

BOOK 501
DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
THE ARONIMINK TOWNHOMES

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GRIER GILMORE
THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS made this 5th day of April, 1983 by THE ARONIMINK GROUP, a Partnership organized under the Uniform Partnership Act of North Carolina, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the Village of Pinehurst, County of Moore, State of North Carolina, and more particularly described on Schedule A attached hereto, and desires to create thereon an exclusive residential community of single-family attached Townhomes to be named THE ARONIMINK TOWNHOMES; and

WHEREAS, Declarant desires to insure the attractiveness of the Townhome community and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the Townhome community and to provide for the maintenance and repair of the exterior of all Townhomes and the Common Area, as hereinafter defined, and to this end desires to subject the real property described on Schedule A attached hereto, together with such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS, Declarant has deemed it desirable, for the efficient preservation, protection and enhancement of the values and amenities in the Townhome community and to insure the residents' enjoyment of the specific rights, privileges and easements in the Common Area, as hereinafter defined, and to provide for the maintenance and upkeep of the exterior of all Townhomes and the Common Area, to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Common Area and the exterior of the Townhomes, collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has or will cause to be incorporated under North Carolina law, THE ARONIMINK TOWNHOMES ASSOCIATION, as a non-profit corporation for the purpose of exercising and performing the aforesaid functions;

NOW, THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does declare that all of the property described on Schedule A attached hereto and incorporated herein by reference, and such additions thereto as may be hereafter made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to THE ARONIMINK TOWNHOMES ASSOCIATION, a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners. A description of the Common Area to be owned by the Association at the time of the conveyance of the first lot is attached hereto as Schedule B.

Section 3. "Declarant" shall mean and refer to THE ARONIMINK GROUP and also shall mean and refer to any person, firm or corporation which shall hereafter become vested with title to three or more undeveloped Lots from the Declarant for the purpose of causing residence building(s) to be constructed

WITNESSED BY: D.J. SCARBOROUGH III OF VAN CAMP, GILL & CRUMPLIER, P.A.

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thereon, and any such successor in title to The Aronimink Group shall be a Declarant during such period of time as said party is vested with title to three or more such Lots (whether undeveloped or developed and un conveyed), but no longer.

Section 4. "Lot" shall mean and refer to any numbered plot of land, with delineated boundary lines, appearing on any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. "Properties" shall mean and refer to the "Existing Property" described in Article II, Section 1 hereof, and such additions thereto as may hereafter be made subject to this Declaration and brought within the jurisdiction of the Association.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION
AND WITHIN THE JURISDICTION OF
THE ARONIMINK TOWNHOMES ASSOCIATION

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Association is located in Mineral Springs and Sandhills Townships, Moore County, North Carolina, and is more particularly described in Schedule A attached hereto.

Section 2. Additions to Existing Property. Additional land may be brought within the scheme of this Declaration and the jurisdiction of the Association in the following manner:

(a) Additional land as described in Deed Book 494, Page 281, and in Deed Book 501, Page 47, but not within the area described in Schedule A, may be annexed to the existing property by Declarant, in future stages of development, without the consent of the Association or its Members, provided that said annexations must occur within three years after the filing of this instrument.

(b) The additions authorized under Subsection (a) above shall be made by filing of record a plat of the next Phase or Phases in the Office of the Register of Deeds with respect to the additional properties which shall extend the scheme of this Declaration and the jurisdiction of the Association to such properties and thereby subject such additions to the benefits, agreements, restrictions and obligations set forth herein, including, but not limited to, assessments as herein determined, to pay for the Association's expenses.

ARTICLE III

PROPERTY RIGHTS

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

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

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

(c) the right of the Association to grant utility, drainage and other easements of the type and for the purposes set forth in Article XI.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws of the Association (a copy of which is attached as Schedule C), his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Parking Rights.

(a) Assigned Parking Spaces. Ownership of each Lot shall entitle the Owner(s) thereof to the use of two automobile parking spaces, together with the right of ingress and egress in and upon said parking area. The Board of Directors of the Association shall have the authority acting in its sole discretion to allocate said parking spaces from time to time as it may determine to be in the best interest of the Members.

(b) Visitor Parking. Parking spaces designated for the exclusive use of visitors to the Properties, if any, shall not be used by any Owner for the parking of his vehicles, but may be used by persons visiting Owners for a period not to exceed one week in time.

(c) Recreational Vehicles. No trailers, boats, tractors, campers, trucks, vans, motorcycles or minibikes, or recreational vehicles may be parked or kept within the Properties.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of the Lot.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect to voting rights:

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots as the same are hereinafter defined. Each Class A Lot shall entitle the Owner(s) of said Lot to one (1) vote. When more than one person owns an interest (other than a leasehold or a security interest) in any Lot all such persons shall be Members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any one (1) Class A Lot.

(b) Class B Lots. Class B Lots shall be all Lots owned by Declarant which have not been converted to Class A Lots as provided hereafter. The Declarant shall be entitled to three (3) votes for each Class B Lot owned by it. As developer, the Declarant shall be deemed to own eighteen (18) Class B Lots which represent the proposed number of Townhomes to be constructed. Each Class B Lot shall convert to a Class A Lot when conveyed by the Declarant to an Owner. The Class B Lots shall cease to exist and shall be converted to Class A Lots:

(1) When the total number of votes appurtenant to the Class A Lots equal the total number of votes appurtenant to the Class B Lots, or

(2) Two years after the recording of this Declaration in the Office of the Register of Deeds of Moore County, North Carolina,

whichever is earlier.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a Deed therefor from Declarant or its successor, whether or not it shall be so expressed in such deed, is deemed to

covenant and agrees to pay to the Association monthly assessments which include a reserve for capital improvements, such assessments to be established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the Lot and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments or charges shall pass to his successors in title and both shall be jointly and severally liable for such delinquent assessments.

Section 2. Purpose of Assessments. The assessments or charges levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and in particular for the maintenance, repair and reconstruction of the exterior of Townhomes not covered by warranty; for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, including, but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the Declaration and By-Laws, the employment of attorneys to represent the Association when necessary, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement for the exterior of Townhomes or upon the Common Area, including by way of illustration but not limitation, repaving of parking areas and access roads and re-staining and re-painting the exterior of the Townhomes at intervals determined by the Board of Directors; and such other needs as may arise. In addition, expenditures by the Association for the landscaping, planting and maintenance of areas within Lots, but lying outside of residence buildings and enclosed patio areas, shall be deemed expenditures for the recreation, health, safety and welfare of the residents of the Properties and are hereby authorized.

Section 3. Maximum Monthly Assessment. Until January 1 of the calendar year following the conveyance of the first Lot, the maximum monthly assessment shall be \$120.00 for a two-bedroom Class A Lot and \$132.00 for a three-bedroom Class A Lot and 25% of each respective amount for a Class B lot.

(a) The maximum monthly assessments established above may be increased, effective January 1 of each calendar year following the conveyance of the first Lot to an Owner, without a vote of the membership, but subject to the limitation that the percentage of any such increase shall not exceed the percentage increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers, all cities, all items, published by the United States Department of Labor, over the 12 month period ended on the October 31 immediately preceding that January 1. If the monthly assessment is not increased by the maximum amount permitted under terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the assessment may be increased by that amount in a future year at the election of all members of the Board of Directors without a vote of the membership, in addition to the maximum increase permitted under the terms of the preceding sentence. The monthly assessment for Class B Lots cannot be increased.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, said maximum monthly assessments for Class A lots but not Class B lots may be increased without limitation if such increase is approved by Members entitled to no less than two-thirds (2/3) of the votes (appurtenant to each Class of Lots) represented in person or by proxy at a meeting duly called for this purpose.

(c) The Board of Directors may fix the monthly assessments at amounts not in excess of the maximum.

Section 4. Notice and Quorum for Any Action Authorized Under Section 3. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to

cast sixty per cent (60%) of all the votes of each Class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. Date of Commencement of Monthly Assessments: Due Dates.

The monthly assessments provided for herein for Class A Lots shall commence as to each Lot on the first day of the month following the conveyance to the Owner of the Lot. The monthly assessment for Class B Lots shall commence on the first day of the month following the recording of the plat for the phase involved and shall apply only to the lots shown for that phase. The Board of Directors shall fix the amount of the monthly assessment against each Lot at least thirty (30) days in advance of the next calendar year. Written notice of the monthly assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate, signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 6. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight per cent (8%) per annum or the maximum interest rate permitted to be legally charged under the laws of the State of North Carolina at the time of such delinquency, whichever, is greater. In addition to such interest charge, the delinquent Owner shall also pay such late charge as may have been theretofore established by the Board of Directors of the Association to defray the costs of late payment. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, late payment fee, costs and reasonable attorneys' fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 7. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust on a Lot or any mortgage or deed of trust to the Declarant. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage or deed of trust as above provided.

ARTICLE VI

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein, including re-painting or re-staining the exterior of the Townhomes be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VII

EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replace and care of walks, roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, and other exterior improvements, including grass and other vegetation in those portions of each Lot lying outside of the residence building and patio. The Association's obligation for exterior maintenance with the exception of landscaping of each Lot during the time that Declarant's warranty is in effect shall be limited to acting as Agent for the Owner in contacting the Declarant to make needed repairs. Such exterior maintenance shall not include glass surfaces and each Owner shall be required to maintain his own glass and his own patio, deck and fence. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

In the event that the need for maintenance, repair, or replacement is caused through the willful, or negligent act of the Owner, his family, guests, or invitees, the cost of such maintenance, replacement, or repairs incurred by the Association, shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE VIII

INTERIOR MAINTENANCE

Each Owner shall maintain, repair and replace at his expense all interior portions of the improvements on his Lot which shall need repair, including patios, fencing and decks located on the Lot, if any, and all bathroom and kitchen fixtures, light fixtures or other electrical or plumbing equipment, pipes and fittings serving an Owner's Townhome which are located in a party wall, if any. Further, each Owner shall repair, maintain and replace at his own expense when necessary the heating and air conditioning systems servicing his dwelling, whether located on his Lot or in the Common Area adjacent to the Lot.

ARTICLE IX

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Townhomes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

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

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

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

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE X

USE RESTRICTIONS

Section 1. Land Use. All Lots shall be used for residential purposes only and common recreational purposes auxiliary thereto and for no other purpose. Only one family may occupy a Lot as a principal residence at one time. Declarant may maintain a sales office, models and construction office in one or more Townhomes until all such Townhomes to be located on the Properties have been conveyed to Owners.

Section 2. Nuisance. No noxious or offensive activity shall be conducted upon any Lot or in any dwelling nor shall anything be done thereon or therein which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided they are not kept or maintained for commercial purposes.

Section 4. Temporary Structures. No structure of a temporary nature shall be erected or allowed to remain on any Lot unless and until permission for the same has been granted by the Association, or its designated agent or representative.

Section 5. Use of Common Area. The Common Area shall not be used in any manner except as shall be approved or specifically permitted by the Association.

Section 6. Access to Lot. The Association, its agents or employees shall have access to all Lots from time to time during reasonable working hours, upon oral or written notice to the Owner, as may be necessary for the maintenance, repair or replacement of any portion of the Common Area, or facilities situate upon such Lot which serve another Owner's Lot. The Association or its agent also shall have access to each Lot at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Area or another Lot.

Section 7. Clothes Drying and Antennas. No drying or airing of any clothing or bedding shall be permitted outdoors on any Lot or in any other unenclosed area (including patios) within the Properties nor shall antennas of any sort be allowed, except as may be approved by the Association.

Section 8. Signs. No signs or other advertising devices shall be displayed upon any Lot which are visible from the exterior of the dwelling thereon or on the Common Area, or in the facilities thereon, without prior written permission of the Association. Declarant, however, may post temporary for sale signs on the Properties until such time as all Lots owned by Declarant have been conveyed to Owner(s).

Section 9. Garbage Disposal. All garbage shall be stored within the residence of each Owner. No Owner may change or supplement the garbage disposal facilities (if any) provided for such Owner's residence on the date of completion of construction thereof unless the Board of Directors of the Association shall first approve in writing the change or addition to the method of storage. It is provided, however, that if the public health authorities, or other public agency, shall require a specific method of garbage disposal, nothing herein contained shall prevent the compliance by Owners with obligatory public rules and regulations.

Section 10. Regulations. Reasonable regulations governing the use of the Common Area and external appearance of the Townhomes may be made and amended from time to time by the Board of Directors of the Association; provided, however, that all such regulations and amendments thereto shall be approved by a majority vote of the Owners before the same shall become effective. Copies of such regulations and amendments thereto shall be furnished to each Member by Association upon request.

Section 11. Fences and Boundary Planting. No wall, fence or boundary planting shall be constructed, grown or maintained along the portion of the Common Area abutting on a golf course, except as approved by the Association.

Section 12. Hazardous Activities. Nothing shall be done or kept in any Townhome or in the Common Area which will increase the rate of insurance on the Common Area or any other unit without the prior written consent of the Board of Directors. No Owner shall permit anything to be done or kept in his Townhome or in the Common Area which would result in the cancellation of insurance on any Townhome or any part of the Common Area, or which would be in violation of any law.

ARTICLE XI

EASEMENTS

The Association and Declarant may reserve and grant easements for the installation and maintenance of driveways, walkways, parking areas, water lines, telephone and electric powerlines, sanitary sewer and storm drainage facilities and for other utility installations over the Properties as provided in Article III, Section 1(c) of this instrument. Within any such easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation of sewerage disposal facilities and utilities, or which may change the direction of flow or drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements. In addition, the Association shall have the continuing right and easement to maintain all sewer and water lines located on the Lots, including the right to go into Townhomes and disturb the structure and floors thereof in order to maintain those lines located within or under said Townhomes.

Every portion of a Lot and each single-family attached Townhome constructed thereon and contributing to the support of an abutting Townhome shall be burdened with an easement of support for the benefit of such abutting Townhome. Further, all attachments to the exterior walls of a Townhome, including carports and decks, which are a part thereof but which protrude beyond the delineated boundaries of the Lot upon which the dwelling is located, shall be deemed to be included within said delineated boundaries and there is hereby reserved an easement to permit the construction of and continued existence of any such protruding attachment.

Each Owner of a Lot with a fence, concrete walk or concrete patio which encroaches on the Common Area owned by the Association shall have an easement over that portion of the Common Area affected by the encroaching fence, walk or patio for the purpose of using said portion of the Common Area for his own benefit and for the purpose of maintaining the encroaching structure in good condition and repair. In the event of a fence encroachment, it shall be the Owner's responsibility to maintain the encroaching fence in good condition and repair and also to maintain that portion of the Common Area located within the encroaching fence (i.e., that portion of the Common Area between the Owner's Lot and said fence). In the event of an encroachment by a concrete patio or walk, it shall be the Owner's responsibility to maintain the encroaching patio or walk in good condition and repair.

ARTICLE XII

INSURANCE

The Association shall secure and maintain in full force and effect on behalf of all Owners, one or more insurance policies insuring all Owners' Lots and the improvements thereon for the full replacement value thereof against loss or damage from all hazards and risks normally covered by a standard "Extended Coverage" insurance policy, including fire and lightning, vandalism and malicious mischief. The Association shall also secure and maintain in full force and effect comprehensive personal liability insurance for damage to person or property of others occurring upon the Common Area. The cost thereof shall be part of the Annual Assessment as provided in Article V above. In the event that the Association is unable to obtain such a comprehensive "Extended Coverage" policy or policies, then each Owner shall secure and maintain such a policy at his own expense.

Each Owner, at Owner's expense, shall secure and maintain in full force and effect comprehensive personal liability insurance for damage to person or property of others occurring on Owner's Lot, in an amount as determined by each Owner. Owner shall provide the Association with satisfactory evidence that such insurance as herein required is in full force and effect and the

Association will be given thirty (30) days' notice prior to the expiration or cancellation of any Owner's insurance coverage. In the event Owner fails or refuses to maintain such insurance coverage as herein requested, the Association may, but shall not be obligated to, through its agent or representative, secure and maintain such insurance coverage for Owner's benefit, and the cost or expense thereof shall be deemed a special assessment levied by the Association against Owner and Owner's Lot in accordance with the other provisions of this Declaration, and Owner covenants and agrees to pay to the Association such special assessment upon demand.

ARTICLE XIII

FINANCING PROVISIONS

Section 1. Approval of Owners and Holders of First Deeds of Trust.

Unless at least seventy-five per cent (75%) of the Owners and holders of first deeds of trust on Lots located within the property described on Schedule A and such other additions that may have been made pursuant to Article II above, have given their prior written approval, the Association shall not:

(a) By act of omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause.

(b) Change the method of determining the obligations, assessment, dues or other charges which may be levied against an Owner.

(c) By act of omission change, waive or abandon any plan of regulation, or endorsement thereof pertaining to the architectural design or the exterior appearance of residences located on Lots, the maintenance of party walls or common fences and driveways, or the upkeep of lawns and plantings in the subdivision.

(d) Fail to maintain fire and extended coverage insurance on insurable improvements in the Common Area on a current replacement cost basis in an amount not less than one hundred per cent (100%) of the insurable value.

(e) Use the proceeds of any hazard insurance policy covering losses to any part of the Common Area for other than the repair, replacement or reconstruction of the damaged improvements.

Section 2. Books and Records. Any Owner and holder of a first deed of trust on any Lot will have the right to examine the books and records of the Association during any reasonable business hours.

Section 3. Payment of Taxes and Insurance Premiums. The Owners and holders of first deeds of trust on Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for property owned by the Association and the persons, firms or corporations making such payments shall be owed immediate reimbursement therefor from the Association.

ARTICLE XIV

CONDEMNATION

Section 1. Partial Taking Without Direct Effect on Lots. If part of the Properties shall be taken or condemned by any authority having the power of eminent domain, such that no Lot is taken, all compensation and damages for and on account of the taking of the Common Properties, exclusive of compensation for consequential damages to certain affected Lots, shall be paid to the Board of Directors of the Association in trust for all Owners and their mortgagees according to the loss or damages to their respective interests in such Common Properties. The Association, acting through the Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Properties, without limitation on the

right of the Owners to represent their own interests. Such proceeds shall be used to restore the Common Properties with the excess, if any, paid to the Owners pro rata. Nothing herein is to prevent Owners whose Lots are specifically affected by the taking or condemnation from joining in the condemnation proceedings and petitioning on their own behalf for consequential damages relating to loss of value of the affected Lots, or personal improvements therein, exclusive of damages relating to Common Properties. In the event that the condemnation award does not allocate consequential damages to specific Owners, but by its terms includes an award for reduction in value of Lots without such allocation, the award shall be divided between affected Owners and the Board of Directors as their interest may appear by arbitration in accordance with the rules of the American Arbitration Association.

Section 2. Partial or Total Taking Directly Affecting Lots. If part or all of the Properties shall be taken or condemned by any authority having the power of eminent domain, such that any Lot or a part thereof (including specific easements assigned to any Lot) is taken, the Association shall have the right to act on behalf of the Owners with respect to Common Properties as provided in Section 1 of this Article and the proceeds shall be payable as outlined therein. The Owners directly affected by such taking shall represent and negotiate for themselves with respect to the damages affecting their respective Lots. All compensation and damages for and on account of the taking of any one or more of the Lots, or personal improvements therein, shall be paid to the Owners of the affected Lots and their mortgagees, as their interests may appear.

Section 3. Notice to Mortgagee. A notice of any eminent domain or condemnation proceeding shall be sent to holders of all first mortgages.

ARTICLE XV

GENERAL PROVISIONS

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

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty-five (25) 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 (except Article II, Section 2 hereof which may not be amended without Declarant's consent) may be amended during the first twenty-five (25) year period by an instrument signed by the Owners of not less than sixty-six and two-thirds per cent (66 2/3%) of the Lots, and thereafter by an instrument signed by the Owners of not less than fifty-one per cent (51%) of the Lots. Any amendment must be properly recorded.

IN WITNESS WHEREOF, the Declarant by virtue of the provisions of Article I, Section 3 of the aforesaid Declaration of Covenants, Conditions and Restrictions, has caused this instrument to be executed by its partners on behalf of Declarant and their seals to be hereunto affixed, all the day and year first above written.

THE ARONIMINK GROUP

By: Marty R. McKenzie (SEAL)
Marty R. McKenzie, Partner

By: W. S. Brier (SEAL)
W. S. Brier, Partner

By: Donald B. Hensley (SEAL)
Donald B. Hensley, Partner

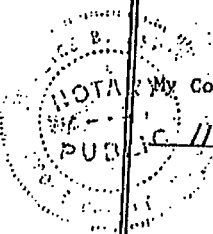
STATE OF NORTH CAROLINA

COUNTY OF Moore

I, a Notary Public of the state and county aforesaid, do hereby certify that MARTY R. MCKENZIE, W. S. BRIER, and DONALD B. HENSLEY, Partners in THE ARONIMINK GROUP, personally appeared before me this day and acknowledged the due execution of the annexed Declaration of Covenants, Conditions and Restrictions.

Witness my hand and notarial seal, this 26th day of April, 1983.

Alice B. Lewis
Notary Public



My Commission Expires: 11-10-85

Schedule A

Phase One of Aronimink as shown on plat thereof recorded in Plat Cabinet 3, Slide 313 of the Moore County Registry.

Schedule B

All that area designated as "Common Area" on the plat of Phase One of Aronimink as shown in Plat Cabinet 3, Slide 313 of the Moore County Registry.

NORTH CAROLINA - MOORE COUNTY
The foregoing (or annexed) certificate of
Alice B. Lewis Notary Public

Moore COUNTY,
STATE OF N.C. is certified to be
correct. This May 6, 19 83

Crier Gilmore
Register of Deeds
Mary R. Phyllis Assistant

NORTH CAROLINA

JOINDER BY MORTGAGEES

MOORE COUNTY

Mid-South Bank & Trust Company, a North Carolina banking corporation, with a principal place of business in Pinehurst, North Carolina; and Materials Sales Company, Inc., a North Carolina business corporation with a principal place of business in Salisbury, North Carolina, and D. T. Scarborough III, as Trustee, acting in such capacity, represent that they are the sole owners and holders of all indebtedness secured by the liens created under and by virtue of those certain Deeds of Trust, dated November 8, 1982 and December 14, 1982, executed by The Aronimink Group to D. T. Scarborough III, as Trustee, filed for record in the office of the Register of Deeds, Moore County, North Carolina, in Mortgage Book 354, Page 862, and Mortgage Book 352, Page 229, which instruments cover and describe a portion of the "Properties" as such term as defined in the Declaration of Covenants, Conditions and Restrictions for The Aronimink Townhomes to which this Joinder is attached; and Mid-South Bank & Trust Company and Material Sales Company, Inc., and D. T. Scarborough III, as Trustee, join herein for the purpose of ratifying, confirming and approving the foregoing Declaration of Covenants, Conditions and Restrictions for The Aronimink Townhomes, and do hereby fully subordinate the said lien in all respects to the terms and provisions of said Declaration of Covenants, Conditions and Restrictions for The Aronimink Townhomes, and fully and to the same extent as if said Declaration had been executed, delivered and filed for record in the Office of the Register of Deeds of Moore County, North Carolina, prior to the execution, delivery and recordation of said Deeds of Trust.

IN TESTIMONY WHEREOF, Mid-South Bank & Trust Company and Materials Sales Company, Inc. and D. T. Scarborough III, as Trustee, have caused these presents to be executed on this 27th day of April, 1983.

MID-SOUTH BANK & TRUST COMPANY

By:

Robert J. [Signature]
Vice President

(CORPORATE SEAL)

ATTEST:

[Signature]
Asst. Secretary

MATERIAL SALES COMPANY, INC.

By:

[Signature]
President

(CORPORATE SEAL)

ATTEST:

C. R. McElathlin
Asst. Secretary

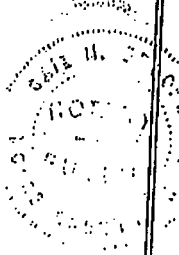
[Signature] (SEAL)
D. T. Scarborough III, Trustee

STATE OF NORTH CAROLINA ^{BOOK} 501 ^{PAGE} 484
COUNTY OF Moore

I, a Notary Public of the County and State aforesaid, certify that Dorothy Leggett, personally came before me this day and acknowledged that she is Asst. Secretary of MID-SOUTH BANK & TRUST COMPANY, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing Joinder by Mortgagee was signed in its name by its Vice President, sealed with its corporate seal, and attested by her as its Asst. Secretary.
Witness my hand and notarial seal, this 5th day of May, 1983.

Gail M. Brooks
Notary Public

My Commission Expires:
4/28/85



STATE OF NORTH CAROLINA
COUNTY OF Rowan

I, a Notary Public of the County and State aforesaid, certify that C. R. Mc Glatkin, personally came before me this day and acknowledged that he is Asst. Secretary of MATERIAL SALES COMPANY, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing Joinder by Mortgagee was signed in its name by its _____ President, sealed with its corporate seal, and attested by him as its Asst. Secretary.
Witness my hand and notarial seal, this 27th day of April, 1983.

Betty O. Powell
Notary Public

My Commission Expires:
My Commission Expires Jan. 15, 1988



STATE OF NORTH CAROLINA
COUNTY OF Moore

I, a Notary Public of the County and State aforesaid, certify that D. T. Scarborough III, as Trustee, personally appeared before me this day and acknowledged the execution of the Joinder by Mortgagees.
Witness my hand and notarial seal, this 5th day of May, 1983.

Edwina N. Crews
Notary Public

My Commission Expires:
12/19/83

