coverage as is consistent with Federal National Mortgage Association guidelines, including a One Million (\$1,000,000.00) Dollar liability policy covering all the Common Areas.

Section 6: Working Capital or Additional Reserve Account. Upon the sale and conveyance of a Lot by and from Declarant, the third party purchaser thereof shall transfer to the Association a sum of money equal to two monthly assessments to create or be added to the Association's working capital or reserve account. Such funds shall not be deemed an advanced payment of the regular Annual Assessment.

Section 7: Reserved Rights of Lot Owners. No Lot Owner shall be subject to a restraint imposed by the Association upon his right to sell, transfer, or otherwise convey his Lot. Under no circumstances shall the Association have a right of first refusal upon the sale and conveyance of any townhouse Lot. No townhouse Lot Owner shall be subject to any restraint imposed by the Association upon his right to mortgage his Lot with whomever or whatever institution and upon those terms and conditions the Lot Owner

is willing to accept. Each Lot Owner is entitled, as set forth in Article X, Section 5 above, to likewise inspect the books and records and other related documents of the Association during normal business hours or under other reasonable circumstances.

Section 8: Contracts. Any contract, lease or agreement entered into by the Association on its own behalf or by Declarant on behalf of the Association must be terminable by either party without cause upon not more than ninety (90) days notice to the other party and with cause upon not more than thirty (30) days notice to the other party. If so terminated, no termination fee shall be required to be paid to the party so terminated. This provision shall include, but not be limited to, contracts for professional management of the project.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed in its corporate name, with its corporate seal affixed, by order of its Board of Directors, on the day and year first above written.

Capkov Ventures, Inc., Declarant



By: [Signature] v.p.
Scott J. Kover, Vice President

Attest:

[Signature]
Eric B. Chupp, Secretary

corporate seal

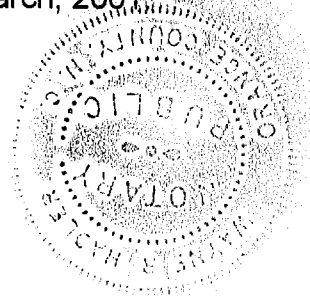
NORTH CAROLINA - COUNTY OF Orange

I, Wayne R. Hadler, a notary public in and for said county and state do hereby certify that Eric B. Chupp personally came before me this day and acknowledged that he is Secretary of Capkov Ventures, Inc., a North Carolina corporation, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its Vice President sealed with its corporate seal, and attested by its Secretary.

Witness my hand and notarial seal, this the 22nd day of March, 2001.

My commission expires: 5/22/2005

Wayne R. Hadler
Notary Public



FILED

22 MAR 2001, at 01:53:40pm
Book 2220, Page 379 - 420
Joyce H. Pearson
Register of Deeds,
Orange County, N. C.

State of North Carolina-Orange County

The foregoing certificate(s) of _____

Wayne R. Hadler

A Notary (~~Notary~~) Public for the Designated Governmental units is (~~is~~) certified to be correct. See filing certificates herein.

This the 22nd day of March A.D. ~~19~~ 2001

Joyce H. Pearson

Register of Deeds By: Linda Clayton

Assistant / Deputy

BYLAWS OF
PICKARD OAKS HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I: Name and Location.

The name of the corporation is PICKARD OAKS HOMEOWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association." The Principal office of the corporation shall be located at 203 Stable Road, Carrboro, Orange County, North Carolina, 27510, but meetings of members and directors may be held at such places within the State of North Carolina, County of Orange, as may be designated by the Board of Directors.

ARTICLE II: DEFINITIONS.

Section 1: "Association" shall mean and refer to PICKARD OAKS HOMEOWNERS' ASSOCIATION, INC., its successors and assigns.

Section 2: "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions brought within the jurisdiction of the Association subject to the Declaration.

Section 3: "Common Areas" is defined as common area space, recreation space, private storm drainage easements, storm water detention easement area, buffers, pedestrian easement, all as set forth in the Declaration of Covenants, Conditions and Restrictions and as shown on any recorded subdivision plat of Pickard Oaks.

Section 4: "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Areas. In particular, Lot shall mean and refer to either a Lot A or a Lot B.

Section 5: "Owner" shall mean and refer to the record owner, whether one or more

persons or entities, of the fee simple title to any Lot, either Lot A or Lot B, 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 6: "Declarant" shall mean and refer to Capkov Ventures, Inc., its successors and assigns, if such successors and assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

Section 7: "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the Properties recorded in the Records of Orange County in Book 2220, Page 379

Section 8: "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to an assessment by the Association.

ARTICLE III: Meetings of Members.

Section 1: Annual Meetings. The first meeting of the members shall be called at the discretion of the initial Board of Directors, or by the Declarant, and in any event no more than twenty-four months after the filing of the Article of Incorporation, and each subsequent regular annual meeting of the members shall be held on the first Monday of December of each year thereafter, at the hour of seven o'clock P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2: Special Meetings. Special meetings of the members may be called at any

time by the President or by the Board of Directors, or by the Declarant, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the Class A membership.

Section 3: Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4: Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-fifth (1/5) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws and specifically, as set out in Section 5, Article Four of the Declaration, those actions set forth in Sections 3 and 4, Article Four of the Declaration. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5: Proxies. At all meetings of members, each member may vote in person or by Proxy. All proxies are revocable and shall automatically expire when a member sells and conveys his Lot.

ARTICLE IV: Board of Directors, Selection, Term of Office.

Section 1: Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be members of the Association.

Section 2: Term of Office. At the first annual meeting, the members shall elect two directors for a term of two years and one director for a term of one year. Thereafter, Directors shall be elected for two year terms. At such time as the affairs and control of the Homeowners' Association is turned over to the homeowners, the number of Directors shall be increased to five (5).

Section 3: Removal. Any director may be removed from the Board with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, said Director's successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4: Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for the Director's actual expenses incurred in the performance of Directorial duties.

Section 5: Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V: Nomination and Election of Directors.

Section 1: Nomination. Nomination for election to the Board of Directors shall be

made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2: Election. Election to the Board of Directors shall be by secret written ballot. At such election the members of their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI: Meetings of Directors.

Section 1: Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2: Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less

than three (3) days notice to each director.

Section 3: Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act of decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII: Powers and Duties of the Board of Directors.

Section 1: Powers. The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the Common Areas or Recreation areas and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.

(b) Suspend the voting rights and the right of any member to access to and through the Common Areas or Recreation Areas if such access is intended for recreational purposes and to the use of the recreational facilities and the Common Areas or Recreation Areas during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations.

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these ByLaws, the Articles of Incorporation or the Declaration.

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the

Board of Directors; and

(e) Employ a manager, an independent contractor, or such other employees as the Board of Directors deem necessary and or desirable for the operation and maintenance of the Association and its property, and to prescribe for such employees their duties.

Section 2: Duties: It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.

(2) send written notice of each assessment to Owners subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable

charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) Procure and maintain adequate hazard and extended casualty insurance on all structures within the subdivision whether owned by the Association or by individual lot owners and adequate liability insurance for the Common Area and Open Space.

(f) Cause the exterior repair and maintenance of the homes or units as needed to uphold the property values of the entire community.

(g) Cause the Common Areas or Open Space to be maintained.

ARTICLE VIII: Officers and their Duties.

Section 1: Enumeration of Offices. The officers of this Association shall be a president and, in the discretion of the Board of Directors, a vice-president, who at all times shall be a member of the Board of Directors, and a secretary, a treasurer, or a secretary/treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2: Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members. At the discretion of the Board of Directors and if so elected, any one or more Directors may fill any one or more of the officer's positions.

Section 3: Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless said officer shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4: Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period of time, have such authority and perform such duties as the Board of Directors may, from time to time, determine.

Section 5: Resignation and Removal. Any officer may be removed from office with or without cause by a majority vote of the Board of Directors. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein. The acceptance of such resignation shall not be necessary to make it effective.

Section 6: Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7: Multiple Offices. The office of Secretary/Treasurer may be held by the same person. No person except for the Secretary/Treasurer shall simultaneously hold more than one of any of the offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8: The duties of the officers are as follows:

(a) The President shall be the Chief Executive Officer of the corporation and subject to control by the Board of Directors shall in general supervise and control the business and affairs of the corporation. The President shall preside at all meetings of the members and shall in conjunction with other officers execute contracts, leases,

deeds, promissory notes, deeds of trust and other instruments which the Board of Directors have authorized to be executed.

(b) The Vice-President, in the event the Association shall have such an officer, shall in the absence, disability, refusal to act or death of the President perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions imposed upon the President.

(c) The Secretary of the corporation shall keep the minutes and records of the Association and/or Board of Directors' meetings; give the proper notices, be custodian of the Association's seal and other Association documents, sign with the President such documents as the President is authorized to execute and in general perform all the duties as from time to time may be assigned to the Secretary by the President or by the Board of Directors.

(d) The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association and shall be responsible for maintaining and filing the proper records and documents required for the Association's financial records. The Treasurer shall also be responsible for preparing for the Board of Directors an annual budget and a statement of the prior year's receipts and expenditures.

ARTICLE IX: Committees.

The Board of Directors shall act as an Architectural Control Committee as provided in the Declaration. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE X: Books and Records.

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, Articles of Incorporation, and the ByLaws of the Association shall be available for inspection by any member at the principal office of the Association where copies may be purchased at reasonable cost.

ARTICLE XI: Assessments.

As more fully provided in the Declaration, each member is obligated to pay to the Association the Annual (billed and collected monthly) and Special Assessments which are secured by continuing liens upon the property against which the assessment is made. Any assessment which is not paid within thirty (30) days after the due date, shall be deemed delinquent and shall bear interest from the date of delinquency at the rate of ten (10.0%) percent per annum, and 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, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XII: Corporate Seal.

The Association shall have a seal in circular form having within its circumference the words: PICKARD OAKS HOMEOWNERS' ASSOCIATION, INC., N.C. 2001.

ARTICLE XIII: Amendments.

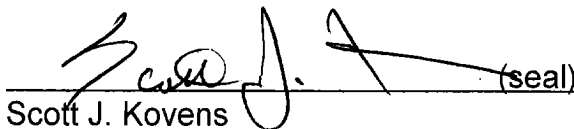
Section 1: These ByLaws may be amended at a regular or special meeting of the members, by a vote of no less than two thirds of the Lot owners eligible to vote in person or by proxy.

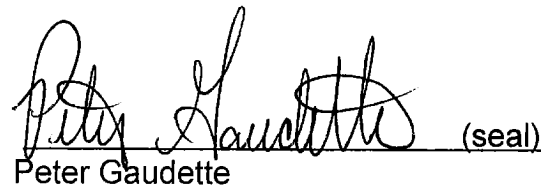
Section 2: In case of any conflict between the Articles of Incorporation and these ByLaws, the Articles shall control and in case of any conflict between the Declaration and these ByLaws, the Declaration shall control.

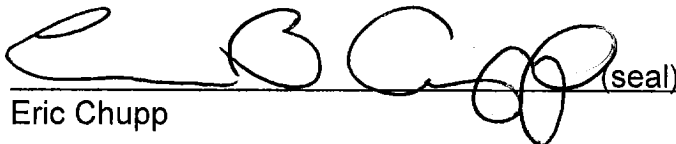
ARTICLE XIV: Miscellaneous.

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of each year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, the undersigned, being all the Directors of PICKARD OAKS HOMEOWNERS' ASSOCIATION, INC., have set our hands and seals this the 22th day of March, 2001.

 (seal)
Scott J. Kovens

 (seal)
Peter Gaudette

 (seal)
Eric Chupp

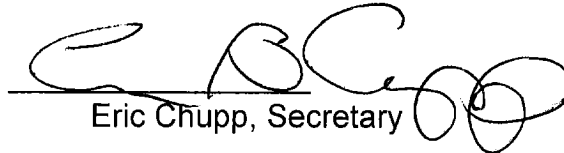
CERTIFICATION

I, the undersigned, do hereby certify that:

I am the duly elected and acting secretary of the PICKARD OAKS HOMEOWNERS' ASSOCIATION, INC., a North Carolina corporation.

The foregoing ByLaws constitute the original ByLaws of said Association as duly adopted at a meeting of the Board of Directors thereof held on the 22th day of March, 2001.

In Witness Whereof, I have set hereunto my name and affixed the seal of the Association, this the 22th day of March, 2001.


Eric Chupp, Secretary