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J. LEE WARREN JR.
REGISTER OF DEEDS
CUMBERLAND CO., N.C.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR KINGS GRANT TOWNHOMES

Prepared by/return to: S. L. Holden Reaves, Esq. Reaves & Reaves, PLLC
Rebecca F. Person, Esq. Attorneys at Law
P.O. Drawer 1358 PO Box 53187
Fayetteville, NC 28302 Fayetteville, NC 28305

THIS DECLARATION, made this the 27 day of July, 2005 by
QUARTERMAIN CONSTRUCTION COMPANY, LLC., a North Carolina limited liability
company, hereinafter referred to as "Declarant,"

WITNESSETH.

WHEREAS, Declarant is the owner of certain property in the City of Fayetteville, in Cross
Creek Township, Cumberland County, North Carolina, which is more particularly described on
Exhibit A attached hereto and incorporated herein by this reference (hereinafter the "Property"); and

WHEREAS, Declarant wished to provide for the orderly and uniform development of such
property, as and when portions thereof are submitted to this Declaration so as to enhance the
aesthetic and commercial value thereof;

NOW, THEREFORE, Declarant hereby declares that all of the Property described above
shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and
conditions, which are for the purpose of protecting the value and desirability of, and which shall run
with the real property and be binding on all parties having any right, title or interest in the described
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 Kings Grant Townhome Association, Inc.,
its successors and assigns. The Association shall be organized and in legal existence prior to the sale
of any Lot.

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

Section 3. "Property" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

All of Kensington Park Road and that area shown as "Common Area" on the map of King's Grant Section C Phase I Building 26, which is recorded in Plat Book 114, Page 197, in the Office of the Register of Deeds of Cumberland County, North Carolina.

Section 5. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Property with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Quartermain Construction Company, LLC, its successors and assigns.

Section 7. "Period of Declarant Control" means the period commencing on the date hereof and continuing until the later of (i) ten (10) years after the date of the first conveyance of a Lot to an owner other than Declarant, (ii) when Declarant no longer owns a Lot in Kings Grant Townhomes, or any additional property added to said planned community.

In addition, those definitions set forth in G.S. §47F-1-103 are incorporated herein by reference, and the terms defined therein shall have the meaning set forth therein when used in this Declaration or the Bylaws unless it is plainly evident from the context that a different meaning is intended.

ARTICLE II PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area for access, ingress and egress from and to public streets and walkways and parking areas 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 use of the Common Area facilities by an Owner for any period during which any assessment against his Lot

remains unpaid, and for a period not to exceed 60 days for an 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 to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded;

(d) the right of the Association to limit the number of guests of members; and

(f) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, 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. Special Declarant Rights. Declarant reserves the following special declarant rights for the entire Property, including any future sections of the planned community during the period of Declarant control:

- (a) To complete any and all improvements indicated on the plats and plans,
- (b) To exercise any development right reserved in this Declaration,
- (c) To construct and maintain any sales office, signs advertising the Property or any property which may be added thereto, management office or model on any of the Lots or on any of the Common Properties shown on the plat;
- (d) To use easements through the Common Properties for the purpose of making improvements within the Property or any property added thereto, and
- (e) To alter the size of any Lot, combine or merge two or more Lots, to subdivide Lots or add other property to the Common Property or to annex additional Property into the development.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of memberships.

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned.

When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the expiration of the period of Declarant control.

Section 3. Composition of Board. The Association shall be governed by a Board of Directors consisting of three (3) members, with the number in subsequent years to be determined as provided for in the By-Laws of the Association. Declarant shall have the right to appoint and remove all three (3) persons on the Board and to appoint and remove all officers of the Association during the period of Declarant control.

Section 4. Cumulative Voting Prohibited. Each Member shall be entitled to as many votes as equals the number of votes he is ordinarily entitled to multiplied by the number of Directors to be elected, but may not cast all of such votes for any one (1) Director and must distribute them among the number to be voted for, and all votes must be cast in whole numbers and not fractions thereof. It is the intent of this Section to prohibit cumulative voting.

ARTICLE IV COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessment. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association;

- (1) annual assessments or charges, and
- (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided.

The 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 assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Property and for the improvements and maintenance of the Common Area. The Association shall be responsible

for the provision of liability insurance, any taxes, maintenance of recreation and other facilities located on the Common Areas, payment of assessments for public and private capital improvements made to or for the benefit of the Common Areas located within the development.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the annual maximum assessment shall be \$1,080.00 Dollars per lot.

(a) From and after January 1 of the conveyance of the first Lot to an Owner, the annual maximum assessment may be increased each year not more than twenty (20) percent above the assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the annual maximum assessment may be increased above twenty (20) percent by a vote of two-thirds (2/3) of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessment of Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common 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 members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Insurance and Taxes. As an additional annual assessment, the Association shall levy against the Owners equally an amount sufficient to pay the annual cost of liability insurance premiums for such insurance on the Common Area and the amount of ad valorem property taxes and/or special assessments levied by any lawful governmental authority on the Common Area. It shall be the duty of the Association to pay all such premiums and taxes promptly when they shall become due. In the event of a default by the Association in the payment of the governmental authority entitled thereto of any ad valorem taxes levied against the common areas or assessments for public improvements to the common areas, which default shall continue for a period of six (6) months, each owner shall become personally obligated to pay the tax assessing governmental authority a portion of such taxes or assessments in an amount determined by dividing the total taxes and/or assessments due by the total number of Lots. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the lot of the then owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law against the Owner personally obligated to pay the same or may elect to foreclose the lien against the property of the Owner.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 and 4 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 fifty percent (50%) of all the votes of the 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 and the subsequent meeting shall be thirty-five percent (35%) 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 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly or annual basis.

Section 8. Date of Commencement of Annual Assessments; Due Date. The assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against such Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors and the Board of Directors shall have the authority to require the assessments to be paid in pro-rata monthly installments. 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 9. 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 eighteen (18) percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape the liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not effect 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 become 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.

ARTICLE V INSURANCE COVERAGE

Each owner shall maintain appropriate and adequate insurance coverage on and in connection with the improvements situated and constructed upon each lot, protecting the insured premises against property damage and casualty loss. In the event of property damage or casualty loss to or upon said improvements situated and constructed upon each lot, each owner shall apply for

and expend the proceeds of said insurance coverage to and in payment of expenditures incurred for services rendered or materials delivered required in order to restore, repair or renovate the damaged premises to a condition equal to or better than the condition and state of repair of said premises immediately preceding the event causing the property damage or casualty loss in question. Evidence of said insurance coverage shall be submitted to the Board of Directors of the Association upon request.

ARTICLE VI ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event 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 PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not consistent with the provisions of this Article, the general rules of law regarding party walls and of 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 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 rule of law regarding liability for negligent or willful acts of omission.

Section 4. Weatherproofing. Notwithstanding any other provisions 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.

ARTICLE VIII EXTERIOR MAINTENANCE

The Association shall be responsible for the exterior building surfaces and exterior building painting of the townhouse buildings; roof repair and replacement; fence maintenance; repair or replacement of owners' paved driveways and walkways. Further, the cost of such repair, maintenance and replacement shall be added to and become a part of the assessments to which each lot is subject. The individual owner shall be responsible for repair and replacement of glass. In the event a member of the Association neglects or otherwise refuses to maintain his townhouse and other furnishings in a state of repair consistent with the beauty and welfare of the remaining area, then, and in that event the Association may effect such maintenance, repairs or replacement, and the cost of such maintenance, repairs and replacement shall be added to and become a part of the assessment to which such lot is subject. The Association shall be responsible for the landscaping, beautification, care, and maintenance of the yard and grounds of each lot and common area.

ARTICLE IX USE RESTRICTIONS

Section 1. Land Use and Building Type. No Lot shall be used except for residential purposes. No building shall be erected, altered, placed, or permitted to remain on any Lot other than one single family townhouse dwelling not to exceed three and one-half stories in height. Any building erected, altered, placed or permitted to remain on any Lot shall be subject to the provisions of Article VI of this Declaration of Covenants, Conditions and Restrictions relating to architectural control.

Section 2. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. Temporary Structures. No structure of a temporary character, trailer, basement, tent shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence either temporarily or permanently.

Section 4. Recreational Vehicles. No boat, motor boat, jet ski, camper, trailer, motor or mobile home, or similar type vehicle, shall be permitted to remain on any Lot at any time unless by consent of the Association in which event such vehicles shall be placed in the area or areas designated by the Association.

Section 5. 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 on and upon the individual, respective lot and provided that they are not kept or maintained for commercial purposes; in no event and at no time shall pets be allowed outside the individual respective lots without close, direct supervision.

Section 6. Outside Antennas. No outside radio or television antennas shall be erected on any Lot or dwelling unit within the Property unless and until written permission for the same has been granted by the Board of Directors or the Association or its architectural control committee.

Section 7. Exterior Lights and Draperies. In order to preserve a harmonious presentation of the exterior of the units, only clear white non-frost or smoked exterior lights may be utilized and all draperies covering windows which are visible from the exterior of the units shall be lined with white or some other neutral color.

ARTICLE X EASEMENTS

Section 1: Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may obstruct or change the flow of drainage channels in the easements.

Section 2: All Lots and Common Area shall be subject to easements for the encroachment of improvements constructed on adjacent Lots by the Declarant to the extent that such improvements actually encroach, including, but not limited to, such items as overhanging eaves, stoops, misaligned common wall foundation footings and walls, provided such encroachment does not interfere with the reasonable use of the Common Area or Lots so encroached upon.

Section 3: Declarant shall have a reasonable construction easement across the Common Area for the purpose of constructing improvements on the Lots. Declarant shall also have such easements through the Common Area as may be reasonably necessary for the purpose of discharging a declarant's obligations or exercising special declarant rights as provided herein.

Section 4: The Association shall have a right of entry upon the Lots and any Limited Common Area to effect emergency repairs, and a reasonable right of entry upon the Lots to effect other repairs, improvements, replacement or maintenance as necessary. The Executive Board may hereafter grant easements for utility purposes for the benefit of the Property including the right to install, lay, maintain, repair and replace water lines, pipes, ducts, sewer lines, steam and water lines, gas mains, telephone and television or cable television wires, cables and equipment, electrical conduits, and wires over, under, along and on any portion of the Common Area, and each Owner hereby grants the Executive Board an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Owner such instruments as may be necessary to effectuate the foregoing.

Section 5: Ingress and egress is reserved for pedestrian traffic over, through and across sidewalks, paths, walks and lanes as the same from time to time may exist upon the Common Area and facilities; and for vehicular traffic over, through and across all streets and drives as from time to time may be paved and intended for such purposes, for all Lot Owners, their guests, invitees, and lessees, the Association, the Declarant, its successors and assigns.

Section 6: All easements granted herein are appurtenant to and shall run with the land, and shall inure to the benefit of and be binding upon the Declarant, the Association, owners, occupants, and mortgage holders, and any other person or entity having an interest in the Property.

ARTICLE XI GENERAL PROVISIONS

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

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

Section 3. Amendment. Declarant reserves the right to alter or amend this Declaration as long as Developer owns any Lot or any portion of the Property. Otherwise, this Declaration may be amended as set forth in N.C.G.S. §47F-2-117.

Section 4. City Code. It is the intent of the Declarant herein that Kings Grant Townhomes shall comply with Chapter 47F of the North Carolina General Statutes as if such development had been submitted to the provisions of that chapter. It is the further intent of the Declarant to comply with the Fayetteville City Code. The applicable provisions of Chapter 25 of the Fayetteville City Code are incorporated by reference. Where a conflict arises between any provision of these Declarations and the Fayetteville City Code, the provisions of the Fayetteville City Code shall prevail. Where a conflict arises between the provisions of the Fayetteville City Code and the North Carolina General Statutes, the North Carolina General Statutes shall prevail.

ARTICLE XII ZERO LOT LINE SUBDIVISION

The Property is part of a zero lot line subdivision known as Kings Grant and is subject to the covenants, conditions and restrictions set out in the Declaration of Covenants, Conditions and Restrictions recorded at Book 6473, Page 372, and as further amended or supplemented by instruments recorded in the Cumberland County, NC, Registry (the "Subdivision Declaration"). Pursuant to such Subdivision Declaration, Lot owners in Kings Grant Townhomes shall bear responsibilities and shall be subject to assessments for common expenses of the subdivision owner's association. Each Lot Owner in the Kings Grant Townhomes shall bear and be responsible for a lot owner's assessment as set forth in the Subdivision Declaration.

IN WITNESS WHEREOF, Declarant has set its hand and seal the day and year first above written.

QUARTERMAIN CONSTRUCTION COMPANY, LLC

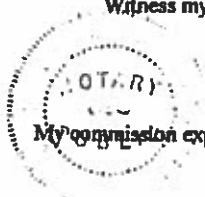
By SRW BUILDERS, INC., member/manager

By Sharlene R. Williams
Name: Sharlene R. Williams
Title: President

NORTH CAROLINA
CUMBERLAND COUNTY

I, Joan C. Brown, a Notary Public for said County and State, do hereby certify that Sharlene R. Williams personally appeared before me and acknowledged that she is the President of SRW BUILDERS, INC., a North Carolina corporation, Manager of QUARTERMAIN CONSTRUCTION COMPANY, LLC, and that by authority duly given, and as the act of the corporation, the foregoing instrument was signed in its name by herself as its President.

Witness my hand and notarial seal, this the 27 day of July, 2005.



My commission expires: 9-13-05

Joan C. Brown
Notary Public

The foregoing Certificate(s) of Joan C. Brown

is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

By J. Lee Warren, Jr. REGISTER OF DEEDS FOR CUMBERLAND COUNTY,
Deputy/Assistant - Register of Deeds

EXHIBIT A

BEING ALL OF that certain property shown on map entitled "King's Grant Section C Phase I Building 26 Foundation Survey" recorded in Plat Book 114, Page 197, Cumberland County, NC, Registry.