

JUN-27-2005 12:52

THE HOME TEAM

919 968 8509

P.04

Prepared by Wade Barber, Attorney at Law
Return to Wade Barber, P.O. Box 602, Pittsboro, NC 27312

BOOK 550 PAGE 91

04801

NORTH CAROLINA
CHATHAM COUNTY

DECLARATION OF PROTECTIVE COVENANTS, EASEMENT RESERVATIONS
ROAD DEDICATION, AND ROAD MAINTENANCE AGREEMENT
OF
ARBOR LEA

THIS DECLARATION is made this 10th day of November, 1989, by
Walton C. Oldham, Jr., and wife Conniesue B. Oldham, and Walton
C. Oldham, Jr., Trustee for the Clarence G. Oldham Trust, the
"Declarants." Clyde A. Keisler, Sr. and wife, Sally H. Keisler,
owners of Lot #3 of Arbor Lea, join in this Declaration.

WHEREAS, the Declarants are the owners of the real property
described in Article I herein;

WHEREAS, the Declarants desire that such real property be
subject to the protective covenants hereinafter set forth, for
the mutual benefit and protection of any owners of such real
property and their successors in interest thereof.

NOW, THEREFORE, Declarants hereby make the following
declaration as to limitations, restrictions and uses to which the
real property described in Article I may be put, and hereby
specify that such declarations shall constitute restrictions and
covenants to run with the land, as provided by law, and shall be
binding on all parties and all persons claiming unto them and
shall be for the benefit of and in limitation on all future
owners and residents of said property, this declaration of
covenants, conditions and restrictions being designed to achieve
the purposes set out in Article II below.

ARTICLE I

DESCRIPTION OF PROPERTY

Section One. Existing Property.

The property subject to this declaration is all that certain
parcel of land located in Williams Township, Chatham County,
North Carolina, containing 141.425 acres and shown on the plat of
"Arbor Lea Subdivision Phase II & III and Recombination of Phase
I" prepared by Matt K. Moore, R.L.S., of Smith and Smith
Surveyors, dated July 17, 1989, and recorded in Plat Slide 89-
324, Chatham County Registry; except the Clarence and Alice
Oldham house and lot.

The above-described property is referred to hereinafter as
follows:

JUN-27-2005 12:52

THE HOME TEAM

919 968 8509

P.05

BOOK 550-2-92

1. "The Property" shall mean and refer to all of the above-described property except that 15.342 acres designated on the map as "Reserved Area".
2. "Reserved Area" shall mean and refer to all that 15.342 acres more or less as shown on the above plat, except the house and lot of Clarence G. and Alice Oldham.

Section Two, Additional Property. Declarant may, at any time and from time to time, subject additional property to this Declaration by recording in the Public Records of the County an amendment to this Declaration, describing such additional property, provided, however, that all such additional property is adjacent to the property and developed in a manner compatible with the property and these covenants. Except as otherwise provided herein, such amendments may be made by Declarant in its sole and absolute discretion without the approval of any other Owners or the joinder of any entity or individual.

ARTICLE II

PURPOSES

The restrictions and covenants contained herein are for the purposes of developing a community for safe, healthful and harmonious living and use in keeping with the uniform plan of development, including future development of the Reserved Area for office and institutional, and limited retail uses, and are in the interests of public health, conservation and sanitation, to the end that the property and the reserved area may be benefited by decreases in the hazards of pollution and environmental degradation, and for the general health, welfare and convenience of the owners and residents thereof.

ARTICLE III

DEFINITIONS

Section One, "Association" shall mean and refer to the Arbor Lea Landowners Association, a North Carolina corporation organized for the care, maintenance and improvement of the roads, trails, and commons area of Phase I, II and III and subsequent phases of Arbor Lea for the enforcement of the provisions of this Declaration and to engage in such other activities as may be to the mutual benefit of the owners of property in Arbor Lea.

Section Two, "Lot" shall mean and refer to any plot of land in single ownership or approved for subdivision into a plat in single ownership as shown by recorded plats, with the exception of the road, trail easements, and the "Park."

Section Three, "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple

JUN-27-2005 12:53

THE HOME TEAM

919 968 8509 P.06

BOOK 550 PAGE 93

title to any lot which is part of the properties, excluding those having such interest merely as security for the performance of an obligation.

Section Four, "Property" shall mean and refer to all that certain real property described above in Article I, except the "Reserved Area" plus property later made subject to these covenants.

Section Five, "Common Area" shall mean all properties including the parks and trails, dedicated for the common use and enjoyment of the members of the Association as shown on the plat of the properties referred to above.

Section Six, "Dwelling" shall mean a building designed for, or used for, human occupancy.

Section Seven, "Environmentally Unsound Activities" shall mean activities resulting in soil erosion, the use or abuse of chemicals or other materials that may pollute ground or surface water, the soil, or plants or animal life (other than the specific pests at which it is directed).

Section Eight, "Extraordinary Road/Driveway Maintenance" shall mean all roadway/driveway maintenance required as a result of damage caused by heavy or tracked vehicles, especially including those that may be used in construction.

Section Nine, "Natural Area" shall mean any part of a lot encompassing setback areas and creek hazard areas which is to be preserved or otherwise managed under provisions contained in Article VIII.

Section Ten, "Driveway Corridor" shall mean those shaded areas designated as a Driveway Corridor on the plats.

Section Eleven, "Domesticated Household Pets" shall mean, in addition to cats and dogs, any animal approved by a two-thirds vote of the Board of Directors and, at the Board's discretion, all adjacent lot owners.

Section Twelve, "General Site Plan" shall mean the plan established by the Declarant and registered with the Architectural Review Board showing the general location of all structures/buildings permitted on lots and common areas.

Section Thirteen, "Reserved Area" shall mean all that 15.342 acres of land owned by Declarants and designated "Reserved Area" on the plat.

Section Fourteen, "Subdivision Road" shall mean Meadow Run Drive and any roads constructed to serve Phases I, II and III and subsequent phases of Arbor Lea excluding the Reserved Area.

JUN-27-2005 12:53

THE HOME TEAM

919 968 8509

P.07

BOOK 550:438 94

Section Fifteen, "Grassland Areas" shall mean pasture and field areas of any lot which are not part of regularly mowed lawns.

Section Sixteen, "Good Forestry Management Practices" shall mean selective cutting as prescribed by a professional forester.

Section Seventeen, "the Plat" shall refer to the plat of "Arbor Lea Subdivision Phase II and III and Recombination of Phase I" dated July 17, 1989 and recorded in Plat Slide 89-____, Chatham County Registry and subsequent plats of property subjected to these restrictions recorded in the Chatham County Registry.

Section Eighteen, "Architectural Review Board" or "ARB" shall mean that permanent committee of the Association created for the purpose of establishing and enforcing criteria for the construction of improvements within the property.

Section Nineteen, "Commons, Roadways, and Grounds Committee" shall refer that permanent committee of three persons appointed by the Board of Directors and for the purpose of maintaining the roads, commons areas, and grounds of Arbor Lea.

ARTICLE IV

BOUNDARY LINES AND LOTS

No lot on the property shall be subdivided nor any lot boundary changed so as to create more than the total number of lots established by the Declarants. No conveyance of land may be made except in compliance with the Chatham County Subdivision Ordinance and all other applicable regulations. For Phases I, II, and III, the total number of lots shall be 18; for Phase IV, the total number of lots shall be that number approved for subdivision by Chatham County and recorded by the Declarants in the Chatham County Registry.

ARTICLE V

BUILDINGS, IMPROVEMENTS AND ARCHITECTURAL REVIEW

No buildings may be constructed or placed on the property unless in conformity with the following:

Section One, Dwellings:

Only one dwelling may be constructed on each lot:

- (1) Dwellings shall be limited to single family units; an apartment housing no more than two persons within the residence of the lot owner as allowed (See Article VI, Paragraph 4).

JUN-27-2005 12:53

THE HOME TEAM

919 968 8509 P.08

BOOK 550 PAGE 95

- (2) Dwellings may have one garage, attached or unattached, for up to four cars, not to exceed 1,200 square feet.
- (3) The minimum heated living area of any dwelling, excluding basement, porches, breeze ways, garages, and storage area, shall be 2,300 square feet of floor space with at least 1,800 square feet of heated living area to be on the ground floor. The Architectural Review Board (hereinafter "ARB") may grant a 5% variance of the 2,300 square feet requirement if the proposed house has an attached garage. The ARB may grant up to a 25% variance of the 1,800 square feet on the ground floor requirement if it finds the house otherwise compatible with the ARB standards.

Section Two. Buildings:

Two outbuildings (including any unattached garage) may be built on each lot. No outbuilding shall be no more than 1,200 square feet in ground floor area nor more than twenty feet tall with the combined square footage of all outbuildings not to exceed 2,000 square feet of ground floor area.

Section Three. Setback Lines and General Site Plans:

No dwelling nor building of any kind shall be built or placed within 100 feet of a road right of way, 50' of a creek, nor within 75 feet of a lot line except as specified below.

The setbacks are modified as follows:

- (1) Lot 5, the setback from the northern lot line is 100'.
- (2) Oldham Park, 30' from all lot lines.
- (3) Lot 17, the setback from the northern lot line is 50'.
- (4) Lot 19, north of the creek the setback line is 50' from the western and eastern lot lines.

Within setback lines, houses, buildings, and other structural improvements (including pools and tennis courts) are to be constructed only in areas specifically approved by the ARB. Building locations shall be described in the General Site Plan for the lot: Privacy hedging required by the General Site Plan shall be planted and maintained upon the completion of a dwelling or outbuilding. Variances to these setback and the General Site Plan requirements shall be permitted only when specifically agreed to in writing by the ARB, and only when the visual privacy of adjacent house sites is not impaired. Any General Site Plan variances granted by the ARB must first have the written consent of all adjacent lot owners and be approved by two-thirds of the members of the Board of Directors of the Association.

JUN-27-2005 12:54

THE HOME TEAM

919 968 8509 P.09

BOOK 550-24 96

Section Four, Quality of Structures:

Mobile, modular, and similar prefabricated homes (quality log homes approved by the ARB may be allowed), shall not be erected, placed, or permitted to remain on any lot.

No buildings shall have exposed metal siding or cinderblock, including painted cinderblock. All building materials used in the exterior construction of a dwelling or outbuilding shall be new except that salvaged stone and brick may be used if such materials are of good building material quality.

The exterior and 75% of the interior of all dwellings and other buildings must be completed within one year after construction is commenced unless an extension, not to exceed eight months, has been granted by the ARB. When timely completion is impossible or would result in great hardship upon the owner or builder due solely to strikes, fires, national emergency, or natural calamities the ARB shall grant an extension.

The color of the exterior of all buildings shall be natural wood, brick, earthtone or subdued color and be approved by the ARB.

Section Five, Temporary Structures:

No structure of a temporary nature, trailer, camper, van, basement, tent, garage, barn, or other outbuilding shall be erected, placed, used, or permitted on any lot for residential, storage, or animal husbandry purposes. Any recreational van kept on a lot must be garaged or parked in an area concealed from view of adjacent lots.

Section Six, Fencing:

All perimeter fencing and cross fencing for horse pastures shall be three-board wooden fencing of the same type and color placed on the property by the Declarant. The Declarant may stain all fencing until December 31, 1991. Upon approval of the ARB as to location and design, electric wire fencing may be used for cross-fencing in the containment of horses. Fencing placed along the trail corridor shall allow free passage along the trail. When fencing is placed immediately adjacent to a property line by one lot owner, the adjacent lot owner shall use that fencing rather than building a parallel boundary line fence. Adjacent lot owners using an original common fence shall each pay at least one-half (1/2) of all maintenance and replacement cost of the original boundary line fencing.

All fencing shall be uniformly maintained in good repair and, if stained, recoated at least every eight years. The color of stain used in recoating shall be approved by the ARB.

JUN-27-2005 12:54

THE HOME TEAM

919 968 8509

P.10

BOOK 550 PAGE 97

Section Seven, Mail Boxes:

All lot owners shall use mail box pedestals installed or provided by the Declarants and any replacements approved by the ARB.

Section Eight, Area Lighting:

All area lighting shall be placed within setback lines except ground lighting and driveway entry gate post lighting approved by the ARB. All lights shall be positioned and shielded so as to not illuminate adjacent house sites. No general street lighting shall be allowed except decorative lamppost style lights approved by the ARB.

Section Nine, Privacy Gates:

All privacy gates placed at any driveway entry shall be ornamental iron gates.

Section Ten, Driveways:

Graded and cleared areas for private drives through the setback areas constructed by lot owners shall be no more than 15' wide. Except for Lots 3, 4, 5, and 6, the first 100' of all driveways shall be paved with asphalt within six months of the completion of house construction.

Section Eleven, Architectural Review:

It is the intent of the Declarant to create a general plan and uniform scheme of development of the Property and to create within the Property a residential community characterized by houses and other improvements of good design, high quality, and individuality. The Declarant shall issue general exterior design criteria and guidelines to be used by the ARB for houses and buildings. These guidelines may be modified by the Board of Directors upon recommendation by the ARB. Any proposed change in guidelines regarding exterior design must be approved by Declarants so long as Declarants continue to own at least five lots.

Accordingly, prior to constructing any building or clearing any portion of any lot, the owner shall submit plans showing the design and placement of all structures, utilities, clearing and grading to the ARB. The ARB shall establish review procedures. The ARB shall approve any exterior design and placement of any structural improvement which is in accordance with these covenants and the guidelines. The ARB shall disapprove or require appropriate modification of any exterior design or placement of any structural improvement which is not in accordance with the guidelines nor these restrictions. The Declarant may grant approval of proposed structures at the time of the sale of a lot, which approval shall be binding for a

JUN-27-2005 12:54

THE HOME TEAM

919 968 8509

P.11

BOOK 550 PAGE 98

period of 12 months. Approvals and disapprovals shall be in writing and signed by the ARB chairperson or designee. Any disapproval shall state the reasons therefore and the owner may appeal the decision for review by the Board of Directors. The Board may reverse the decision of the ARB upon an affirmative vote of two-thirds of the Board members. Only properly licensed contractors may perform work on any houses. Submission of all plans shall be accompanied by a \$500.00 bank/certified check to be placed in escrow which shall be refunded to the lot owner once the ARB has determined all clearing, grading and construction has been completed in conformance with Articles V, VIII, XII and XIII. The ARB shall act on submissions within thirty days. Failure to act within thirty days shall be deemed approval.

Should clearing or other activity be found to be in violation of these articles, part or all of said monies shall be retained and used to mitigate or enforce any infractions of these covenants including the planting of privacy screens of trees and evergreen shrubs along borders. The Board of Directors also shall take such actions as deemed appropriate under Article XX of these covenants to enforce any provisions of these covenants which have been violated during the construction of any structure.

The ARB by majority vote of all members may grant natural area variances. Such variances may be granted only after written consent to such variances has been acquired from the adjacent lot owner(s) whose visual privacy will be directly affected by the granting of a variance. When an adjacent lot owner(s) withholds approval and the ARB or lot owner seeking a variance considers the withholding of approval to be unreasonable, the ARB or lot owner may refer the variance request to the Board of Directors which may grant the variance upon a two-thirds approval of all Directors.

The ARB may grant 5% house size variances, time extensions for building construction, approve the use of electric wire cross-fencing, concealed satellite dishes and the loading and off-loading of construction equipment in the subdivision roadway.

The ARB shall be a permanent committee of the Association and shall administer and perform the review and control functions of the Association. The ARB shall consist of three (3) voting members who shall initially be named by the Declarant and who shall hold office at the pleasure of the Declarant until eighty percent of the lots are sold. Thereafter, the Board of Directors shall appoint the members of the ARB, shall provide for the terms of the members of the ARB, and shall determine which member of the ARB shall serve as its Chairman. There shall be no requirement that any of the members of the ARB be a member of the Association.

No improvements shall be constructed, erected, removed, or planted nor shall any addition to or any change, replacement or

JUN-27-2005 12:55

THE HOME TEAM

919 968 8509

P.12

BOOK 550-^{ACE} 99

alteration be made unless and until the approval thereof shall be obtained in writing from the ARB.

Neither the Declarant, the directors or officers of the Association, the members of the ARB, nor any person acting on behalf of any of them, shall be liable for any costs or damages incurred by an Owner or Association or any other party whatsoever, due to any mistake in judgment, negligence or any action of the ARB in connection with the approval or disapproval of plans and specifications.

ARTICLE VI

PERMITTED USES

No manufacturing, commercial or business enterprise of any kind for profit shall be maintained on, in front of, or in connection with the properties, nor shall property in any way be used for other than strictly residential purposes. This restriction shall not apply to the Reserved Area and shall not be construed, however, as preventing the following uses:

- (1) Any owner may plant, cultivate, and harvest garden crops provided that the crops are solely for the use and consumption of his family and guests and are planted within the permitted area of the lot. No tobacco nor any illegal crop may be planted. All garden crop areas shall be located outside of setback/natural areas.
- (2) One horse and a suckling born of the horse (up to eight months) may be kept on each one and one-quarter acres of pasture. All horses shall be securely fenced and properly cared for. Barns, stables, training rings, and other structures must be approved in advance by the ARB.
- (3) The practice of law, medicine, psychology and similar professions and home business may be operated by resident owners provided that no more than one nonfamily member works in the business; there are no retail trade or client visits except by prior appointment by no more than five persons per day; the business is located solely within the dwelling of the owner or allowed outbuildings; no sign is located on the lot or within one mile of the lot; and the activity creates no noise, odor, or other unsightly or noxious condition offensive to any other lot owner.
- (4) An apartment housing no more than two persons is permitted within the residence of the lot owner or within a permitted detached garage or outbuilding,

JUN-27-2005 12:55

THE HOME TEAM

919 968 8509

P.13

BOOK 550-100

provided neither the residence, the garage nor the outbuilding are used exclusively for apartment purposes.

ARTICLE VII

PETS

A limited number of dogs, cats, and other domesticated household pets may be kept and maintained only if the pets are:

- (1) Not kept for business or commercial purposes other than occasional breeding and sale of offspring;
- (2) Are kept within the boundaries of the lot of the pet's owner and are not allowed to run free and unrestricted upon other lots and streets of the subdivision;
- (3) Are kept under supervision and control so as to not cause or create any disturbance or nuisance to persons within the subdivision; and
- (4) Are registered with the ARB (name, breed and general description).

The number of dogs, cats and any other domesticated pets on any lot shall not exceed two of each, not including offspring less than three months old.

The Board of Directors of the Landowners Association may at its discretion prohibit the maintenance of any pet on any lot which, in the opinion of the Board, has been or is of a breed which is of danger to the physical wellbeing of any lot owner.

ARTICLE VIII

NATURAL AREAS

Section One, Grassland and Woodland:

A natural area of existing grassland, trees and shrubs, stretching from all lot lines to all setback lines shall be maintained on all lots. Trees, shrubs, orchards and vineyards may be planted in grassland areas; trees and shrubs in wooded areas may be removed but only in a manner consistent with good forestry management practices limited to removal of poisonous plants and selective cutting of diseased and/or overcrowded trees, provided trees and shrubs other than those of special historical or botanical significance may be removed to accommodate improvements limited to ornamental shrub and flower gardens, pools, patios, arbors and gazebos. Structural improvements may be placed in natural areas only when approved by the ARB, when located 150 feet from any road and when hedged with

JUN-27-2005 12:56

THE HOME TEAM

919 968 8509 P.14

500K 550:101

evergreen shrubs so as not to impair the visual privacy of adjacent lots. A lot owner may place a crop garden in natural areas without a variance but only when located 150 feet from any road and only when no tree or shrub removal is required.

Underground utilities (i.e., septic & water lines and such lines as required by electric, cable, natural gas and phone utility easements) and driveways may be placed in natural areas when such placement minimizes disturbance of the natural area and is of economic necessity. Except as herein provided, no improvements other than approved fencing may be placed in natural areas.

Section Two, Streams:

A natural area encompassing an area 25 feet on both sides of all creeks shall be maintained on all lots. Ponds with dam heights limited to seven feet may be placed in streams provided trees of special historical or botanical significance are not damaged or removed.

ARTICLE IX

UTILITIES

The Declarant, for himself, his successors and assigns, reserves the following easements for utility purposes:

- (1) The right to grant electric, telephone, cable television, water, sewer, gas, and other energy, supply, or communication service easements for the installation and maintenance of underground distribution lines which may require initial payment and/or continuing monthly payments to the utility company by the lot owner for utility service to the respective lot.
- (2) An easement along the trail system, the road rights of way, utility easement, and the driveway corridors for the installation of water lines and the installation and maintenance of television cable lines.

All utilities located within the lots must be underground.

All drain fields and septic systems shall be maintained in full compliance with governmental regulations and so as not to interfere with the enjoyment of the properties. A cover of grass or trees shall be established and maintained in all drain field areas to control soil erosion.

Satellite dishes shall not be placed on any lot or common area unless specifically approved in writing by the ARB. Any dish must be completely concealed from view of all other.

JUN-27-2005 12:56

THE HOME TEAM

919 968 8509 P.15

BOOK 550-102

residential lots in a manner approved by the ARB and may not be placed in natural areas. Dishes approved for placement in common areas shall serve more than one lot.

ARTICLE X

NOXIOUS AND OFFENSIVE ACTIVITIES PROHIBITED

No noxious or offensive activity shall be carried on or permitted within either the property or the Reserved Area. Nothing shall be done or maintained that is in any way noxious, loud, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood.

Any motor vehicles operated on the property shall be muffled so as not to interrupt the peace and quiet of neighboring residences.

No mobile homes or inoperable vehicle may be stored or regularly parked on the properties, except that inoperable vehicles acquired as collector items, may be stored in the owner's garage or approved outbuilding. Further, neither trade materials nor inventories may be stored on any residential lot except in the owner's residence or approved outbuilding.

ARTICLE XI

FIREARMS

Hunting and the discharge of firearms are prohibited on properties.

ARTICLE XII

LOT MAINTENANCE

Each lot owner shall well maintain the owner's lot with a neat appearance and in conformity with these restrictions.

Section One, Refuse and Debris:

Each owner shall prevent the development of any unclean, unsightly, unhealthy, or unkept conditions of buildings or grounds which shall tend to decrease the beauty or usability of the lot or adjoining lots. Each owner shall keep the lot clean and free of garbage, abandoned property, trash, debris, or any other material or condition that might contribute to a health hazard or the breeding and inhabitation of snakes, rats, insects, other pests and vermin.

Burning of debris and ground litter in open and wooded areas is prohibited unless the owner first acquires all necessary local

JUN-27-2005 12:56

THE HOME TEAM

919 968 8509 P.16

BOOK 550-103

government permits and has made adequate provisions for containing and extinguishing open area fires.

Section Two, Garbage:

Each owner shall provide and use receptacles for garbage placed in a hedged or screened area so as not to be generally visible from the public street or other lots. The receptacles shall be maintained and closed so as to be inaccessible to vermin, dogs, and wild animals. The Landowners Association Board of Directors may contract for community garbage collection to serve all landowners who wish to be served.

Section Three, Fuel Tanks:

All fuel tanks and similar storage receptacles shall be concealed from view through the use of hedges, privacy screens, underground installation, or installation within an allowed building. Underground fuel tanks shall be constructed to ensure longterm prevention of fuel leakage into surface or ground waters.

Section Four, Fencing:

The Association shall repair and maintain all three-board fencing. All fencing shall be examined and repaired at least once a year. The respective owner shall pay the costs of repairs of fences on lots plus 18% for overhead expense to the Association. The Association shall pay for fencing in common areas. Staining and restaining shall be done under the direction of the Board; otherwise, a lot owner may maintain his own fencing in addition to that done by the Association.

Section Five, Mowing:

All lawn and grassland areas shall be regularly mowed and all fence-line grass regularly trimmed so as to prevent the grass from exceeding a height of nine inches. The Association shall mow all grassland areas and trim or spray all fence lines at least three times yearly and assess the respective owners for the costs thereof plus 18% for overhead. Once a house is built and occupied, the owner of that lot may be exempt from any assessment for mowing if the owner both (1) certifies in writing to the Board that the owner will maintain the grasslands and fencelines in conformity with this section and (2) the owner does so.

Section Six, Erosion Control:

Any clearing for building sites, ponds, drives, or for other purposes shall be done in such a manner, with reasonable safeguards followed by seeding and other erosion control measures, including silt fencing so as to minimize soil erosion.

JUN-27-2005 12:57

THE HOME TEAM

919 968 8509

P.17

BOOK 550 PAGE 104

Section Seven. Boats:

All boats shall be shielded from view of adjacent residential lots through screens of trees and hedges or shall be stored in a garage or outbuilding.

Section Eight. Sites of Special Botanical or Historical Significance:

Sites having special botanical or historical significance shall be designated by the Declarant through special signage (i.e., "Preserve") placed on various lots. Trees and other plants so designated shall be maintained by each lot owner and shall not be removed unless the plants or trees are diseased and dying. Designated trees shall be protected from cutting and from grading and construction nearer than 30 feet from the tree base and flooding resulting from pond construction activity.

Section Nine. Loading and Offloading of Construction Equipment:

No loading and offloading of construction equipment used for house construction and lot improvement purposes is permitted in the right of way of the subdivision road serving Arbor Lea unless written permission is first granted by the Architectural Review Board.

Section Ten. Private Entryways:

The Entryway of Meadow Run Drive, and the private entryways serving Lots 3 and 4, 5 and 6, and the Reserved Area entryway shall be maintained by the Landowners Association.

The maintenance of the entryways serving Lots 3 and 4 (the first 300'), Lots 5 and 6 (the first 70'), and the Reserve Area entryway (the first 100') shall be the responsibility of the Arbor Lea Landowners Association. Maintenance shall be limited to pavement repair, tree, shrub and grass maintenance, and fence, gate and gatepost maintenance. Maintenance of the Reserved Area entryway shall end upon the sale of that entryway by the Declarant.

Improvements to the entryways serving Lots 3 and 4, 5 and 6 and the Reserved Area entryway beyond those made by the Declarant may be made by the respective owners only upon prior approval by the Architectural Review Board.

Use of the entryways serving Lots 3 and 4, 5 and 6 and the Reserved Area entryway are for access to those lots only.

Lots 8 and 11 shall locate driveway entries only off Meadow Run Drive.

JUN-27-2005 12:57

THE HOME TEAM

919 968 8509 P.18

ARTICLE XIII

BOOK 550 PAGE 105

ROAD MAINTENANCE

All expenses for the maintenance of the subdivision road serving Arbor Lea shall be the responsibility of the Arbor Lea Landowners Association until such time as the road is added to the NC State Road System. Roadway maintenance shall include:

1. repair of pavement as necessary;
2. mowing of all backslopes and shoulder areas along the subdivision road and NC 1724 bordering Arbor Lea (Including the Reserved Area) eleven times yearly, and along US 15-501 three times yearly.
3. the regular trimming of all fence line grass adjacent to the subdivision road and the rights of way bordering Arbor Lea (including the Reserved Area);
4. the regular care and maintenance of all trees and shrubs and grass areas included in entryways serving Lots 3 and 4, 5 and 6, the Reserved Area entryway and trees planted by the Declarant along the right of way of NC 1724.

After the road (or any segment thereof) has been added to the NC State Road System, the Landowners Association Board of Directors shall continue all pavement repair, mowing, trimming and plant maintenance activities as itemized herein above provided:

1. pavement repair shall be supplemental to NC DOT pavement repair activities and shall be governed by NC DOT regulations;
2. the mowing of the right of way and the trimming of fence line grass adjacent to the Reserved Area shall end upon the sale of Reserved Area property by the Declarant.

Should any lot owner in Arbor Lea or any guests, invitees or employees thereof, carry on any activity which causes damage requiring extraordinary maintenance on any part of the road or roadway, then the responsible owner shall immediately repair and remedy said damage at his sole expense and terminate the activity causing the damage. If extraordinary maintenance activities are not immediately undertaken, the Arbor Lea Landowners Association is empowered to undertake all necessary repairs and after a Determination of Violation has been made place a special assessment against the responsible owner as specified in Article XV, Section Four below.

JUN-27-2005 12:57

THE HOME TEAM

919 968 8509 P.19

BOOK 550 PAGE 106

The Arbor Lea Landowners Association shall be responsible for maintaining the road so that it shall qualify for addition to the State System, for any improvements as may be required by the State beyond those specified at the time of the construction of the road by the Declarant, and for the addition of the road serving Arbor Lea to the NC State Highway System.

ARTICLE XIV

COMMON AREA USE, MAINTENANCE AND IMPROVEMENTS

The areas so designated on the plat as a trail system and parks are for the use and enjoyment of all lot owners, residents, and Associate Members and, when accompanied by a resident, their invitees and guests.

Section One. Use:

The trail system shall be used for the sole purpose of walking, jogging, and, if approved by the Association Board of Directors and properly prepared and maintained by those who use it, horseback riding. Specifically, no motor vehicles shall be allowed along the trail system except as necessary for maintenance.

The parks are reserved solely to be used for picnicking and cultivation of arboretum-related plants, horse stabling and other compatible activities approved by the Board of Directors.

A utility easement is hereby reserved on all parks and trail land for the construction, operation, and maintenance of the utilities serving the various lots in the subdivision. Such use shall be done in a manner so as to minimize the destruction of the natural character of the common areas. Any facilities located thereon shall be maintained in an attractive manner. A park area may be used for drilling and maintaining a well to serve a private residence if approved by the Declarant or the Landowners Association Board of Directors.

Section Two. Maintenance and Improvements:

Maintenance and improvements of all trails and parks for pedestrian use shall be the responsibility of the Landowners Association Board of Directors. Maintenance shall include regular mowing of grassland, trimming of fence-line grass and the repair and restraining of all structures and fencing. Maintenance and improvements shall be budgeted from annual membership assessments provided: (1) major improvements, including but not limited to barn renovations in Oldham Park requiring expenditures beyond revenues provided by annual assessments may be financed as a special assessment as provided by Article XV. The owners of Lots 2, 4, 6, 13 and 14 shall have

JUN-27-2005 12:58

THE HOME TEAM

919 968 8509 P.20

BOOK 550:AGE 107

first option to lease vacant space in the South Barn.

All structures located in Oldham Park shall be maintained in good condition as historical structures to be used for stabling (South Barn only) or other uses approved by the Board of Directors.

Section Three, Horses:

Owners may lease vacant space in the South Barn, with the owners of Lots 2, 4, 6, 13, and 14 having priority. All Leasees shall inspect the barn and all common areas used for keeping, stabling, and riding horses to ensure the safety thereof and make any needed repairs prior to taking any horse onto the common areas. The Leasees shall maintain comprehensive liability insurance covering their respective activities in a form and amount satisfactory to the Board and shall save the Association, its officers, and directors harmless from any liability arising from the keeping or riding of horses in the common areas.

Prior to using leased space in the South Barn, the lessee (Lots 2, 4, 6, 13 or 14) shall place three-board wooden fencing of the same style and color as the other fencing for horse walkways at locations within Oldham Park designated by the ARB. The walkways shall include passageways allowing adjacent low owners access to Oldham Park at sites designated in the General Site Plan for Oldham Park. A horse walkway is to be removed by the lessee upon the termination of leasing rights in the South Barn unless the walkway is being used by another.

ARTICLE XV

ARBOR LEA LANDOWNERS ASSOCIATION

Section One, Membership:

Every person or entity who is a record owner of a fee or undivided interest in a residential lot shall be a Member of the Association. The foregoing does not include any person or persons who hold an interest merely as security for the performance of any obligation.

The membership shall also include each lot owner of later residential phases of Arbor Lea added pursuant to Article I, Section Two.

Associate membership may be extended to any person owning adjacent property as deemed appropriate by the Board of Directors. Associate Members shall have no voting privilege and shall be limited to the right to use the trails, parks and recreational facilities of the Association. Associate membership dues shall be set by the Board of Directors.

JUN-27-2005 12:58

THE HOME TEAM

919 968 8509

P.21

BOOK 550 PAGE 108

Section Two, Purpose:

The Association is organized for the purpose of holding and administering roads and common areas and enforcing the provisions of these declarations.

Section Three, Authority and Duties:

The Association shall have the authority and duty to maintain all roads and common areas and to enforce the provisions of the declarations.

- (1) The Association shall undertake normal road maintenance and improvements as necessary for the subdivision roads of Arbor Lea. The Association shall also administer and control the use and enjoyment of roads, including road rights-of-way.
- (2) The Association shall contract for and expend money for extraordinary road maintenance for any member when the member has failed to abide by these declarations and then shall assess either the individual member or all association members for such expenses.
- (3) The Association shall maintain the private drive connecting Oldham Park to the Subdivision Road serving Arbor Lea.
- (4) The Association shall maintain and as necessary improve the common areas, including parks and trails, that are jointly owned by or used by members of the Association; except those portions leased to persons for private use, including stabling, keeping, and riding horses. The Association shall not undertake to make or maintain any area for horses. Any person using common property for keeping or riding horses shall prepare and maintain such property in a condition safe for such use.
- (5) The Association shall ensure timely maintenance of all fencing and the mowing of all grassland areas on the lots in Arbor Lea and shall maintain and replace as necessary all grounds keeping equipment provided to the Association by the declarant.
- (6) The Association shall act on behalf of the membership to alleviate such subdivision and community problems as may arise from time to time including representing the membership in public forums.

The Board of Directors through the Commons, Roadway and Grounds Committee is authorized to provide nonprofit grounds keeping services for members including grass mowing, seeding, fertilizing and trimming services; fence repair, and refuse

JUN-27-2005 12:58

THE HOME TEAM

919 968 8509

P.22

BOOK 550-4-109

removal services.

Section Four, Membership Assessments:

The membership shall be subject to annual assessments, special assessments and lot maintenance fees.

- (1) Lot owners shall be subject to an annual assessment by the Association, its successors or assigns. The annual assessment shall be used exclusively to meet Association responsibilities, including the payment of ad valorem taxes on Association Property and the care, maintenance and improvements of the subdivision roads and commons areas. The maximum annual assessment for 1989 shall be \$500.00. The maximum which may be assessed shall be increased for each year subsequent to 1989 at the same annual rate as any increase in the consumer price index (or such index as may succeed the consumer price index) prepared by the U.S. Department of Labor (or its successors). The index for "all items" for the year 1989 shall be used for the base rate. Credit may be given for money paid to the Association in advance of assessments.

The annual assessment shall be due the first day of May, beginning with May, 1990. The Board of Directors shall affix the amount of the annual assessment against each lot at least 30 days in advance of each annual assessment. Written notice of the annual assessment shall be sent to each owner, at his last known address.

- (2) A special assessment may be made by the Association against any lot owner for:
- (a) All costs, including attorney's fees, arising from the owner's failure to comply with these Declarations.
- (b) A special assessment may be made against all lot owners when necessary ordinary road maintenance expenses exceed revenues available from annual assessments.
- (c) A special assessment may be made for major improvements to or activities involving common areas against those members specifically agreeing to the improvements or activities and the assessment therefor. Use of that improvement or participation in that activity shall be limited to members agreeing to and paying the assessment; except that the Board of Directors may authorize use by others upon payment of fees.

JUN-27-2005 12:59

THE HOME TEAM

919 968 8509

P.23

BOOK 550-~~110~~ 110

- (3) A lot maintenance service fee shall be charged each lot owner for lot maintenance services rendered or to be rendered (excluding private entryway maintenance provided by Article XII, Section Ten) under Article XII. For these and other services provided, each lot owner shall pay the Association the actual costs (operating and capital) of services as determined by the Board of Directors plus 18% for administrative overhead.
- (4) The Association shall also have the power to purchase land adjacent to, or of convenience and importance to the Subdivision. The expenditure of annual assessment funds for acquisition of land must be approved by a 75% vote of the members of the Association.
- (5) Any assessment or lot maintenance fee which is not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen (18%) percent per annum, and the Association may bring an action at law against the owner personally obligated to pay it, and interest, cost 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 assessments by non-use of the road or abandonment of his lot.

The annual assessments, lot maintenance service fees and special assessments, together with such interest thereon and cost of collection as provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Provided, further, that each such assessment, together with such interest, cost and attorney's fees shall be the personal obligation of each person who was an owner of such property at the time when the assessment fell due and shall not pass to his successors in title as a personal obligation unless expressly assumed by them, regardless of the fact that it is a lien on the property purchased.

The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage, mortgagees or deeds of trust. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot which is subject to any mortgage or deed of trust, pursuant to a decree of foreclosure thereof shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer. Nothing in this section shall relieve the former owner of his personal obligations to pay the assessment.

The Association, its successors or assigns, shall upon demand at any time furnish a certificate in writing, signed by an

JUN-27-2005 12:59

THE HOME TEAM

919 968 8509

P.24

BOOK 550-4-111

officer of the Association, stating whether the assessments on a specified lot have been paid or any amount due thereon. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

The following properties shall be exempt from the assessments created herein:

- (1) All properties dedicated to and accepted by a local public authority;
- (2) The commons areas; and
- (3) All properties owned by charitable or nonprofit organizations exempt from taxation by the laws of the State of North Carolina. However, no land or improvements devoted to dwelling use shall be exempted from the assessments.

Section Five, Budgets: Revenues from annual assessments shall be budgeted for either operating expenses or capital expenses. Operating expenses shall be monies required for annual maintenance and administration activities. Capital expenses shall be monies required for periodic maintenance and improvements including equipment purchases, fence and structural repairs on common areas and subdivision road resurfacing. Monies designated as capital expenditures shall be deposited in an interest bearing insured account until needed. All revenue obtained for grounds keeping services provided by the Commons, Roadway and Grounds Committee shall be budgeted for operating and capital expenses of the committee except that the Board may budget the 18% administrative overhead charge for general Association expenses. All revenues obtained through special assessments shall be budgeted and spent for the purposes of the respective special assessment.

Section Six, Notice and Quorum:

For any action required of the members of the Association, written notice shall be given to all members not less than thirty nor more than sixty days in advance of the meeting. A quorum shall be required for the membership to take action. A quorum shall constitute the presence of members or of proxies of members entitled to cast 60% of all the votes of the membership.

ARTICLE XVI

PHASE IV AREAS

Notwithstanding the foregoing, all that 30.487 acres designated on the plat "For Future Development" hereinafter "Phase IV" shall be covered by restrictions limited to the following:

JUN-27-2005 13:00

THE HOME TEAM

919 968 8509 P.25

BOOK 550 PAGE 112

1. All Phase IV properties shall be restricted to agricultural or single-family residential uses.
2. Until such time as Phase IV is subdivided into lots of ten acres or less, the use of all Phase IV areas shall be limited to agricultural uses excluding poultry, swine and dairy operations and single family residential on lots of greater than 10 acres. While in agricultural use, no building shall be constructed closer than 300 feet to any Phase I, II and III lot line. All buildings constructed for agricultural or residential uses shall comply with all building requirements as provided in Article IV herein above. All woodlands shall be maintained in accordance with good forestry management practices with clearing limited to selective cutting of diseased and overcrowded trees.
3. At such time as Phase IV properties are subdivided into lots of less than ten acres and are developed for residential uses all provisions of these covenants (in addition to Article XVI) shall apply to all Phase IV lots. The Declarant shall have the right to modify setback lines as needed on a lot-by-lot basis. Each Phase IV lot shall be at least three acres.

ARTICLE XVII

"RESERVED AREA"

The "Reserved Area" is reserved for commercial uses and shall be covered by restrictions limited to the following:

1. The Reserved Area is restricted to agricultural, residential, office, institutional and retail uses. No building shall be taller than four stories.
2. The provisions set forth in Articles VII, IX, X, XI, XII, and XIII of these covenants apply to the Reserved Area.
3. No building, parking lot, structure or other improvement of any kind shall be built or placed nearer than 50 feet to the eastern boundary line of the Reserved Area.
4. No road shall be built nearer than 100' to the eastern boundary line of the Reserved Area.
5. The design and construction of buildings and improvements within the Reserved Area shall be undertaken so as to prevent the siltation of streams

JUN-27-2005 13:00

THE HOME TEAM

919 968 8509

P.26

BOOK 550-113

and the erosion of stream banks in Arbor Lea.

6. All wooded areas within the eastern setback lines shall remain in their natural state. The setback borders of all wooded areas and grassland areas shall be planted and maintained with a privacy screen of tall-growing shrubs prior to any building activity on the Reserved Area. The privacy screen initially shall be planted with 6' tall shrubs 5' on center. The privacy screen shall be planted and maintained to ensure maximum visual privacy of residential areas along the northern and eastern boundary lines of the Reserved Area.
7. All exterior lighting in the reserved Area shall be directed away from and be positioned and shielded so as not to cast direct light on any residential area along the northern and eastern boundary line of the Reserved Area.
8. All requests for rezoning of the Reserved Area shall first be submitted to the Landowners Association Board of Directors for review and consultation at least 30 days prior to submission to the Chatham County Planning Board and/or Board of Commissioners or other appropriate local governmental agencies. The Board of Directors and the Declarant shall work together to ensure that all plans do not unduly interfere with Arbor Lea residential uses. If the Board reasonably finds that the proposed retail use will unduly interfere with the residential use of the property, then that retail use is not allowed. All plans submitted by the Declarant which the Board of Directors finds in compliance with this Article shall not be opposed by the Association or lot owners in any proceedings at law or in equity.
9. All plans for building or clearing in the Reserved Area shall be submitted to the ARB for review 30 days prior to any building activity to ensure compliance with this Declaration. All building plans are to be accompanied by a deposit in the amount of \$500 for single family residential plans and \$5,000 for all other building plans which shall be refunded upon the completion of construction and clearing activity if it is done in compliance with this Declaration. Part or all of said monies may be retained by the ARB if needed for hedging and screening to mitigate any actions which are found to be in violation of the provisions of this Article.
10. The Declarant may subject the "Reserved Area" to additional restrictions and covenants.

JUN-27-2005 13:00

THE HOME TEAM

919 968 8509 P.27

BOOK 550 PAGE 114

ARTICLE XVIII

WAIVER OF DECLARATIONS

No waiver of a breach of any of the restrictions or covenants herein contained shall be construed to be a waiver of any other breach of the same, or other restrictions or covenants; nor shall the failure to enforce any one of such restrictions be construed as a waiver of any other restriction or covenant.

ARTICLE XIX

DURATION

The restrictions and covenants herein shall be binding for a period of thirty years from the date of this instrument, and may be extended thereafter in whole or in part for successive periods of twenty years each, by agreement of the owners of the property.

ARTICLE XX

ENFORCEMENT

These declarations shall operate as covenants running with the land. They shall operate for the benefit of any and all persons who may own, or may hereafter own any part or parcel of the property herein above described located in Arbor Lea Subdivision. The Association Board of Directors is specifically given the right and duty to enforce these restrictions through Association proceeding and any proceedings at law or in equity. Enforcement shall be taken, for the benefit of all lot owners, against any person or persons violating or threatening to violate these restrictions.

Section One, Association Proceedings:

Where feasible, the Board shall first seek to enforce compliance with these covenants through Association Proceedings. The proceedings may include Requests for Compliance, the levying of Special Assessments, Determinations of Violation, Notices of Delinquency and the placement of liens. A Determination of Violation may be made by a majority vote of the Commons, Roadway and Grounds Committee for Article XI, XII, XIII and XIV violations and by the Architectural Review Board for all other violations. Upon written request by the Declarant or any lot owner, the Board of Directors may make a Determination of Violation. Upon a Determination of Violation, the Board of Directors shall take action.

- (1) When violations involve common areas and roadways, the Board first shall take corrective action and, upon a Determination of Violation, levy a special assessment against the lot owner(s) causing corrective action to

JUN-27-2005 13:01

THE HOME TEAM

919 968 8509 P.28

BOOK 550:AC:115

be necessary. The special assessment shall be equal to the cost of corrective action plus 18% for administrative expenses. When the special assessment is not paid when due the Board shall send a Notice of Delinquency. When the assessment and interest charge have not been paid by the Notice of Delinquency due date, the Board shall place a lien within 120 days of the delinquency due date on the property of the lot owner.

- (2) When violations involve non-payment of annual dues as determined by the Treasurer's report, the Board shall send a Notice of Delinquency. When the assessment and interest have not been paid by the Notice of Delinquency due date, the Board shall place a lien within 120 days on the property of the lot owner.
- (3) When violations involve failure to undertake timely grassland mowings, fence line grass trimming and fence repairs on a private lot, the Board shall send a Request for Compliance. When satisfactory corrective action has not been taken within a reasonable period of time (not to exceed two weeks for grass mowing and trimming) the Board shall undertake mowing and trimming and fence repairs on the lot and levy a lot maintenance service fee equal to the cost of such action plus 18% for administrative expenses. When the lot maintenance service fee is not paid when due the Board shall send a Notice of Delinquency. When the lot maintenance fee and interest charge have not been paid, the Notice of Delinquency shall be followed by the placement of a lien within 120 days of the Notice of Delinquency due date.
- (4) When violations occur on a private lot and corrective action reasonably can be taken by the lot owner, a Request for Compliance shall be sent to the lot owner. Such violations may include, but not be limited to, improper placement of a satellite dish, failure to pave a driveway in grassland areas, an excess number of horses or pets, improper lighting, soil erosion, failure to remove debris from a lot, placement of improvements in natural areas without proper hedging or without a variance, open burning on a lot without a local government permit, the violation of house or buildings size, color or time completion requirements, or violation of Architectural Review Board review procedures. When satisfactory corrective action has not been taken within a reasonable period of time, not to exceed 120 days, the Board shall levy a special assessment which is not to be less than one-fourth (1/4) of the current annual assessment nor more than an amount two and one-half (2-1/2) times the current

JUN-27-2005 13:01

THE HOME TEAM

919 968 8509

P.29

BOOK 550 PAGE 116

annual assessment. When the special assessment is not paid when due the Board shall send a Notice of Delinquency. When the special assessment and interest charge have not been paid by the Notice of Delinquency due date, the Board shall, within 120 days of said due date, place a lien on the property of the lot owner. Such assessments shall be levied annually until satisfactory corrective action is taken.

- (5) When violations occur on a private lot and corrective action reasonably cannot be taken by the lot owner, the Board shall levy a special assessment which is not to be less than the current annual assessment nor more than two and one-half times the annual assessment. Said assessments may include, but not be limited to, the cutting of trees of historical or botanical significance and violations of setback and general site plan provisions agreed to by the Architectural Review Board or Board of Directors. When the special assessment has not been paid when due, the Board shall send a Notice of Delinquency. When the assessment and interest have not been paid by the Notice of Delinquency due date, the Board shall place a lien within 120 days on the property of the lot owner.

The failure of the Board to follow these procedures or to file a lien within 120 days shall not be a waiver of its right to take other actions allowed by this or other Declarations.

Section Two. Proceedings at Law and in Equity:

The Board of Directors is specifically given the authority to enforce these restrictions through any proceedings at law or in equity, against any person or persons violations or threatening to violate such restrictions and to recover any damages suffered from any violations thereof, or to restrain violations.

The Association shall be entitled to recover as minimum damages for the breach of any of these restrictions the sum of Two Hundred Fifty Dollars (\$250.00) but this minimum shall in no way limit the extent of damages which might be sought. Any sums recovered in this section by the Association shall be used to pay the cost of the action, to repair any damage caused by the breach of the restrictions, or deposited in the moneys of the Association for the use as it deems fit.

ARTICLE XXI

VALIDITY

Invalidation of any one or any portion of these restrictions

JUN-27-2005 13:01

THE HOME TEAM

919 968 8509 P.30

BOOK 550-PAGE 117

and covenants by judgments or court order shall in no way effect any of the other provisions contained herein, and those other provisions shall be severable from the invalidated portions and shall remain in full force and effect.

IN WITNESS WHEREOF, Walton C. Oldham, Conniesue Oldham, and Walton C. Oldham, Trustee, and Clyde A. Keisler, Sr. and Sally H. Keisler hereunto set their hands and affixed their seals.

Walton C. Oldham, Jr. (SEAL)
Walton C. Oldham

Conniesue Oldham (SEAL)
Conniesue Oldham

Clarence G. Oldham Trust

By: Walton C. Oldham, Jr. Trustee
Walton C. Oldham, Trustee

Clyde A. Keisler, Sr. (SEAL)
Clyde A. Keisler, Sr.

Sally H. Keisler (SEAL)
Sally H. Keisler

NORTH CAROLINA
WAKE COUNTY

I, a Notary Public in and for the aforesaid County and State, do hereby certify that Walton C. Oldham, Conniesue Oldham, and Walton C. Oldham, Trustee did personally appear before me this day and acknowledge the execution of the foregoing instrument.

This the 10th day of November, 1989.

Commission Expires: 2/19/90

Donald D. Cornelison
NOTARY PUBLIC

