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STATE OF NORTH CAROLINA

COUNTY OF DURHAM

DECLARATION OF COVENANTS
 CONDITIONS AND RESTRICTIONS
 (GLENNSTONE HOMEOWNERS ASSOCIATION)

THIS DECLARATION, made and entered into as of the 24th day of June, 2002, by CIMLAND, L.L.C., a North Carolina Limited Liability Company, maintaining its principal office and place of business in Durham County, North Carolina, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property ("Property") in the County of Durham, State of North Carolina, which is located in said County and State and more particularly described as set forth on Schedule "A" annexed and attached hereto, made a part hereof and incorporated herein by reference as fully and to the same extent as if said description were set forth herein verbatim in words and figures; and

WHEREAS, Declarant has set aside certain lands for the use and benefit of the owners and occupants of the overall Property on a portion of the Property (the "Common Area"), which lands are to be owned and maintained by the GLENNSTONE HOMEOWNERS ASSOCIATION, INC., (the "Owner's Association") a North Carolina non-profit corporation; and

WHEREAS, it is the desire of Declarant to submit the "Property" to the terms, provisions and conditions of this Declaration:

NOW, THEREFORE, Declarant hereby declares that the "Property" (Schedule "A" hereof) as herein described and referred to 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, said real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE 1
DEFINITIONS

Section 1. "Owner's Association" shall mean and refer to the GLENNSTONE HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns, which has been or will be formed pursuant to Chapter 55A of the North Carolina General Statutes.

Section 2. "Owner" or "Homeowner" 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 property described on Schedule "A" hereof, as may be hereafter subjected to the terms, provisions and conditions of this Declaration in accordance with the provisions hereinafter provided, including contract sellers, but excluding those having interest merely as security for the performance of an obligation, and shall further include the record owner of a fee simple title to any lot which is shown upon any subdivision map for any property hereafter subjected to the terms, provisions and conditions of this Declaration in accordance with the provisions therefor hereinafter provided.

Section 3. "Property" shall mean and refer to that certain real property, described on Schedule "A" annexed and attached hereto, made a part hereof and incorporated herein by reference as fully and to the same extent as if said description were set forth herein verbatim in words and figures, which is the property subjected to this Declaration of Covenants, Conditions and Restrictions, as may be hereafter subjected to the terms, provisions and conditions of this Declaration in accordance with the provisions hereinafter provided.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the property described on Schedule "A" hereof, as may be hereafter subjected to the terms, provisions and conditions of this Declaration in accordance with the provisions hereinafter provided.

Section 5. "Declarant" shall mean and refer to CIMLAND, L.L.C., a North Carolina Limited Liability Company, its successors and assigns.

Section 6. "Member" shall mean and refer to every person or entity who holds membership in the Owner's Association.

Section 7. "Class A Lots" shall mean and refer to any lot which has been conveyed to an owner other than the Declarant.

Section 8. "Class B Lots" shall mean and refer to any lot which has not been conveyed to an owner other than the Declarant.

Section 9. "Common Area" shall mean and refer to all real property and improvements thereon, together with all easements appurtenant thereto owned by the Owner's Association for the common use and enjoyment of the members. The Common Area is described on Schedule "B" annexed and attached hereto, made a part hereof and incorporated herein by reference as fully and to the same extent as if said description were set forth herein verbatim in words and figures.

Section 10. The term "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Owner's Association.

Section 11. "Institutional lender" shall be defined as a bank or savings and loan association or an insurance company or a title insurance company or a pension trust or real estate investment trust, or other private or governmental institutions which are regularly engaged in the business of mortgage financing, or a subsidiary of any of the foregoing or a designee of any of the foregoing, owning an institutional mortgage on one or more lots, or any of the foregoing who acquires an institutional mortgage as herein defined, by assignment or through mesne assignments from a non-institutional lender.

ARTICLE II ADDITIONS TO EXISTING PROPERTY

Section 1. Additions by Developer. Additional land within the area described in Deed Book 2733 at Page 989 of the land records of Durham County and Deed Book 2980 at Page 855 of the land records of Durham County, State of North Carolina, may be annexed by the Developer and become subject to this Declaration without the consent of

members within five (5) years of the date of this instrument provided that the FHA and the VA determine that the annexation is in accord with the general plan heretofore approved by them.

The additions authorized under this and the succeeding subsection, shall be made by filing of record a supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the scheme of the covenants and restrictions of this Declaration to such property or by adopting these Covenants and Restrictions in whole or in part by reference.

Such supplementary Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the scheme of this Declaration. In no event, however, shall such supplementary Declaration revoke, modify or add to the covenants established by this Declaration within the Existing Property.

Section 2. Other Additions. Upon approval in writing of the Association pursuant to a vote of two-thirds (2/3) of its members as provided in its Articles of Incorporation, the owner of any property who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may file of record a Supplementary Declaration of Covenants and Restrictions, as described in subsection (a) hereof.

Section 3. Mergers. Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Existing Property together with the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation,

however, shall effect any revocation, change or addition to the covenants established by this Declaration within the Existing Property except as hereinafter provided.

ARTICLE III

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 and the rights and easement hereby granted shall be appurtenant to and shall pass with the title to every lot subject only to the following provisions:

(a) The right of the Owner's Association to charge reasonable fees for the maintenance and use of the Common Area, if any;

(b) The right of the Owner's Association to suspend the voting rights and right to the use of any recreational facilities situated upon the Common Area by an owner for any period during which any assessment against his Lot, as herein provided, remains unpaid; and for a period not to exceed sixty (60) days from any infraction of its published rules and regulations;

(c) The right of the Owner's 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 or instruments signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded (such instrument or instruments may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument);

(d) The right of the Owner's Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage and grant liens and encumbrances upon said Common Area and facilities, the right of any such mortgagee of the Common Area and facilities shall be subordinate to the rights of the homeowners hereunder;

(e) The right of the Owner's Association, through its Board of Directors, to determine the time and manner of use of any recreational facilities situated upon the Common Area by the Members;

Section 2. Delegation of Use. Any owner may delegate, in accordance with the Bylaws of the Owner's Association, his right of enjoyment to the Common Area and facilities to the members of his immediate family, his tenants, or contract purchasers, who reside on the property.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

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

Section 2. The Owner's Association shall have two classes of voting membership:

Class A. Class A Members of the Owner's Association shall be all Owners of Lots with the exception of the Declarant, and each such Owner 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 each such Lot shall be exercised as they (the Owners) among themselves determine, but in no event shall more than one vote be cast with respect to any one Lot.

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

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

(b) On December 31, 2010.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants and agrees, 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 the Owner's Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. All such annual and special assessments, together with interest, costs, and reasonable attorney's fees for the collection thereof shall be a charge and lien upon the Lot and improvements of the respective Owners thereof, and the same shall be continuing lien upon the property (Lot and Improvements) against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees for the collection thereof, shall also be a personal financial obligation of the person, or persons, who was, or were, the Owner or Owners, of such property at the time when the assessments became due. The personal financial obligation for delinquent assessments shall not pass to successors in title to any such lot and improvements unless expressly assumed by such purchasers; PROVIDED, HOWEVER, the same shall be and remain a charge and lien upon any such Lot and improvements until paid or otherwise satisfied except as may herein otherwise be provided.

Section 2. Purpose of Assessments. The assessments levied by the Owner's Association shall be used exclusively:

(a) To promote the recreation, health, safety, and welfare of the Owners and residents of the Property;

(b) For the improvements and maintenance of the Common Area and facilities, and easements appurtenant thereto;

(c) For payment of local taxes and special governmental assessments on or to the Common Area;

(d) To maintain an entrance sign, stone wall, and associated landscaping located upon tract adjacent to the Property owned by City of Durham for which the Association will be granted an easement; and

(e) To maintain all easements within the Property that are for the common good of the Association, not maintained by the City of Durham, such as drainage easements and detention ponds, even though said easements may not be located on the Common Area.

Section 3. Maximum Annual Assessment. Until January 1, 2003, the maximum annual assessment shall be ONE HUNDRED TWENTY AND NO/100 DOLLARS (\$120.00) per lot or TEN AND NO/100 DOLLARS (\$10.00) per month.

(a) From and after January 1, 2003 the maximum annual assessment may not be increased each year by more than five percent (5%) above the maximum assessment for the previous year without a vote of the membership of the Owner's Association, as hereinbelow provided.

(b) From and after January 1, 2003 the maximum annual assessment may be increased by more than five percent (5%) by a vote of two-thirds (2/3) of each class of members of the Owner's Association who are voting in person, or by proxy, at a meeting duly called for such purpose.

(c) The Board of Directors may fix the annual assessment in an amount not in excess of the maximum, as herein provided.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area and facilities, including (but not limited to) fixtures and personal property related thereto provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members of the Homeowners Association who are voting in person or by proxy at a meeting duly called for such purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 shall be sent to all members of the Owner's Association not less than ten (10) 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 (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 6. Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Class A Lots and Class B Lots; PROVIDED, HOWEVER, that the assessments on all Class B Lots shall be fixed at fifty percent (50%) of the amount of Assessments upon all Class A Lots.

Section 7. Date of Commencement of Annual Assessments: Due Date. The annual assessments provided for herein shall commence as to all lots on the first day of _____, 20__ (provided there has been a prior conveyance of the Common Area to the Owner's Association). The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year for the Owner's Association. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors, and unless otherwise provided, the Owner's Association shall collect each month from the Owner of each Lot one-twelfth (1/12th) of the annual assessment of such Lot. The Owner's Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or the Owner's Association setting forth whether the assessments on a specified Lot have been paid. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid, as to any purchaser or mortgagee of a lot relying thereon.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Owner's Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six percent (6%) per annum, and the Owner's Association may bring action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action for collection thereof shall be added to the amount of such assessment. Each such Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the GLENNSTONE HOMEOWNERS ASSOCIATION, INC., or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges and liens as a debt and to enforce the aforesaid charge and lien by methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Owner's Association in a like manner as a mortgage or deed of trust lien on real property and such member expressly grants to the Owner's Association a power of sale in connection with any such charge or lien. The lien provided for in this section shall be in favor of the Owner's Association and shall be for the benefit of all other Lot Owners. The Owner's Association, acting on behalf of the Lot Owners shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same, and to subrogate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding nonpayment of such defaulting Owner's portion of the premium. NO OWNER MAY WAIVE OR OTHERWISE ESCAPE LIABILITY FOR THE ASSESSMENTS PROVIDED FOR HEREIN BY NON-USE OF THE COMMON AREA OR FACILITIES OR ABANDONMENT OF HIS LOT.

Section 9. Subordination of the Assessment Lien to Mortgages, Deeds of Trust and Similar Security Interest. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage, deed of trust, or similar security interest owned or held by an institutional lender, and subordinate to tax liens and special assessments on a lot made by lawful governmental authority. Sale or transfer of any Lot shall not affect the assessment lien.

However, the sale or transfer of any lot pursuant to mortgage or deed of trust 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.

Section 10. Exempt Property. All properties, if any, dedicated to, and accepted by, a local public authority, the Common Area, and all properties owned by a charitable or non-profit organization exempt from ad valorem taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments, irrespective of the tax status of the Owner thereof.

Section 11. Management Agreements. Each Owner of a Lot hereby agrees to be bound by the terms and conditions of any management agreements entered into by the Owner's Association. A copy of all such agreements shall be available to every owner. Any and all management agreements entered into by the Owner's Association shall provide that said management agreement may be canceled, prior to the expiration of said agreement, by an affirmative vote of sixty percent (60%) of the votes of each class of the Members of the Owner's Association. Except as herein provided, no such management agreement shall be cancelled prior to effecting by the Owner's Association or its Board of Directors a new management agreement with a party or parties, which new management agreement will become effective immediately upon the cancellation of the then existing management agreement. It shall be the duty of the Owner's Association or its Board of Directors to effect a new management agreement upon the expiration of any prior management agreement, unless self-management is undertaken as herein provided. Any and all management agreements shall be made with a responsible party or parties having experience adequate for the management of a project of this size and type. The Association may undertake self-management upon the affirmative vote of 75% of the votes of each class of members.

Section 12. Insurance Assessments. The Board of Directors or its duly authorized agent, shall have the authority to and shall obtain insurance for all the improvements owned by the Owner's Association against loss or damage by fire or other insurable hazards in the amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any hazard, and shall also obtain a broad form public liability policy covering all Common Areas, and all damage or injury caused by the negligence of the Owner's Association or any of its agents. Said insurance shall include coverage against vandalism. Premiums for all such insurance shall be common expenses. All such insurance coverage shall be written in the name of the Owner's Association as Trustee for each of the Lot owners in equal proportions. In the event of damage or destruction by fire or other casualty to any property covered by insurance written in the name of the Owner's Association, the Board of Directors shall, with concurrence of the mortgagee, if any, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the property to as good condition as formerly. All such insurance proceeds shall be deposited in a bank or other financial institution, the accounts of which bank or institution are insured by a Federal governmental agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signature of at least one-third (1/3) of the members of the Board of Directors, or by an agent duly authorized by said Board of Directors. The Board of Directors may but shall not be obligated to advertise for sealed bids but shall contract with a licensed contractor. In the event the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition as formerly, the Board of Directors may levy a special assessment, against all members of the Owner's Association, as established by Article IV, Section 4, above, or upon concurrence of two-thirds (2/3) of each class of members, and the respective mortgagees, may borrow sufficient funds to make up any deficiency for repair or rebuilding of the Common Areas and facilities.

ARTICLE VI
GENERAL PROVISIONS

Section 1. Enforcement. The Owner's Association or any Owner, shall have the right to enforce, by a 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 Owner's Association or by an 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 way affect any other of the 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 the 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. The Board of Directors of the Owner's Association may cause to be recorded in the Public Records of Durham County such instruments or documents as may be necessary to cause any such extension to be legally effective. Except as provided in Section 4 of this Article this Declaration may be amended during the first twenty (20) year period by an instrument signed by the owners of not less than ninety percent (90%) of the Lots, and thereafter by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots. Any amendment must be recorded and indexed in the name of the Owner's Association and each lot owner.

Section 4. Failure of the Owner's Association to Pay Taxes and Special Assessments on Common Area. In the event that the Owner's Association shall, contrary to their respective obligations to do so, fail to pay the ad valorem taxes and/or any special governmental assessments on the Common Area (as defined and described in Article I, Section 9 of this Declaration) on or before expiration of one hundred eighty (180) days from and after the day before the date on which the same shall become delinquent, then and in such event, said taxes or assessments, together with any interest and penalties thereon shall be and become a lien, on a

pro-rata basis, upon the lots covered hereby. Such liens may be foreclosed by the governmental authority in the same manner as provided for foreclosure of liens for ad valorem taxes and assessments and public improvements.

Section 5. Conveyance of Property to Owner's Association. It is understood and agreed that Declarant, its successors and assigns, shall convey the Common Area and facilities to Glennstone Homeowners Association, Inc. free and clear of financial liens and encumbrances.

Section 6. Reserve Funds. From and after January 1, 2003, the Owner's Association shall establish and maintain a reserve fund for replacement and maintenance of the recreational area and facilities by allocation and payment monthly to such reserve fund in such amounts as are established by the Board of Directors of the Owner's Association.

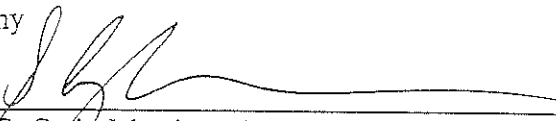
Section 7. Gender and Grammar. The singular whenever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals men or women, shall in all cases be assumed as though in each case fully expressed.

Section 8. Remedy for Violation. For violation or a breach of any of the provisions herein, or the provisions of the Articles of Incorporation or Bylaws of the Owner's Association by any person claiming by, through or under the Declarant and/or the Association, or by virtue of any judicial proceedings, the Owner, or the Association, or the Declarant, or any of them, shall have the right to proceed at law for damages or in equity to compel compliance with any of them, or for such other relief as may be appropriate.

Section 9. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, an amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, the undersigned CIMLAND, L.L.C., a North Carolina Limited Liability Company, Declarant hereof, has caused this Declaration to be executed by its Manager, this the day and year first above written.

CIMLAND, L.L.C., a North Carolina Limited Liability Company

By:  (SEAL)
S. Craig Morrison, Manager

STATE OF NORTH CAROLINA

COUNTY OF ~~DURHAM~~ ORANGE

I, Carol L. Cheek, a Notary Public for said County and State, do hereby certify that S. Craig Morrison, Manager of CIMLAND, L.L.C., a North Carolina Limited Liability Company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the Company.

Witness my hand and notarial seal this the 24th day of June, 2002.


Notary Public

My commission expires:

7-21-03

SCHEDULE A

BEING all of Lots 1 through 15, inclusive, 39 through 63, inclusive, 98, 99, 123, 140, 141, 154 through 163, inclusive, of Final Subdivision & Recombination Plat of GLENNSTONE, PHASE I, as per plat and survey thereof now on file in the Office of the Register of Deeds of Durham County in Plat Book 155 at Pages 65, 67, 69, and 71, to which plat reference is hereby made for a more particular description of same.