

Prepared by and return to: Charles G. Beemer, P.A.

NORTH CAROLINA

BOOK 479 PAGE 325

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR SYCAMORE RUN

ORANGE COUNTY

THIS DECLARATION, made and entered into this the 6th day of
May, 1984, by W AND W DEVELOPERS, INC., a North Carolina corpora-
tion, hereinafter referred to as Declarant, whose address is 64
Willow Way, Chapel Hill, Orange County, North Carolina.

WITNESSETH:

WHEREAS, Declarant is the owner of 11.64 acres more or less
lying on the east side of S.R. 1108 (Mt. Carmel Church Road;
formerly Farrington Road), Orange County, which is more particu-
larly described in Exhibit A attached hereto and incorporated
herein by reference.

AND WHEREAS, Declarant intends to construct and convey forty
townhouse lots, identified as Lot 1-A, Lot 1-B, Lot 2-A, Lot 2-B,
and so forth, from said property subject to the Covenants, Condi-
tions and Restrictions contained in this Declaration.

NOW, THEREFORE, Declarant declares that all the property
described in the attached Exhibit A shall be held, sold, and con-
veyed subject to the following restrictions, covenants and condi-
tions. The purpose of said restrictions, covenants and condi-
tions is to protect the value, desirability and attractiveness of
the aforesaid real property. 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 in-
terest 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 - "Association" shall mean and refer to Sycamore
Run Homeowners' Association, Inc., its successors and assigns.

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

CHARLES G. BEEMER, P.A.
ATTORNEY AT LAW
SUITE 200, FRANKLIN SQUARE
CHAPEL HILL, N.C. 27514

FOR MULTIPLE PIN SHEET
SEE BOOK 479 PAGE 323-324

RECEIVED

JUN 16 1984

CLERK OF SUPERIOR COURT

BOOK 479 PAGE 326

Section 3 - "Properties" shall mean and refer to that certain real property described in Exhibit A brought within the jurisdiction of the Association subject to this Declaration.

Section 4 - Sycamore Run shall contain two types of Common Area. For purposes of this document, these shall be identified as "Common Area A" and "Common Area B."

(a) "Common Area A" shall mean and refer to all real property (including any improvements thereto) owned by the Association for the common use and enjoyment of all the Owners of Lots in Sycamore Run, subject to this Declaration and By-Laws. "Common Area A" shall consist of three separate and distinct tracts of land as are shown on the recorded plat of Sycamore Run and as are more particularly described in Exhibit B attached hereto and incorporated herein by reference.

(b) "Common Area B" shall mean and refer to all real property conveyed to and owned by the Association, other than "Common Area A." No improvements shall be constructed upon "Common Area B" lands. "Common Area B" shall be held by the Association for the private and exclusive use, benefit and enjoyment of the two adjacent Lot Owners who share a party wall dividing line between their respective Lots, such as the Owner of Lot 1-A with Lot 1-B and no other. "Common Area B" will consist of all the land on each Lot five (5) feet in width and running parallel to the rear line of each Lot and four (4) feet in width and running parallel to the side line of each Lot, excluding the party wall line dividing two adjacent Lots. All "Common Area B" shall be subject to this Declaration and By-Laws and any amendments thereto. The Owner of each Lot shall be solely responsible for the maintenance and upkeep of the "Common Area B" land lying upon his Lot. "Common Area B" lands shall be controlled by the Association and are established pursuant to Section 18.136 of the Chapel Hill Development Ordinance, adopted May 11, 1981, as the same may be amended from time to time.

Section 5 - "Lot" shall mean and refer to any plot of land such as Lot 1-A, Lot 1-B, Lot 2-A, or Lot 2-B and so on as shown on any recorded subdivision map of the Properties excluding the aforesaid "Common Area A" and "Common Area B" lands.

Section 6 - "Declarant" shall mean and refer to W and W Developers, Inc., a North Carolina corporation, its successors

CHARLES G. DEEMER, P.A.
ATTORNEY AT LAW
SUITE 700-G, FRANKLIN SQUARE
CHAPEL HILL, N. C. 27514

BOOK 479 PAGE 327

and assigns, if such successors and assigns should acquire more than one undeveloped lot from Declarant for the purpose of development.

ARTICLE TWO

PROPERTY RIGHTS

Section 1 - Owners' Easements of Enjoyment: Each owner of a Lot in Sycamore Run shall have a right and easement of enjoyment in common with every other Lot owner in Sycamore Run in and to "Common Area A" lands. The owner of each Lot in Sycamore Run 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 as the owner of Lot 1-A with the owner of Lot 1-B and no other, or the owner of Lot 2-A with the owner of Lot 2-B and no other, in and to "Common Area B" pertaining to his numbered Lot. Both 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 Area A";

(b) The right of the Association to suspend the voting rights and right to use of the recreational facilities located on "Common Area A" 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 regulations.

(c) The right of the Association to dedicate or transfer all or any part of "Common Area A" 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.

Section 2 - Delegation of Use: Subject to this Declaration and By-Laws, a Lot owner may delegate his right of enjoyment to "Common Area A" and facilities to his heirs and assigns, members of his family, invitees, agents, licensees, guests, tenants, or contract purchasers who reside on the property. Such delegation

BOOK 479 PAGE 328

of use for "Common Area B" shall be restricted to that portion of "Common Area B" which pertains to that owner's numbered Lot.

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.

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

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

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

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) on September 1, 1986.

ARTICLE FOUR

COVENANT FOR MAINTENANCE 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

BOOK 479 PAGE 329

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 delinquent assessments shall not pass to his successors in title unless expressly assumed by them. For each Lot owned by Declarant but not yet conveyed, Declarant shall pay to the Association one-quarter (1/4) of the annual assessment on a monthly basis. Declarant shall not be liable for any special assessment.

Section 2 Purpose of Assessments. The assessments levied by the Association shall be used solely to promote the recreation, health, safety, and welfare of the residents of the Properties and for the purposes set forth in ARTICLE SEVEN, Section 1. By way of example and not by way of limitation, the Board of Directors of the Association, being responsible for procuring adequate fire and extended casualty insurance on the buildings and general liability insurance on both "Common Area A" and "Common Area B" lands, shall defray the cost of the same from the Annual Assessment. The Annual Assessment shall also be used to pay for the electricity lighting "Common Area A" lands and the streets serving Sycamore Run and for all maintenance and upkeep of the "Common Area A" lands such as landscaping, grass mowing, leaf raking, snow removal, and so forth.

Section 3 Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Three Hundred (\$300.00) Dollars per Lot, payable at the rate of Twenty-five (\$25.00) Dollars per month.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 5% above the maximum assessment for the previous year without a vote of the membership.

BOOK 479 PAGE 330

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum Annual Assessment may be increased above 5% by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the Annual Assessment at 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 Area A" lands, including fixtures and personal property related thereto, and for maintenance, repair or replacement of siding and roofing for each townhouse building, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5 Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6 Uniform Rate of Assessment. Both Annual and Special Assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 7 Date of Commencement of Annual Assessment: Due Dates. The Annual Assessment provided for herein shall commence

BOOK 479 PAGE 331

as to all Lots on the first day of the month following the conveyance of the Common Area including those Lots owned by 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. Written notice of the annual assessment 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 6 percent 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. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9 Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer 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. *(See Over - Section 10)

CHARLES G. BEEMER, P.A.
ATTORNEY AT LAW
SUITE 700-C, MANGLIN SQUARE
CHAPEL HILL, N.C. 27514

ARTICLE FIVE

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be com-

BOOK 479 PAGE 332

Section 10 Insurance Assessment. 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 sufficient to cover the full replacement cost of any repair or reconstruction work necessitated by damage or destruction from any hazard and shall also obtain a broad form public liability policy covering all Common Areas and all damage or injury caused by the negligence of the Association or any of its agents. In addition, the Board of Directors shall have the authority to and shall obtain insurance in the name of the individual Lot owners for all buildings owned by individual Lot owners against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or reconstruction work necessitated by damage or destruction from any hazard, said insurance to designate not only the individual Lot owner and his mortgagees but also the Sycamore Run Homeowners' Association, Inc., through its Board of Directors, as a loss payee, all as their interests may appear. This master or blanket policy shall insure against damage to the roof, party wall, foundations, supports, and basic structure of the building. Premiums for such insurance shall be deemed a common expense and shall be paid as part of the annual assessment, collected monthly, for each Lot in Sycamore Run. 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. Each individual Lot owner shall be solely and exclusively responsible for obtaining insurance coverage for his personal possessions and general liability.

BOOK 479 PAGE 333

menced, 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.

ARTICLE SIX

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.

Section 3 Destruction by Fire or other Casualty. If a party wall, roof, foundation or foundation wall is destroyed or damaged by fire or other casualty, any Owner who has used the structure may restore it, and if the other Owners thereafter make use of the structure, they shall contribute to the cost of restoration thereof in proportion to such use; without prejudice, however, to the right of any such Owner to call for a larger contribution from the others under any rule of law regarding liability.

CHARLES G. BEEMER, P.A.
ATTORNEY AT LAW
SUITE 700-C, FRANKLIN SQUARE
CHAPEL HILL, N.C. 27514

BOOK 479 PAGE 334

ity for negligent or willful acts or omissions.

Section 4 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 5 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 6 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 7 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 8 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.

CHARLES S. BEEMER, P.A.
ATTORNEY AT LAW
SUITE 700-G, FRANKLIN SQUARE
CHAPEL HILL, N. C. 27514

BOOK 479 PAGE 335

ARTICLE SEVEN

EXTERIOR MAINTENANCE

Section 1 Each Lot Owner shall be responsible for providing maintenance and upkeep such as grass mowing, leaf raking, snow removal, and other similarly related matters for his Lot and for the "Common Area B" land upon his Lot. The Association shall provide such maintenance and upkeep for "Common Area A" lands. In the event an Owner fails to reasonably maintain his Lot and his "Common Area B" lands, the Board of Directors may vote to have such maintenance performed and assess the defaulting Lot Owner for the cost thereof. In addition, from the Annual assessment, the Association shall provide funds for each Lot for necessary repairing and replacing roofs, gutters downspouts and all other original structural exterior improvements, excluding glass surfaces. In order to enable the Association to accomplish these matters, there is hereby reserved to the Association and its duly authorized agents the right to unobstructed access over and upon each Lot at all reasonable times to perform such maintenance.

Section 2 The Owner of any Lot may, at his election, plant harmonious trees, shrubs, vegetable or flower gardens and grass in the Lot's 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.

Section 3 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 EIGHT

EASEMENTS

Section 1 All of the Property, including Lots and Common Areas, shall be subject to such easements for driveways, walkways, parking areas, 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

CHARLES G. BREMER, P.A.
ATTORNEY AT LAW
SUITE 200-C, PRINCETON SQUARE
CHAPEL HILL, N.C. 27514

BOOK 479 PAGE 336

been granted by the Declarant or by its predecessors in title. Declarant, while it retains fee simple title to at least two Lots in the townhouse development, or the Association's Board of Directors shall have the power and authority to grant and establish upon, over, under and across both "Common Area A" and "Common Area B" as conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property.

Section 2 The owner of a Lot will have in common with the owner of the adjacent Lot sharing the party wall lot line (i.e., Lot 1-A in common with Lot 1-B and no other, or Lot 2-A in common with Lot 2-B and no other) an easement for ingress-egress-regress purposes over any parking area or driveway area serving the two adjacent Lots sharing the party wall lot line and over any designated walkways from said parking area to the entryway of each Lot. By acceptance of a conveyance of a Lot in Sycamore Run, each Lot owner covenants with the Lot owner sharing the party wall lot line not to interfere with or otherwise impede that Lot owner's free and unfettered use and enjoyment of the ingress-egress-regress easement areas. Ownership of each Lot shall entitle the owner thereof to the use of not more than two automobile parking spaces which shall be located by Declarant as near and convenient to said Lot as is reasonably practicable.

Section 3 All Lots shall be subject to easements for encroachment of initial improvements constructed on adjacent Lots or either Common Area 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.

ARTICLE NINE

USE RESTRICTIONS

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

Section 2 Use of Property. No portion of the Property (except for temporary office of the Declarant and/or model townhouses used by Declarant for sale's purposes) shall be used ex-

CHARLES G. BREMER, P.A.
ATTORNEY AT LAW
SUITE 200-C, FRANKLIN SQUARE
CHAPEL HILL, N. C. 27514

BOOK 479 PAGE 337

cept for residential purposes and related incidental purposes.

Section 3 Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be or may 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 4 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 5 Use of "Common Area A". No planting or gardening shall be done upon or in any "Common Area A" lands except as authorized by the Board of Directors of the Association.

ARTICLE TEN

EASEMENT FOR CONSTRUCTION PURPOSES

The Declarant, or its duly authorized agents, shall have full rights of ingress and egress to and through, over and about "Common Area A" 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 ELEVEN

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,

CHARLES S. WENZEL, P.A.
ATTORNEY AT LAW
SUITE 2002 FRANKLIN SQUARE
CHAPEL HILL, N. C. 27514

BOOK 479 PAGE 338

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

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

Section 4 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 Area, and amendment of this Declaration.

Section 5 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 Sycamore Run; 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

CHARLES G. DEEMER, P.A.
ATTORNEY AT LAW
SUITE 700-G, FRANKLIN SQUARE
CHAPEL HILL, N. C. 27514

BOOK 479 PAGE 339

authority; entitled to receive notice of any sixty (60) day 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 6 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 and operation of Sycamore Run. 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. In addition, the Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to all the common areas and facilities. This reserve account shall be funded from regular assessments for common charges.

Section 7 Working Capital Account. Upon the sale and conveyance of a townhouse Lot, Declarant shall transfer to the Association two month's worth of regular assessments to create or be added to the Association's working capital account. Such funds shall not be deemed an advanced payment of the regular assessment.

Section 8 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.

CHARLES C. BEEMER, P.A.
ATTORNEY AT LAW
SUITE 700-C, FRANKLIN SQUARE
CHAPEL HILL, N. C. 27514

BOOK 479 PAGE 340

Section 9 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.

W AND W DEVELOPERS, INC.

By: Robert Nelson Wall
President



Secretary

Corporate seal

NORTH CAROLINA

COUNTY OF ORANGE

I, Charles G. Beemer, a Notary Public, do hereby certify that Janice C. Wall personally came before me this day and acknowledged that she is Secretary of W and W Developers, Inc., and that by authority duly given and as the act of said corporation the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by said Secretary.

Subscribed and attested my hand and official seal, this the 6th day of May, 1984.

Charles G. Beemer
Notary Public

My commission expires: 8/25/86

Central Carolina Bank and Trust Company, as beneficiary, and Guaranty State Bank, as Trustee, join in the execution of this instrument for the purpose of subordinating the lien of their deed of trust, recorded April 4, 1984, in Book 459, Page 331, Orange County Registry, to this Declaration of Covenants, Conditions and Restrictions for Sycamore Run, with By-Laws attached, it being the intention of the parties hereto that the

CHARLES G. BEEMER, P.A.
ATTORNEY AT LAW
SUITE 200-C, FRANKLIN SQUARE
CHAPEL HILL, N.C. 27514

BOOK 479 PAGE 341

foregoing Declaration and By-Laws shall have the same legal effect as if it had been recorded immediately prior to the recording of the aforesaid deed of trust.

GUARANTY STATE BANK
Trustee

CENTRAL CAROLINA BANK AND TRUST
COMPANY, N.A., Beneficiary

By: [Signature]
President

By: [Signature]
President

[Signature]
Asst. Secretary

[Signature]
Asst. Secretary

corporate seal

NORTH CAROLINA

COUNTY OF DURHAM

I, Faith K. Cornett, a Notary Public, do hereby certify that R.L. Royer, Jr. personally came before me this day and acknowledged that he is Asst. Secretary of Central Carolina Bank and Trust Company, N.A., beneficiary, that by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by its As. Vice President, sealed with its corporate seal and attested by said Asst. Secretary.

Witness my hand and official seal, this the 8th day of August, 1984.

Faith K. Cornett
Notary Public

My commission expires: 4-12-86

NORTH CAROLINA

COUNTY OF Durham
ORANGE

I, Barbara J. Roberts, a Notary Public, do hereby certify that D.L. Fomelle personally came before me this day and acknowledged that he is Asst. Secretary of Guaranty State Bank, Trustee, and that by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by said Asst. Secretary.

Witness my hand and official seal, this the 8th day of August, 1984.

Barbara J. Roberts
Notary Public

My commission expires: March 4, 1989

Notary Public Seal -16-
of Barbara J. Roberts poor Quality

NORTH CAROLINA - ORANGE COUNTY

The foregoing certificate(s) of Charles G. Beemer, Faith K. Cornett and Barbara J. Roberts,

Notaries Public of the designated Governmental units is/are certified to be correct. Filed for registration this the 16th day of August, 19 84, at 11:28 o'clock A.M.
in Record Book 479 Page 325

Return: _____

Betty June Hayes, Register of Deeds

By: [Signature]
Assistant/Deputy
Register of Deeds

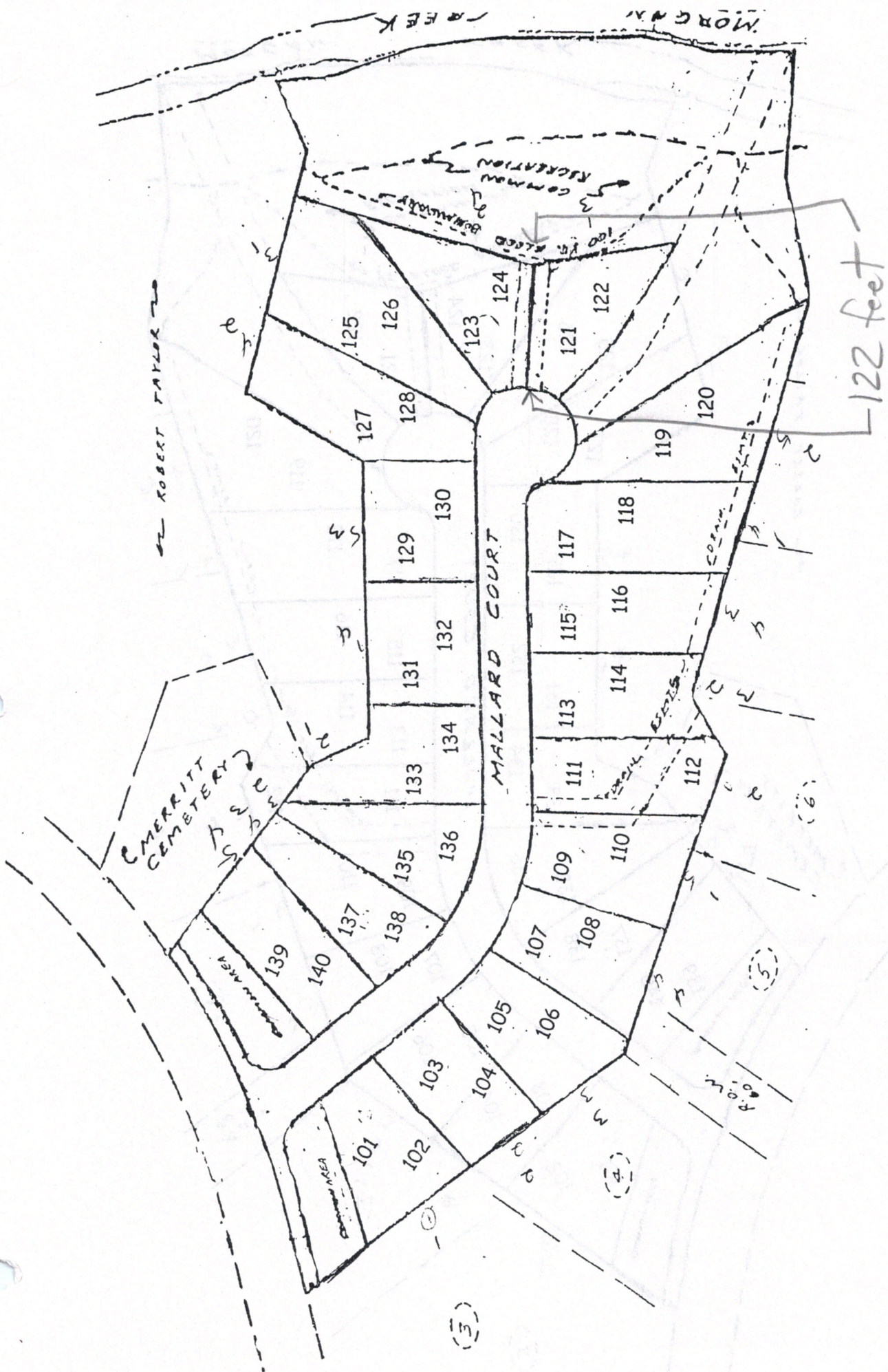
BOOK 479 PAGE 342

Exhibit A - Description of "Properties"

BEGINNING at a iron found in the eastern right of way of S.R. 1008 (Mt. Carmel Church Road, formerly Farrington Road), said iron being shown on the recorded plat hereinafter referred to, and running thence along the eastern right of way of S.R. 1008 North 17° 01' 13" East 55.70 feet to an iron found and thence along the arc of a counterclockwise circle with a radius of 801.53 feet a distance of 314.97 feet to an iron found in the southwest corner of Merritt Cemetery; thence along the line of Merritt Cemetery North 64° 36' East 244.92 feet to an iron found, a corner with Robert Taylor; thence along and with Taylor's south and east lines the following courses and distances: South 89° 31' East 64.05 feet, North 28° 08' 27" East 285.54 feet, North 30° 49' 42" West 131.87 feet, North 43° 11' 17" East 258.56 feet, and North 04° 08' 42" East 74.67 feet to an iron found in the southern bank of Morgan Creek (Merritt land); thence along and with the southern bank of Morgan Creek the following courses and distances: South 68° 51' East 61.46 feet, South 81° 27' East 81.92 feet, South 66° 09' East 97.91 feet, South 61° 56' East 134.25 feet, South 48° 24' East 69.58 feet, and South 60° 00' East 79.63 feet to an iron found, a common corner with Lot 10, Morgan Creek Subdivision, as shown on Plat Book 15, Page 119; thence along and with the northern line of Morgan Creek Subdivision, Section One, the following courses and distances: South 33° 29' 20" West 124.20 feet, South 18° 44' 20" West 125.39 feet, South 46° 19' West 89.05 feet, South 45° 28' 37" West 169.94 feet, South 45° 48' 57" West 170.20 feet to an iron found at the southwest corner of Lot 7 of said Subdivision, South 02° 07' 33" East 67.03 feet, South 47° 22' 07" West 112.57 feet to an iron, South 47° 27' 47" West 202.09 feet to an iron found at the north-east corner of Lot 4 of Morgan Creek Hills, Phase I, and South 81° 09' 27" West 403.15 feet to the point and place of BEGINNING, and containing 11.64 acres more or less, all as shown on a plat entitled "Sycamore Run," by Vernon Wayne Johnson, R.L.S., dated May 1, 1984, revised May 18, 1984, and recorded in Book 39, Page 44, Orange County Registry, to which plat reference is hereby made.

Exhibit B - "Common Area A"

"Common Area A" lands shall be those three tracts designated on the aforesaid recorded plat of Sycamore Run as "Common Area - Recreation," the same being the 0.201-acre tract lying immediately east of S.R. 1008 and west of Lot 1, Sycamore Run, the 0.194-acre tract lying immediately east of S.R. 1008 and west of Lot 20, Sycamore Run, and the 2.70-acre tract lying east of Lots 8, 9, 10, and 11, Sycamore Run and west of Morgan Creek, all as shown on Plat Book 39, Page 44, Orange County Registry.



This is
considered Common Area A