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STATE OF NORTH CAROLINA

DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR CHAPEL RIDGE PATIO HOMES

COUNTY OF CHATHAM

THIS DECLARATION, made on the date hereinafter set forth by LENNAR CAROLINAS, LLC, a North Carolina Limited Liability Company, hereinafter referred to as the "Declarant";

WITNESSETH:

WHEREAS, the Declarant is the owner of all those lots as shown on that certain Plat entitled "Recombination Survey for Lennar Carolinas, LLC" recorded at Plat Slides 2006, Pages 522 and 523, Chatham County Registry; and

WHEREAS, Jordan Lake Preserve Corporation, caused certain Covenants, Conditions and Restrictions to be placed upon certain land for Chapel Ridge including the land described above which Declaration and Amendments thereto are recorded in Book 1116, Page 715, Book 1172, Page 153, and Book 1194, Page 583, Chatham County Registry; and

WHEREAS, Declarant desires to impose pursuant hereto, additional easements, covenants and restrictions upon all of the property covered by this Declaration, and to establish certain rights for, and impose certain obligations upon, the Owners of the Properties shown and described in Plat Sides 2006, Pages 522 and 523, Chatham County Registry; and

WHEREAS, Declarant will convey the said properties, subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth; and

WHEREAS, Declarant desires to provide for the preservation and enhancement of the property values, amenities and conceptual intent of the above referenced Property, for the maintenance by the Sub-Association as described herein, and accordingly desires to subject the Property, together with such additions and/or deletions as may hereafter be made, to the covenants, restrictions, easements, affirmative obligations, charges, and liens as hereinafter set forth, (the "Declaration" as herein defined) each and all of which is hereby declared to be for the benefit of said Property and each and every owner of any and all parts thereof; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities of the Property to create an agency to which shall be delegated and assigned the power and authority of owning, maintaining and administering the Sub-Association as defined herein, administering and enforcing the covenants and restrictions governing said Sub-Association, collecting and disbursing all assessments and charges necessary for such activities, and promoting the recreation, health, safety, and welfare of the residents;

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the real property. These easements, covenants, restrictions and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE I - DEFINITIONS

Section 1. "Additional Property" is defined as all real property subjected to or annexed to this Declaration subsequent to the recording of this Declaration in the Registry, either by Supplemental Declaration or by merger or consolidation, as provided herein.

Section 2. "Architectural Control Committee" shall be referred to herein as "ACC".

Section 3. "Sub-Association" shall mean and refer to CR Patio Homes, Inc., and its successors and assigns.

Section 4. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Sub-Association.

Section 5. "Common Expenses" shall mean and include:

- (a) All sums lawfully assessed by the Sub-Association against its members;

(b) Expenses for maintenance of the yards of each and every Property, as provided in this Declaration;

(c) Hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require the Sub-Association to purchase;

(d) Expenses agreed by the members to be Sub-Association common expenses of the Sub-Association;

(e) Unpaid assessments resulting from the purchase of a dwelling at a foreclosure sale (such assessment shall be collectible from all members of the Sub-Association, including the purchaser at the foreclosure sale, his successors and assigns).

Section 6. "Declarant" shall mean and refer to LENNAR CAROLINAS, LLC, and its successors and assigns.

Section 7. "Declarant Control Period" is defined as the period of time beginning at the time of recording of this Declaration in the Registry and ending on the first to occur of the following:

- (i) the later of 5:00 p.m. on the date that is five (5) years following the date of recordation of this Declaration in the Registry.
- (ii) The date on which the total number of votes entitled to be cast by the Class A Members of the Sub-Association equal the total number of votes entitled to be cast by the Declarant, as the Class B Member of the Sub-Association; or
- (iii) The date specified by the Declarant in a written notice to the Sub-Association.

Section 8. "Dwelling" shall mean and refer to a place of residence constructed upon a Lot within the Property.

Section 9. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties on which such plot appears (provided said map has been approved by Declarant and the County of Chatham).

Section 10. "Lot in Use" shall mean and refer to any lot on which a Dwelling unit has been substantially constructed and made substantially ready for occupancy as a Dwelling unit. It is the intent that when a Dwelling is ready for occupancy, excepting final punch list items and decorative items to be selected by a home buyer, that the Dwelling be subject to payment of full Sub-Association dues. In the event of a dispute, the ruling of the ACC shall be binding. In addition to the foregoing, a Lot may become a Lot in Use by contractual agreement between the Declarant and the Owner of such lot. Any Dwelling for which a certificate of occupancy has been issued will be regarded as a "Lot in Use".

Section 11. "Member" shall mean and refer to every person or entity who holds membership in the Sub-Association.

Section 12. "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 13. "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 Sub-Association.

ARTICLE II - MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Sub-Association, including contract sellers, shall be a member of the Sub-Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership per Lot. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Sub-Association. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors may make reasonable rules as to proof of ownership of a Lot.

ARTICLE III - VOTING RIGHTS

Section 1. The Sub-Association shall have two classes of voting membership and fractional voting shall not be permitted.

Class A. Class A members shall be all those Owners as defined in Article I with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article I. When more than one person holds such 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 shall be the Declarant. The Class B member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Article I, provided, that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first:

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

(b) on the date that is five (5) years from the date of recording this Declaration at 5:00 P.M., or

(c) the date specified by the Declarant in a written notice to the Sub-Association.

Section 2. Voting Right Suspension. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and for any period during which any assessment of a member remains unpaid according to the provisions of the Declaration and By-Laws of the Sub-Association.

ARTICLE IV – COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Purpose of Assessment. The main purpose for assessments due the Sub-Association is as herein stated. It shall be the duty and obligation of the Sub-Association to maintain the yards of each and every Dwelling. Such maintenance shall include the following:

1. The mowing of grass, edging where appropriate and blowing.
2. Fertilization of grass, bushes and shrubs.
3. Application of weeds controls consisting of pre and post emergents.
4. Yard debris pick-up and removal.
5. Yard insects control measures.
6. Pruning of shrubs as appropriate.
7. Pine straw applied twice annually to appropriate areas.

The Sub-Association shall specifically not be responsible for the following:

1. Irrigation repairs, maintenance and winterization.
2. Power washing of home or drive/sidewalk.
3. Painting/caulking exterior of home.
4. Annual planting of yard flowers, etc.
5. Gutter cleaning.
6. Replacement of bushes.
7. Settlement and changes in grade.
8. Termite treatment.

Section 2. Amount of Assessment.

(a) Initial Assessment. To and including December 31, 2007, the initial annual assessment shall not be in excess of Nine Hundred Sixty Dollars (\$960.00) per Lot in Use.

(b) Increase by Sub-Association. After January 1, 2008, Assessments shall be determined in compliance with the North Carolina Planned Community Act.

(c) Each lot owner, excepting the Declarant and those persons or entities in the house building business, shall pay the sum equal to two (2) months Sub-Association dues into a working capital fund of the Sub-Association at the time of transfer of said Lot to said owner.

(d) The Declarant, for each Lot owned by it, shall pay annual amounts equal to ten percent (10%) of that Assessment due by Class A Members.

Section 3. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and Lots in Use, on a per Lot and per Lot in Use basis, and may be collected on either a monthly, quarterly, semi-annual or annual basis.

Section 4. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided herein for Lots in Use may be paid in installments and the payment of such shall commence as to each Lot in Use on the first day of the first month following the date on which the first lot has become a Lot in Use. 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 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. The Sub-Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Sub-Association or by its management company, setting forth whether the assessments on a specified lot have been paid. A reasonable charge may be made for providing this information. A properly executed certificate of the Sub-Association or its Management Company as to the status of assessments on a lot is binding upon the Sub-Association as of the date of its issuance.

Section 5. Effect of Nonpayment of Assessments: Remedies of the Sub-Association. Any assessments, or portions thereof, which are not paid when due shall be delinquent. The Board of Directors of the Sub-Association shall have the power to establish when dues and assessments are delinquent and the late charges or penalties as a result of any delinquencies, and the rate of interest applicable to late payments. If an assessment is not paid when due, the Sub-Association may bring an action at law against the Owner personally or foreclose the lien against the Lot, and there shall be added to the amount of such assessment the costs of collection, including interest, late payment charges and reasonable attorney's fees resulting from any such action shall be added to the amount of such assessment. Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Sub-Association, or its agents or assigns, the right and power to bring all actions against such Owner or Member personally liable for the collection of such charges as a debt and to enforce the aforesaid lien by all lawful methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Sub-Association in a like manner as a mortgage or a deed of trust lien on real property and such Owner hereby expressly grants to the Sub-Association a power of sale in connection with foreclosure of said Lien. The Lien provided for in this action shall be in favor of the Sub-Association and shall be for the benefit of all other Owners. No Owner may waive or escape liability for the assessments provided for herein by maintaining his own yard, or by performing in whole or in part the duties and obligations of the Sub-Association, or by non use of the services provided by the Sub-Association, or by abandonment of his Lot.

Section 6. Subordination of the Lien To Mortgages. The lien of the assessments provided for herein on any Lot shall be subordinate to the lien of any first mortgage on such Lot. The transfer of any lot pursuant to such 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.

Section 7. Omission of Assessments. The omission of the Board, before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

Section 8. Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land, and shall insure to the benefit of and be enforceable by the Sub-Association or the Owner of any Lot subject to this Declaration, their legal representatives, heirs, successors, and assigns for a term of twenty (20) years from the date this Declaration is recorded, after which time, this Declaration shall be automatically extended for successive periods of ten (10) years each. This Declaration may be amended during the first twenty (20) year period by an instrument approved by not less than sixty-seven percent (67%) of the Lot Owners, and thereafter by an instrument approved by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded with the Officer of the Register of Deeds in Chatham County. In the event that Declarant or its assigns have arranged for and provided purchasers of Lots with FHA insured or VA mortgage loans, then prior approval of FHA/VA is also required for amending this Declaration.

Section 9. Certificate of Amendment Form. If any amendment to these covenants, conditions, and restrictions is so approved and executed, each such amendment shall be delivered to the Board of Directors of this Sub-Association. Thereupon, the Board of Directors shall within thirty (30) days do the following:

(a) Reasonably assure itself that the amendment has been validly approved by the Owners of the required number of Lots. (For this purpose, the Board may rely on its roster of Members and shall not be required to cause any title to any Lot to be examined.

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS, CONDITIONS AND RESTRICTIONS OF CHAPEL RIDGE PATIO HOMES

By authority of its Board of Directors, CR Patio Homes, Inc., hereby certifies that the foregoing instrument has been executed by the owners of _____ percent of the Lots of CR Patio

Homes, Inc., and is, therefore, a valid amendment to the existing Covenants, Conditions and Restrictions of Chapel Ridge Patio Homes.

CR PATIO HOMES, INC.

BY: _____
PRESIDENT

(a) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Chatham County Registry.

All amendments shall be effective from the date of recordation in the Chatham County Registry, provided, however, that no such amendment shall be valid until it has been indexed in the name of this Sub-Association. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors, recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots in the Properties.

Notwithstanding the foregoing, no amendment shall be effective unless approved by the County Attorney of Chatham County (so long as this is required by the Chatham County Code); provided, however, that if any amendment is submitted to said County Attorney and is neither approved or disapproved within twenty (20) days from the date of submission, it shall be conclusively presumed that the County Attorney has approved it.

Section 1. Amendment of Declaration Without Approval of Owners. The Declarant, without the consent or approval of any other Owner, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale of such lots and improvements, or mortgage interest therein, as well as any other law or regulation relating to the control of the Property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation, or agency, including, without limitation, the Veterans Administration, U.S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

No amendment made pursuant to this Section shall be effective until duly recorded in the Register of Deeds of Chatham County.

Section 2. Amendment to Achieve Tax-Exempt Status. The Declarant, for so long as it shall retain control of the Sub-Association, and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any owner, to qualify the Sub-Association or the Property, or any portion thereof, for tax-exempt status. Such amendment shall become effective upon the date of its recordation in the Chatham County Registry.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this instrument this the 26th day of June, 2007.

LENNAR CAROLINAS, LLC

BY: *Bruce M. Whitten*
Name: Bruce M. Whitten
Title: VICE PRESIDENT

NORTH CAROLINA

JOHNSTON COUNTY

I certify that the following person personally appeared before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Bruce M. Whitten.

Date: 6-26-07

Rhonda C. Manion
Signature of Notary Public
Printed Name: Rhonda C. manion
My Commission Expires: 6-19-2010

