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DECLARATION OF RIGHTS, RESTRICTIONS,
CONDITIONS AND COVENANTS OF
BRECKENRIDGE, Phase I, Plat Book 62, Page 74,
re-recorded in Plat Book 65, Page 69, and
BRECKENRIDGE, Phase II, Plat Book 64, Page 37,
Re-recorded in Plat Book 65, Page 70

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THIS AGREEMENT, made this the 10th day of July, 2000, by and between BRECKENRIDGE PROPERTIES, LLC, (hereinafter called "Declarant") a Limited Liability Company organized and existing under the laws of the state of North Carolina,

Randolph County, NC
Ann Shaw, REGISTER of DEEDS

WITNESSETH:

WHEREAS, Declarant is the owner of certain lands more fully described in a deed from Gary W. Loflin and wife, Brenda G. Loflin to BRECKENRIDGE PROPERTIES, LLC, duly recorded in Book 1113, Page 1940, Davidson County Register of Deeds Office, and Book 1588, Page 1144, Randolph County Register of Deeds Office, and; Recording Fee 44.00

WHEREAS, Declarant has subdivided a portion of said lands and identified them as BRECKENRIDGE, Phase I, Plat Book 62, Page 74, re-recorded in Plat Book 65, Page 69, Randolph County Registry, and BRECKENRIDGE, Phase II, Plat Book 64, Page 37, re-recorded in Plat Book 65, Page 70, Randolph County Registry, and;

WHEREAS, Declarant plans to develop additional portions of the real estate described in the deed referred to above as either courtyard homes, single family residential homes, condominiums, townhouses, or otherwise, and it is Declarant's intent to create a planned community, and Declarant intends to reserve the right to include the owners of those additional developments as members of the Owners Association created in this declaration, and to subject those additional developments to the terms of this Declaration in the Declarant's sole and absolute discretion, and;

WHEREAS, Declarant intends to create an Owners Association, which may become a Master Owners Association at the Declarant's discretion, to own, maintain and administer the recreational areas, common areas, signage, lighting, streets, shrubbery, plantings and such other and additional property as the Owners Association may from time to time acquire, and;

WHEREAS, Declarant intends that every Owner, as hereinafter defined of a lot (as hereinafter defined) in any phase of BRECKENRIDGE which is made subject to this Declaration, shall automatically and by reason of such ownership, and by reason of this Declaration, become a member of the

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Owners Association, and shall be subject to its valid rules and regulations and subject to the assessments provided for herein or by the Association, **SUBJECT HOWEVER TO THE PROVISIONS OF THIS DECLARATION CONCERNING DECLARANT RIGHTS AND DECLARANT CONTROL;**

NOW THEREFORE, the properties described as BRECKENRIDGE, Phase I and Phase II, referred to above, and all future phases being a portion of the lands contained in the deed to Breckenridge Properties, LLC described herein, shall be held, transferred, sold, conveyed and occupied subject to the Covenants and Restrictions hereinafter set out, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of such property. These Covenants and Restrictions are and shall be binding upon all parties having and acquiring any right, title or interest in such property or any part thereof and shall inure to the benefit of each Owner.

**ARTICLE I.
DEFINITIONS.**

The following terms when used in this Declaration of Covenants (unless the context shall clearly indicate to the contrary) shall have the following meaning:

- (1) **Allocated interests** shall mean the common expense liability and votes in the association allocated to each lot or other residential unit;
- (2) **Association or owners' association** means the Breckenridge Homeowners Association of Thomasville, Inc. organized as allowed under North Carolina law, including N.C.G.S. 47F-3-101;
- (3) **Common elements** means any real estate within the planned community owned or leased by the association;
- (4) **Common expenses** means expenditures made by or financial liabilities of the association, together with any allocations to reserves and shall include all lawful assessments by the Association; expenses identified as common expenses by this Declaration or by the By-Laws of the Association; hazard, liability or other insurance that may be required by this Declaration or the By-Laws; Ad valorem taxes and assessments levied against common areas and expenses agreed by the members to be common expenses.
- (5) **Common expense liability** means the liability for common expenses allocated to each lot as permitted by N.C.G.S. 47F-1-101 *et seq.*, this declaration, or otherwise by law;
- (6) **Condominium** means real estate as defined and created under Chapter 47C of the North Carolina General Statutes;
- (7) **Declarant** means BRECKENRIDGE PROPERTIES, LLC;

- (8) **Declarant control** means the control by the Declarant for the period of time set out in this Declaration, during which Declarant shall have the sole right to elect members of the Executive Board, or exercise any other rights which would be exercised by the Lot owners, except as specifically prohibited by N.C.G.S. 47F-1-101 *et seq.*
- (9) **Declaration** means this document and any amendments to it, which create, alter or amend the planned community;
- (10) **Executive Board** means the body, regardless of name, designated in the declaration to act on behalf of the association;
- (11) **Limited common element** means a portion of the common elements allocated for the exclusive use of one or more but fewer than all of the lots;
- (12) **Lot** means a physical portion of the planned community designated for separate ownership or occupancy by a lot owner;
- (13) **Lot owner** means the Declarant or other person who owns a lot, but does not include a person or entity having an interest in a lot solely as security for an obligation;
- (14) **Manager** means any person (as defined herein) with whom the Association contracts for the administration and operation of this planned community;
- (15) **Master association** means an organization described in N.C.G.S. 47F-2-120, whether or not it is also an association described in N.C.G.S. 47F-3-101;
- (16) **Person** means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity capable of holding an interest in real property;
- (17) **Planned community** means real estate with respect to which any person, by virtue of that person's ownership of a lot, is expressly obligated by a declaration to pay real property taxes, insurance premiums, or other expenses to maintain, improve or benefit other lots or other real estate described in the declaration;
- (18) **Purchaser** means any person, other than the Declarant or a person in the business of selling real estate for his own account who by means of a voluntary transfer acquires a legal or equitable interest in a lot, other than as security for an obligation;
- (19) **Restricted property** means all of the real property described in Article II of the Declaration and any additional real property added to the jurisdiction of the Association pursuant to the provisions of Article 2, Section 2 of this Declaration.
- (20) **Special Declarant rights** means rights reserved for the benefit of the Declarant including, without limitation, any right to either 1) complete improvements indicated on plats and plans filed with the Declaration; 2) exercise any development right reserved in the

Declaration; 3) maintain sales offices, management offices, signs advertising the planned community, and models; 4) to use easements through the common elements for the purpose of making improvements within the planned community or within the real estate which may be added to the planned community; 5) to make the planned community part of a larger planned community or group of planned communities; 6) to make the planned community subject to a master association; 7) to appoint or remove any officer or executive board member of the association or any master association during any period of Declarant control.

ARTICLE II PROPERTY SUBJECT TO DECLARATION

Section 1. This Declaration is hereby imposed upon the following described real property and the Declarant hereby subjects it to this Declaration, and it shall hereafter be held, transferred, sold, conveyed, used, leased, occupied and mortgaged or otherwise encumbered subject to this Declaration:

All of the property shown on a plat of BRECKENRIDGE, Phase I, Plat Book 62, Page 74, re-recorded in Plat Book 65 , Page 69 ,and all of the property shown on a plat of BRECKENRIDGE, Phase II, Plat Book 64, Page 37, re-recorded in Plat Book 65 , Page 70 , all recorded in the Randolph County Register of Deeds Office.

Section 2. Declarant contemplates that additional property will be added to this planned community at some time in the future. The additional property may be developed as courtyard homes, single family residential units, townhomes, condominiums, apartments, or other forms of residential housing. Declarant reserves the right to add such additional property and record plats or plans and subject the property to the provisions of this Declaration, and include the owners of those additional properties as members of the Owners Association being formed for this part of the development. Declarant reserves the right to make such additional property subject to the terms of this Declaration. The additional real estate is all of the remaining portions of the property described in Book 1588, Page 1144, duly recorded in Randolph County, and Book 1113, Page 1940, duly recorded in Davidson County, which are incorporated herein by reference as though set out in full. These references refer to the identical instrument, containing property in both Randolph and Davidson County, which has been recorded in both counties, and consists of three separate but contiguous tracts of land. It is possible that future phases of this planned community will contain parts of one or more of the tracts.

Section 3. Declarant reserves the right to add additional property to the planned community, not currently included in the descriptions set out above, during the period of Declarant control provided in this Declaration.

Section 4. Every person who is or shall be a record owner by purchase, transfer, assignment or foreclosure of a fee simple or undivided fee simple interest in any portion of the property subjected to this Declaration or later added as provided herein, agrees and shall be deemed by reason of accepting such record title to agree to all of the terms and provisions of this Declaration.

ARTICLE III. SPECIAL DECLARANT RIGHTS

Section 1. Declarant reserves the right set out above to subject additional real property to this Declaration, including the real estate described herein as well as other property which may be obtained in the future, and to make the owners of lots in each and every new phase members of the Owner's Association provided for herein.

Section 2. Declarant reserves the right to maintain sales offices, management offices, signs advertising the planned community and models during any time that it has Declarant control over any portion of the property which is subjected to this Declaration.

Section 3. Declarant reserves the right to use or create easements through the common elements for the purpose of making improvements within the planned community or within the real estate which may be added to the planned community.

Section 4. Declarant reserves the right to make the planned community part of a larger planned community or group of planned communities.

Section 5. Declarant reserves the right to make the planned community subject to a master association.

Section 6. Declarant reserves the right to appoint or remove any officer or executive board member of the association or any master association.

Section 7. All of the reservations of rights contained in this section shall continue and be effective during the period of Declarant control as to any portion of the property described in the Deed from Gary W. Loflin and Brenda G. Loflin to Breckenridge Properties, LLC, referred to in Article II, Section 2.

ARTICLE IV.
OWNER'S ASSOCIATION

Section 1. Declarant has caused to be formed and incorporated under the laws of the state of North Carolina and there does now exist BRECKENRIDGE PROPERTY OWNERS ASSOCIATION, INC., a nonprofit North Carolina corporation.

Section 2. Each lot owner shall be a member of the Association, however, each lot shall only be entitled to one vote. Membership shall be appurtenant to and shall not be separated from ownership of any lot that is subject to assessments under the provisions of this Declaration. When entitled to vote, Class A members shall be entitled to one vote for each lot they own. When more than one person holds an interest in a lot, the vote for such lot shall be exercised as they, among themselves determine, but in no event shall more than one vote be cast with respect to any such lot.

Section 3. The Association shall have two classes of membership, Class A and Class B.

- A. Class A members shall be entitled to full voting privileges as follows:
 - a. At such time as the Class B members shall so designate by notice in writing delivered to the Association, or
 - b. Five years after the date of recording of this Declaration as to Phases I and II; or
 - c. Five years after the date of recording of each additional Phase of the community made subject to this Declaration.
 - d. Prior to the vesting of full voting rights in the Class A members, the Class A members shall be entitled to vote only as otherwise provided in this Declaration or as required by North Carolina law.
- B. Declarant shall be the sole Class B member. Class B membership shall be full voting membership, and shall consist of three votes for each lot owned by the Declarant. During its existence the Class B member shall be entitled to vote on all matters and all events until the expiration of the times set out in Section 1 above. Upon the termination of Class B membership by the expiration of time set out in Section 1 above, for each Phase of the community, the Declarant shall become a Class A member for each lot then owned by it.
- C. Notwithstanding any of the foregoing, the Class B membership shall continue as to new phases of the community which may be added in accordance with the other provisions of this Declaration, and the recording of each new plat of an additional Phase of the community shall operate to create additional Class A and Class B members. The

Declarant shall be entitled to three votes for each lot in each phase as it is developed, for the time periods set out in paragraph A above.

Section 4. The membership rights of any member, including the right to vote, may be suspended by the Association's Executive Board pursuant to authority granted in the Associations' By-laws, as amended from time to time. The Executive Board shall also have the power to impose a fine upon a delinquent member for violation of any of the provisions of the Declaration. The Board shall have the power, after notice and a hearing, to impose a fine of not more than One Hundred and Fifty Dollars (\$150.00) per day for any violation which continues after a decision by the Board that a violation has occurred and notice to the member of the Board's decision. Such fines shall be assessments secured by liens under the provisions of N.C.G.S. 47F-3-116. Suspensions of services or privileges may be continued until the violation ceases, without further hearing or notice.

Section 5. All matters concerning meetings of the members of the Association, including the time and the manner in which notice of any meetings shall be given to members, of the quorum and percentage vote required for the transaction of business of any meeting, shall be specified in this Declaration, in the By-Laws of the Association as amended from time to time, or as provided by law.

ARTICLE V. PROPERTY RIGHTS

Section 1. Every owner shall have a right and easement of enjoyment in and to the Recreational Property, if any, and Common Areas described on plats or otherwise designated by the Declarant, or subsequently acquired by the Association, which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

- A. The right of the Association to permit the use of and to charge reasonable admission and/or other fees for the use of any facility situated upon the common area;
- B. The right of the Association to suspend the voting rights and the right to use of the recreational property, if any, by an owner for any period during which an assessment against such owner's lot remains unpaid, and for a period of time to be determined by the Association for the infraction of its published rules and regulations;
- C. The right of the Association to dedicate or transfer all or any part of the common area or recreational property to any public agency, authority or utility for such purpose and subject to such conditions as may be agreed to by the members. No such dedication or

transfer shall be effective unless an instrument is signed by at least two-thirds (2/3) of the members entitled to vote.

- D. The right of the Association to grant permits, licenses and easements over the common area or recreation area for utilities, streets, roads and other purposes reasonably necessary for the proper maintenance or operation of the properties.
- E. The right of the Association to impose regulations for the use and enjoyment of the common areas and the recreation areas and improvements thereon, which regulations may further restrict the use of the common areas and recreation area.

Section 2. Any owner may delegate, in accordance with the By-Laws, his or her right to enjoyment of the common area and recreation area, to members of his or her family, tenants, guests, or contract purchasers who reside on any lot.

ARTICLE VI. MAINTENANCE ASSESSMENTS

Section 1. For each lot in the community, each owner, by accepting a deed, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- A. Annual assessments or charges, and
- B. Special assessments or charges for capital improvements, such assessments to be established and collected as hereinafter provided, and
- C. To the appropriate government taxing authority, a pro rata share of the ad valorem taxes levied against the common areas or recreational areas, and a pro rata share of assessments for public improvements, if any, to or for the benefit of the common areas or recreational properties, if the Association shall default in the payment thereof for a period of six (6) months, all as hereinafter provided.
- D. Annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the owner of such property at the time when the assessment became due.
- E. Payment of assessments on any lot prior to or during the period of construction of improvements thereon and until occupied as a residence shall be waived.

Section 2. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, welfare and enjoyment of the residents of the community, and shall be used for, but not limited to, the costs of repairs, replacements and improvements, the cost of labor, maintenance and expense of street lighting, signage, lakes, dams, shrubbery, streets, equipment, materials, maintenance and upkeep of yards, management and supervision, security, the payment of taxes assessed against the common area or recreation area, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, the establishment of reserves for repairs of the property of the Association, and such other needs as may arise.

Section 3. The Executive Board of the Association shall determine the amount of annual assessments, which may be increased for any calendar year, without the approval of the membership, by an amount not to exceed five percent (5%) of the assessment for the previous year. If the Board determines it is necessary to raise the assessment by an amount exceeding five percent, the approval of two-thirds of all members voting in person or by proxy at a meeting duly called for this purpose shall be required.

Section 4. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement within the community, in the common area or in the recreation area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of all members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all lots and may be collected on a monthly basis.

Section 5. Written notice of any meeting called for the purpose of taking any action authorized under Section D shall be sent to all members not less than ten (10) nor more than sixty (60) days prior to the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast at least twenty-five percent (25%) of all votes of each class eligible to vote shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the By-Laws, or this Declaration. If the required quorum is not present, the members present and entitled to vote shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 6. The annual assessments provided for herein shall be collected on a monthly basis and shall commence on the first day of the month following conveyance of such lot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Executive Board shall fix the amount of the annual assessment against each lot and shall send a written notice of such assessment to every Owner subject thereto. The Executive Board shall establish the due dates. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

Section 7. Any assessments not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per year, or the maximum allowable rate under the provisions of N.C.G.S. 47F-3-115(a). Assessments levied against a lot which remain unpaid for a period of thirty days or longer shall constitute a lien on the lot when a claim of lien is filed of record in the office of the clerk of superior court of the county in which the lot is located. The lien so filed may be foreclosed in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes. Any fees, including attorneys fees, charges, late charges, fines, interest and other charges imposed by the Association are enforceable as assessments and can be included in the claim of lien. The lien will be extinguished unless proceedings to enforce the lien are instituted within three years after the docketing of the claim of lien.

Section 8. The lien provided for herein shall be subordinate to liens and encumbrances filed prior to the docketing of the lien and liens for real estate taxes and other governmental assessments and charges against the lot. In the event of the acquisition of any lot by foreclosure, deed in lieu of foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable, shall be absorbed and paid for by all owners including such purchaser as a common expense, provided nothing contained herein shall release the party personally liable for a delinquent assessment from the payment thereof or the enforcement of collection of such assessment by means other than foreclosure.

Section 9. The Executive Board of the Association, in establishing the annual budget for operation, management and maintenance of the property, may designate therein a sum in the minimum amount of ten percent (10%) of the annual assessment to be collected and maintained as a reserve fund for replacement of and capital improvements to the common area, recreation area, lakes, signage, shrubbery, lighting, streets, or other capital assets in the possession or control of the Association, which capital improvement and

replacement fund shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment, if any, constituting a part of the properties held by the Association for the common use and enjoyment of the owners. The amount to be allocated to the "capital improvement fund" may be established by the Board of Directors so as to collect and maintain a sum reasonably necessary to anticipate the need for replacement of improvements. The amount collected for the "capital improvement fund" shall be maintained in a separate account by the Association and such monies shall be used only to make capital improvements to the Association property or common area. Any interest earned on monies in the "capital improvement fund" may, in the sole discretion of the Executive Board, be expended for current operation and maintenance.

Section 10. All money collected by the Association shall be treated as the separate property of the Association, and such money may be applied by the Association to the payment of any expense of operation and managing the community, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation, and the By-Laws of the Association. As money for any assessment is paid to the Association by any owner, the same may be commingled with money paid to the Association by the other owners. Although all funds including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of the common areas or recreation areas, shall be held for the benefit of the members of the Association, no member shall have the right to assign, hypothecate pledge or in any manner transfer any interest in such funds. When an owner shall cease to be a member of the Association by reason of his divestment of ownership of his lot, by whatever means, the Association shall not be required to account to such owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such owner, as all money which any owner has paid to the Association shall be and constitute an asset of the Association which may be used in the management and operation of the community under this Declaration.

Section 11. At the time of closing of the sale of each unit a sum equal to at least two (2) months assessment for each unit shall be collected and transferred to the association to be held as a working capital fund. The purpose of this fund is to insure that the Association Board will have adequate cash value available to meet unforeseen expenses, and to acquire additional equipment or services deemed necessary or desirable by the Association. Amounts paid into the fund shall be considered advance payment of regular assessments.

**ARTICLE VII.
INSURANCE COVERAGE**

Section 1. The Association shall maintain the following insurance coverage:

- A. Casualty insurance covering the improvements upon the common area or recreation, and all personal property owned by the Association, shall be procured in an amount equal to the insurable replacement value thereof (exclusive of excavation, foundations, streets and parking facilities) as determined annually by the insurance company affording such coverage. Such coverage shall afford protection against: (1) loss or damage by fire or other hazards covered by the standard extended coverage endorsement; (2) such other risks as from time to time customarily shall be covered with respect to similar property, in construction, location and use, including but not limited to vandalism and malicious mischief.**
- B. Public liability and property damage insurance in reasonable amounts covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements shall be maintained by the Association,**
- C. Liability insurance on each officer and each of the members of the Executive Board of the Association, together with a fidelity bond, which shall be optional, on the treasurer of the Association, all in such amounts and in such forms as shall be required by the Executive Board of the Association.**

Section 2. Premiums upon insurance policies purchased by the Association shall be paid by the Association as common expenses to be assessed and collected from all owners except as otherwise provided in this Declaration or the By-laws.

Section 3. All insurance policies purchased by the Association shall be for the benefit of the Association and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association.

**ARTICLE VIII.
ARCHITECTURAL CONTROL**

Section 1. No building, fence, wall or other structure of any kind shall be commenced, erected or maintained upon any of the lots, nor shall any exterior addition to or change or alteration of the homes in the community,

including but not limited to changes in painted surfaces, addition of shutters, placement of yard art, addition of trees or shrubs in the front or back yard, be made without the express written approval of the Architectural Control Committee. During the period of Declarant control, this function shall be performed by the Declarant acting as the Architectural Control Committee, or his designees, not exceeding three persons, for any phase of the community to which Declarant exercises control. After the period of Declarant control the Committee shall consist of three (3) representatives appointed by the Board of Directors. Therefore, it is possible that at some point and for a period of time, the Architectural Control Committee will serve as to some phases and the Declarant will act for other phases.

Section 2. With respect to the courtyard homes being developed in Breckenridge, Phases I and II, and with respect to future courtyard homes in future phases, the Declarant has assigned a specific house plan to each lot in the development. The plan assigned to each lot must be built on that lot without variation.

Section 3. The Architectural Control Committee, as described in Section 1 above, shall have the power to notify any owner who is in violation of this Article, and require that such owner correct such violation. If, after notice to such owner and a reasonable time to correct the violation, the violation continues, the Architectural Control Committee shall refer the matter to the Association for further action, including the imposition of fines, suspension of privileges, and any other remedies the Association is permitted to pursue.

ARTICLE IX. OTHER MAINTENANCE

Section 1. In addition to the common areas and recreation areas, the Association shall: (1) provide maintenance for all front and back yards located in the community including but not limited to mowing, spraying, planting or replacement of shrubs and trees, (2) be responsible for maintaining all the private streets located in the community and shown on the plats, including repairing and paving as needed, and (3) repair and replace as needed all signage, street lighting, shrubbery, landscaping, or other repairs and maintenance to common areas or recreation facilities. The Association reserves the right to unobstructed access to all exterior portions of the property located in the community at all reasonable times to perform the maintenance required by this Article.

Section 2. In the event that the need for maintenance, repair or replacement is caused by or through the willful or negligent act of any owner, his or her family, guests or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, and

smoke as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage policies, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to such owner's lot.

**ARTICLE X.
USE RESTRICTIONS**

Section 1. The lots in this community shall be used for residential purposes only, with the exception of any lots or parcels which may be designated as recreation areas on any recorded plat or which are subsequently deeded to the Association for recreational purposes or as common areas. The use of any lot for any commercial purposes shall be a violation of these covenants and shall be subject to enforcement by the Association. No structure shall be erected or allowed to remain on any lot except one detached single family dwelling constructed according to the size and other architectural requirements of this Declaration.

Section 2. No lot shall be divided or recombined with any other lot. This is a planned community, and the type and size of the homes to be constructed on any lot are predetermined by Declarant. No structure other than those predetermined by the Declarant shall be constructed on any lot. Approval of the Architectural Control Committee shall be required before commencement of construction.

Section 3. The Association shall not be required to pay assessments on any lot it owns as common area or for recreational purposes.

Section 4. No animals shall be allowed to remain on any portion of any lot in this community, other than small household pets kept indoors or small cats and dogs under twenty (20) pounds in weight kept indoors, except that small cats and dogs can be outdoors if they are on leashes and under the control of a responsible person. Owners are responsible for properly disposing of solid waste created by their pets. Any animal that becomes a nuisance to any other owner because of its behavior, as determined by the Executive Board after notice and a hearing, shall not be permitted to remain on the property.

Section 5. No activity shall be carried out by any owner which creates a nuisance or an annoyance to any other owner or the community, as determined by the Executive Board after notice and a hearing to the violating owner.

Section 6. No porches, decks, patios or similar areas shall be constructed other than those included in the house design approved for any lot.

Section 7. No permanent attachments of any kind or character whatsoever (including but not limited to television and radio antennae, solar energy related systems, satellite or microwave dishes or similar improvements) shall be made to any portion of the lot or structure located on any lot. Satellite dishes must be placed in rear yards and obstructed from view from adjoining properties, and shall not exceed eighteen inches (18) in diameter.

Section 8. All mailboxes and newspaper boxes must be of a standard color, size and design as approved in writing by the Architectural Control Committee.

Section 9. The dwelling to be constructed on any lot shall face the street abutting the front of each lot, except with the express written consent of the Architectural Control Committee.

Section 10. No temporary dwelling or structure shall be erected or allowed to remain on any lot and no outbuildings shall be permitted.

Section 11. No motor homes, trucks one ton or larger, trailers of any kind, boat, jet ski, or any type of recreational vehicle shall be parked or placed upon any street, or in any drive or driveway, or anywhere on any lot.

Section 12. All driveways and walkways must be paved with concrete or brick pavers prior to occupancy.

Section 13. All trash, garbage or other waste shall be kept in sanitary containers which shall be kept out of sight from the streets and walks of the community and shall be kept at all times so as not to constitute a nuisance to any other lot owner.

Section 14. No recreational equipment, basketball goals and/or backboards, swing sets, sliding boards or other child's play apparatus of any kind, or pet lots, shall be affixed to or placed upon any lot in this community used for residential purposes.

Section 15. No junk or unlicensed vehicles of any kind, or any type of salvage shall be kept on any lot.

Section 16. All landscaping will be maintained by the Association, and no owner shall change, add or remove any landscaping located on their lot. Owners shall be permitted to add annual flowers to their backyards, and shall be responsible for caring for them.

Section 17. No owner shall alter any drainage ditches or swales located on their lot, or interfere with the natural flow of water across their lot.

Section 18. Prior to the commencement of construction of any improvements on any lot in this community, the Architectural Control Committee must give written approval to all plans and specifications. This shall apply to all builders, contractors, subcontractors and owners. Actual construction must comply fully with the plans and specifications as submitted and approved.

Section 19. All streets shown on the recorded plats have been or will be constructed by Declarant, and shall be private streets because this will be a gated community. The Association will be responsible for maintenance and upkeep of all of the platted streets and such maintenance will be paid for out of annual or special assessments to be levied against each lot by the Association.

Section 20. No fences or walls shall be constructed on any lot without the prior written approval of the Architectural Control Committee. At the time of recording of this Declaration, it is not contemplated that fences or walls of any kind will be permitted. In the event that a fence or wall is allowed, the Architectural Control Committee shall determine the height and permissible materials.

Section 21. Declarant reserves the right to extend, amend, modify or remove this Declaration of Covenants and Restrictions, in whole or in part, during the period of Declarant control as to any phase of the community to which Declarant control applies, and any such actions shall be evidenced by an instrument in writing and shall be recorded the County in which any portion of the lots affected is located. Provided however, that Declarant reserves the right to add additional phases of the community and make them subject to this Declaration even after the period of Declarant control expires, pursuant to its reserved development rights under this Declaration.

Section 22. Declarant or the Association if Declarant's control period has ended regarding the specific lot affected, may waive any minor variations or violations of or grant minor variances from these Covenants and Restrictions by the recordation of an appropriate instrument in writing in the county in which the subject lot is located. Such a waiver shall be conclusive upon all parties bound by this Declaration. No such waiver shall be construed to be a waiver of a subsequent breach or consent to a variance of the same or any other restriction.

Section 23. These covenants and restrictions bind and inure to the benefit of the Declarant, its successors and assigns, and all owners acquiring lots in

this planned community from the Declarant and/or its successors and assigns and are covenants which run with the lands forever.

Section 24. Notwithstanding any other provisions of these Covenants and Restrictions, the Declarant, its successors and assigns, shall not be liable for any act, omission or delay in connection with the enforcement of or failure to enforce, these Covenants and Declaration. Any owner can enforce the provisions of this Declaration individually or through the Association.

Section 25. Invalidation of any of these covenants and restrictions, or of any portion of this Declaration by judgment or Court order shall in no way affect any of the other provisions which shall remain in full force and effect.

ARTICLE XI. EASEMENTS

Section 1. The Declarant and the Association hereby reserve easements for the completion of repairs and maintenance to enter upon each and every platted lot at reasonable times to accomplish such repairs and maintenance as promptly and expeditiously as possible. Such easements shall extend to any underground utility or service and it shall be proper for the Association to authorize and hire other companies to provide any and all repair and maintenance and/or repair services.

Section 2. The Association shall have the power and authority to grant and establish upon, over, under and across any of the common areas conveyed to it, such further easements as are requisite for the convenience, use and enjoyment of the properties described in this Declaration in Article II, Section 2. In addition, there is hereby reserved in the Declarant and its agents and employees an easement and right of ingress, egress and regress across all of the common areas now or hereafter owned by the Association, for the purpose of construction and improvements within the property.

Section 3. All lots shall be subject to easements for the encroachments constructed on adjacent lots to the extent that such improvements actually encroach including, but not limited to, such items as overhanging eaves, gutters, downspouts and walls.

Section 4. An easement is hereby established over the common areas for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

Section 5. All easements shown on the recorded plats, including those recorded in the future and made subject to this Declaration, shall be applicable to all of the property shown on the respective plats.

Section 6. All street intersections shall have a sight easement of ten (10) feet from the edge of the right of way that shall remain unobstructed to allow safe movement of motor vehicles.

ARTICLE XII. GENERAL PROVISIONS

Section 1. The Association, the Declarant during any period of Declarant control, or any owner shall have the right to enforce, by a proceeding at law or in equity, all of the provisions, restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed or permitted under the provisions of this Declaration. Failure of any of them to enforce any covenant or restriction contained herein shall not be deemed to be a waiver of the right to so thereafter.

Section 2. The Association, upon written request made upon it by any mortgagee or holder of a deed of trust or other security instrument, any insurer or guarantor, which request shall contain the name and address of such obligee and the lot number or other reliable identification of the lot or owner, shall be required to provide timely written notice of the following:

- A. The institution of any action in condemnation or other occurrence of any casualty loss that affects either a material portion of the properties or the residential lot securing the indebtedness to such mortgagee or holder;
- B. The delinquency of sixty (60) days or more in payment of assessments or charges by the owner of any lot securing the indebtedness of such obligee.
- C. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- D. Any action of the Association that requires for its approval a specific percentage of owners or members as stated in this Declaration, the By-laws or the Articles of Incorporation.

Section 3. The covenants and restrictions and other provisions 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 by recordation in all counties in which the affected lots are located of an instrument signed by owners of not less than seventy-five percent (75%) of the lots, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, or affect any lien for the payment thereof, established herein,

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provided further that any document intended to be a termination of the planned community must be signed by the owners of at least ninety percent (90%) of all lots. In any event, no amendment shall be effective to change the rights reserved to the Declarant under the provisions of this Declaration without the joinder of the Declarant.

Section 4. Declarant may enter into a contract with a Management company for the purposes of providing all elements of the operation, care, supervision, maintenance and management of the property. However, no such contract shall be binding upon the Association except through express adoption, or ratification of the terms and conditions of such contract. Any contract or lease entered in to by the Declarant or by the Association while Declarant is in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer or management by Declarant to the Association.

IN WITNESS WHEREOF, the undersigned, being the Declarant, and the sole owner of all lots in Phases I and II of BRECKENRIDGE, have signed and sealed this instrument this the 10th day of July, 2000.

BRECKENRIDGE PROPERTIES, LLC

Gary W. Loflin

Gary W. Loflin, Manager

NORTH CAROLINA
DAVIDSON COUNTY

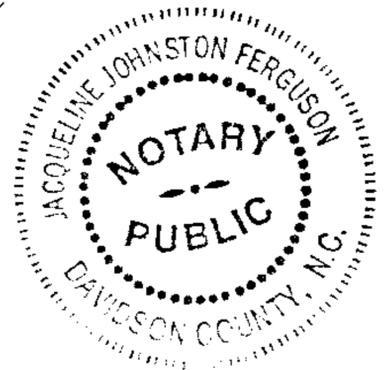
I, a Notary Public of said County and State aforesaid, certify that Gary W. Loflin, Manager of Breckenridge Properties, LLC, a North Carolina Limited Liability Company as manager on behalf of the limited liability company personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official seal or stamp this the 10th day of July, 2000.

My Commission Expires:
05/24/2005

Jacqueline Johnston Ferguson

Notary Public



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NORTH CAROLINA — RANDOLPH COUNTY

The foregoing certificate(s) of _____

Jacqueline Johnston Ferguson

Notary/Notaries Public is/are certified to be correct.

This 11 day of July, 2000.

ANN SHAW, REGISTER OF DEEDS

by: *Sandy Newlin*, Deputy Register of Deeds