

Prepared by and mail to: Savage and Godfrey, Attorneys at Law #171

CHATHAM COUNTY  
NORTH CAROLINA

DECLARATION OF EASEMENT,  
ROAD MAINTENANCE, AND  
PROPERTY OWNERS ASSOCIATION  
HALEY MEADOWS SUBDIVISION

THIS DECLARATION, made this 18<sup>th</sup> day of January, 2000, by MICHAEL BRANDON POYTHRESS and wife LISA S. POYTHRESS, and BILLY D. DAVIS and wife JANE P. DAVIS, hereinafter jointly called "Declarant";

WITNESSETH :

WHEREAS, the Declarant is the owner of the real property described as follows:

BEING all of Lots 1 through 10, Haley Meadows Subdivision, as recorded in Plat Slide 2000 Page 422, Chatham County Registry; and

WHEREAS, the Declarant desires to provide for the common use and maintenance of the private roads providing access to said lots;

NOW, THEREFORE, the Declarant declares that the real property described above is and shall be held, transferred, conveyed, given, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments ("Assessments"), and affirmative obligations, and liens (all hereinafter sometimes referred to as "the Covenants" or the "Covenants and Restrictions") hereinafter set forth.

ARTICLE I.  
DEFINITIONS

The following words and terms when used in this Declaration or any supplemental declaration (unless the context shall clearly indicate otherwise) shall have the following meanings:

(A) "Association" shall mean the Haley Meadows Homeowner's Association, which may be established as a North Carolina non-profit corporation, its successors and assigns.

(B) "Board of Directors" shall mean those persons elected or appointed to act collectively as the directors of the Association.

(C) "Members" and "Owners" shall mean the owners as reflected upon the records in the Register of Deeds Office of Chatham County, North Carolina, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any lot described above, notwithstanding any applicable theory of a deed of trust, and shall not mean or refer to the trustee, mortgagee, or holder of a deed of trust, its successors or assigns, unless pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.

(D) "Road" means any of the private roads reflected on the above-described subdivision plat as serving any lot, and adjoining culverts, shoulders, ditches, and rights of way.

ARTICLE II.

EXISTING PROPERTY AND ADDITIONS

The real property which is subject to these Covenants is described in Article I above. The Declarant, its successors and assigns, shall have the right, without further consent of the Association, by one or more Supplementary Declarations, to bring within the plan and operation of this Declaration one or more additional properties, which may be in multiple parcels and take place on more than one occasion. The Supplementary Declaration may contain such complementary additions and/or modifications of the Covenants and Restrictions contained in this Declaration as may be necessary or convenient in the sole judgment of the Declarant as are not inconsistent with the plan of this Declaration and do not remove or impair any Owner's easement for ingress and egress to and from his lot.

ARTICLE III.

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership The Members of the Association shall be (a) The Declarant, for so long as any one of them owns any one or more of the above-described lots, and (b) every Owner. Every Owner shall be a Member of the Association.

Section 2. Voting Rights The Association shall have two (2) classes of regular voting membership:

(A) CLASS "A": Class "A" Members shall be all Owners other than the Declarant, its successors and assigns; except Declarant shall be a Class "A" member to the extent provided in (B) hereinafter. A Class "A" Member shall be entitled to one (1) vote for each lot which (s)he owns.

(B) CLASS "B": The Class "B" Member shall be the Declarant, its successors and assigns. The Class "B" Member shall be entitled to seven (7) votes for each lot which it owns.

(C) When any property entitling the Owner to membership is owned of record in the name of two (2) or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or any other manner of joint or common ownership, or if two (2) or more persons or entities have the same fiduciary relationship respecting the same property, then their acts with respect to voting shall have the following effect:

(1) If only one (1) votes, in person or by proxy, his act shall bind all;

(2) If more than one (1) votes, in person or by proxy, the act of the majority so voting shall bind all.

Section 3. Governance The Association shall be governed by a Board of Directors consisting of three (3) Members, the number, election, and term to be determined in accordance with the By-Laws of the Association.

Section 4. Quorum Required for any Action Authorized at

Regular or Special Meetings of the Association. When a meeting of the Members of the Association is called to vote on any other action proposed to be taken by the Association, the presence at the meeting of Members or proxies entitled to cast fifty-one (51%) percent of each class of the total vote of the Membership shall constitute a quorum.

Section 5. Proxies; Written Consent. Members of the Association may vote and transact business of the Association by authorized written proxy or by written consent in lieu of a formal meeting.

Section 6. Ballots. When requested by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association a statement of motions to be introduced for vote for the Members and a ballot on which each Member may vote for or against each such motion. Each properly completed ballot presented at such meeting shall be counted in calculating the quorum requirements set out above; provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

ARTICLE IV.  
EASEMENT RIGHTS

(A) Subject to the provisions of these Covenants, the rules and regulations of the Association, and any fees or charges established by the Association, the Declarant and every Owner shall have an easement of ingress and egress for vehicular and pedestrian traffic upon, over, and across the private roads shown on the above-referenced recorded plat, extending from that Owner's lot to a public street or highway, and such easement shall be appurtenant to and shall pass with the title of every lot.

(B) As set forth below, upon written transfer by Declarant to the Association, the Association shall immediately become responsible for all maintenance of the private roads in the subdivision, and for such additional improvements thereto as may be authorized by the Association's Board of Directors.

(C) Notwithstanding anything in the foregoing to the contrary, the Declarant reserves unto themselves, their successors and assigns and agents, the right to enter upon any subdivision road for the purpose of constructing and maintaining same. The provisions of this paragraph shall in no way create any obligation on the part of the Declarant to construct or maintain except as specifically set forth herein.

ARTICLE V.  
COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant covenants, and each Owner of any above-described lot, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Association annual or special assessments or charges fixed and levied as hereinafter provided. Assessments and charges, together

with a four percent (4%) late charge after fifteen (15) days past due, interest at the maximum legal rate, and costs of collection thereof, including a reasonable attorney's fee as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such Assessment is made, and shall also be and remain the personal obligation of the Owner of such property at the time when the Assessment first became due and payable. Co-owners shall be jointly and severally liable for the entire amount of the Assessment.

Section 2. Purpose of Assessments. The Annual Assessments levied by the Association shall be used exclusively for the maintenance of the private subdivision roads, and for such other purposes as determined by the Board of Directors.

Section 3. Determination of Assessments.

(A) The Board of Directors, in its reasonable discretion, shall set and levy annual or special assessments as necessary to maintain the subdivision roads to the design and construction standards for private roads as presently promulgated and published in the Chatham County Subdivision Regulations, including the establishment of sufficient reserves for emergency repairs and long term maintenance.

(B) Assessments shall be billed annually or on such other basis as may be determined by the Board of Directors. The billing schedule shall be the same for all lots.

Section 4. Certification of Payment Status.

The Association, or its authorized billing agent if applicable, shall upon demand furnish a written certificate, signed by an Officer of the Association, setting forth whether Assessments on a particular property have been paid. Such certificate shall be conclusive evidence against all but the Owners of payment of any Assessment therein stated to have been paid.

Section 5. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner; the Lien; Remedies of Association. If any Annual or Special Assessment is not paid on or before the due date specified therein, then such Assessment shall be considered delinquent and shall, together with a four percent (4%) late charge after fifteen (15) days past due, interest at the maximum legal rate, and costs of collection thereof, including a reasonable attorney's fee, become a charge and continuing lien on the land and all improvements thereof against which each such Assessment is made, as well as the personal obligation of each Owner of the lot against which it is assessed. If the Assessment is not paid within thirty (30) days after the due date, the Association may file suit against the Owner personally to recover the amounts described above, and/or an action to enforce the lien by sale of the lot to satisfy same.

Section 6. Subordination of the Lien. The Lien of the Assessments provided for herein shall be subordinate to the lien of any mortgages or deed of trust now or hereafter placed upon any properties subject to Assessment. Holders of mortgages or deeds of trust are not required to collect Assessments. Failure to pay

assessments does not constitute a default under an insured mortgage or deed of trust.

Section 7. Annual Statements. The President, Treasurer, or such other Officer as may have custody of the funds of the Association shall annually, within sixty (60) days after the close of the fiscal year of the Association, prepare a financial statement showing the assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues and expenses. Such Officer shall furnish to the Board of Directors, the Declarant, and to each Member of the Association upon the Member's request, a copy of such statement.

Section 8. Annual Budget. The Board of Directors shall prepare, at least sixty (60) days prior to the first day of the upcoming fiscal year, a budget outlining anticipated receipts and expenses for the upcoming fiscal year. A copy shall be furnished to the Declarant, and to each Member of the Association upon the Member's request. The fiscal books of the Association shall be available for inspection by the Declarant, Declarant, and Members.

ARTICLE VI.

DECLARANT'S REPRESENTATIONS; FUNCTIONS OF ASSOCIATION

The Declarant represents (a) that the private roads shown on the above-described subdivision plat have been or will be constructed to Chatham County Subdivision design and construction standards as presently in effect, which are incorporated herein by reference, and (b) that the Declarant will be solely responsible for maintenance of the roads until that maintenance responsibility is transferred in writing by Declarant to the Association.

Thereafter, the Association, through its Board of Directors, shall be solely responsible for determining the need for maintenance, arranging for same, and assessing and paying for said maintenance.

At a minimum the Association shall:

(A) Provide or procure the administrative services necessary to carry out the Association's obligations and business under the terms of this Declaration, the Articles of Incorporation of the Association, if any, and the By-Laws of the Association;

(B) Administer and enforce the covenants and restrictions established in this Declaration, including, but not limited to, the following:

(1) Set, levy, notify Members of, and collect Assessments.

(2) Maintain accurate records of Membership and assessment payments;

(3) Operate an Architectural Review Board if, and when, this responsibility is delegated to the Association by Declarant;

(4) Hold Annual and Special Meetings as required, hold elections for the Board of Directors as required, and give Members proper notice of same as required; and

(5) Prepare Annual Statements and Annual Budgets, and make the financial books of the Association available for inspection by Members, the Board of Directors, the Declarant, and

Declarant at all reasonable times.

(C) Provide appropriate directors' and officers' legal liability insurance if deemed necessary, and indemnify persons pursuant to the provisions of the By-Laws of the Association;

(D) Keep a complete record of all its acts and corporate affairs;

(F) Provide regular and thorough cleanup of all roads and rights of way to the extent not performed by others;

(G) Provide general maintenance of all identification, informational and directional signs, entrance landscaping, and street or entrance lighting to the extent not performed by others;

All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association or those held in trust shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to one year's assessments plus reserves accumulated.

#### ARTICLE VIII.

##### GENERAL PROVISIONS

###### Section 1. Term and Amendment of Covenants and Restrictions:

These restrictive covenants shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant, the Declarant, the Association, the Owners, and their heirs, successors, and assigns, for a term of thirty (30) years from the date of this Declaration is recorded, at which time they shall automatically be deemed extended for successive ten (10) year periods unless revoked or modified by two-thirds (2/3) of the then owners of the lots. These restrictive covenants may be amended at any time by written agreement of both (a) two-thirds (2/3) of all of the owners of the lots, and (b) the Declarant if any of them own any of the above-described lots.

Notwithstanding the foregoing, the Declarant, for so long as it shall retain control of the Board of Directors of the Association, and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and FNMA and without the consent of any Owner, in order to qualify the Association for tax-exempt status, correct obvious errors and omissions herein, conform to the requirements of any law or governmental agency having legal jurisdiction over the Properties or any improvements thereon for mortgage or improvement loans made, insured, or guaranteed by a government agency or to comply with the requirements of law or regulations 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 any portion of the Properties or mortgage interests therein, as well as any other law or regulation relating to the control of the Properties, 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, United States 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. Such Amendment shall become effective upon the date of its recordation in the Chatham County Registry.

Section 2. Invalidation: Should any covenant or restriction herein contained, or any sentence, clause, phrase, or term of this Declaration be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of any court or other tribunal having jurisdiction over the parties and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect. In addition, if there is any contradiction between these restrictions and any governmental ordinances, laws or regulations of a federal, state, or local agency, the latter shall prevail.

Section 3. Notice: Notice to all owners of a lot shall be deemed to have been given when (a) deposited, postage paid, in the United States Mail addressed to one or more of said owners at the most recent address shown on the county tax records, or (b) hand delivered to the house located on said lot.

Section 4. Enforcement: Enforcement of these covenants and restrictions shall be by the Declarant, any Owner, or the Association via any proceeding at law or in equity against any persons violating or attempting to violate any covenant or restriction herein, to restrain violation and/or recover damages. The failure of any party to enforce any covenants or restrictions herein for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce any or all restrictions thereafter.

Section 5. Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with this Declaration of Covenants and Restrictions, and to construe and interpret its provisions, and its determination, construction, or interpretation shall be final and binding. In all cases, the provisions of this Declaration of Covenants and Restrictions shall be given that interpretation or construction that will best tend toward the consummation of the general plan of improvements.

Section 6. Authorized Action. All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors of the Association in the manner provided for in the By-Laws of the Association, unless the terms of this instrument provide otherwise.

Section 7. Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from the Declarant and/or the Association

contemplated under this Declaration, neither the Declarant nor the Association shall be liable to an Owner or to any other person on account of any claim, liability, damage, or expense suffered or incurred by or threatened against an Owner or such other person and arising out of or in any way relating to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted, or withheld.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed as of the day and year first above written.

Michael Brandon Poythress (SEAL)  
MICHAEL BRANDON POYTHRESS

Lisa S. Poythress (SEAL)  
LISA S. POYTHRESS

Billy D. Davis (SEAL)  
BILLY D. DAVIS

Jane P. Davis (SEAL)  
JANE P. DAVIS

NORTH CAROLINA  
Harrett COUNTY

I, Neil Ray McLean, a Notary Public of the County and State aforesaid certify that MICHAEL BRANDON POYTHRESS, LISA S. POYTHRESS, BILLY D. DAVIS, and JANE P. DAVIS appeared before me this day and acknowledged the due execution of the foregoing instrument. WITNESS my hand and notarial seal this the 18 day of Jan, 2000.

(seal)

My Commission Expires:

3/21/2003  
haley.cov

Neil Ray McLean  
Notary Public

2001 JAN 22 P 4:10

FILED

MAS  
REDS  
T.V.N.C.



NORTH CAROLINA  
WAKE COUNTY

CONSENT AND SUBORDINATION  
TO RESTRICTIVE COVENANTS

SOUTHLAND ASSOCIATES, INC. and CENTRAL CAROLINA BANK AND TRUST COMPANY, as Trustee and Beneficiary of that certain note and deed of trust recorded October 23, 2000, in Book 842, page 219, Chatham County Registry, join herein for the limited purpose of consenting to and subjecting of the property described in the deed of trust to the Restrictive Covenants of Haley Meadows Subdivision as attached hereto.

This 30<sup>th</sup> day of January, 2001.

SOUTHLAND ASSOCIATES, INC.

By: [Signature]  
First Vice President

ATTEST:  
[Signature]  
Secretary  
(Corporate Seal)

CENTRAL CAROLINA BANK AND TRUST COMPANY

By: [Signature] G.V.P.

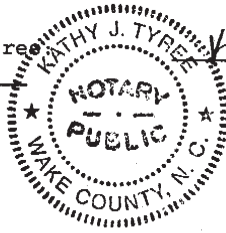
ATTEST:  
[Signature]  
Secretary  
(Corporate Seal)

2001 JAN 22 P 4:10  
FILED  
M.A.S.  
RECORDS  
T.Y.H.C.

NORTH CAROLINA  
Wake COUNTY

I a Notary Public of the County and State aforesaid do hereby certify that C.D. STURGEY, III personally came before me this day and acknowledged that        he is Asst. Secretary of Central Carolina Bank and Trust Company, a NC corporation, and that by authority duly given and as an act of the corporation the foregoing instrument was signed in its name by its ~~let Vice~~ President, sealed with its corporate seal and attested by him as its Asst. Secretary.  
WITNESS my hand and notarial seal this the 20<sup>th</sup> day of January, 2001.

My Commission Expires 8-30-2005



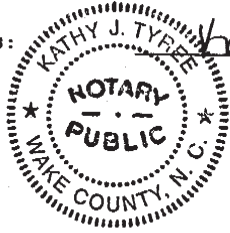
Kathy J. Tyree  
Notary Public

FILED  
2001 JAN 22 P 4:10  
AS  
SEDS  
TY/H.C.

NORTH CAROLINA  
Wake COUNTY

I a Notary Public of the County and State aforesaid do hereby certify that E. Andrew Cook, III personally came before me this day and acknowledged that        he is Asst. Secretary of Southland Associates, Inc., a NC corporation, and that by authority duly given and as an act of the corporation the foregoing instrument was signed in its name by its <sup>Trustee</sup> Vice President, sealed with its corporate seal and attested by him as its Asst. Secretary.  
WITNESS my hand and notarial seal this the 20<sup>th</sup> day of January, 2001.

My Commission Expires: 8-30-2005



Kathy J. Tyree  
Notary Public

**NORTH CAROLINA, CHATHAM COUNTY**

The foregoing Certificate(s) of NEIL RAY MCLEAN & KATHY J. TYREE . Notary(ies)  
Public is (are) certified to be correct. This instrument was presented for registration at 4:10 o'clock  
P.M., on January 22, 2001 and recorded in Book 851 Page 344  
By Reba G. Thomas  
REGISTER OF DEEDS FOR CHATHAM COUNTY Assistant - Register of Deeds