

C10

NORTH CAROLINA
CATAWBA COUNTY

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by SOUTHEASTERN HOUSING AND DEVELOPMENT CO., a North Carolina corporation, hereinafter referred to as "Declarant."

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain real property situate in the City of Hickory, County of Catawba, State of North Carolina, which is shown as "Phase One" on the plat of "Forest Hills Townhouses" recorded in Plat Book 18 at Page 18 in the office of the Register of Deeds of Catawba County, which property is more particularly described on Exhibit "A" attached hereto and incorporated herein by reference; and

WHEREAS, Declarant owns additional property appurtenant to the above described property which is shown as "Reserved by Declarant" on the plat of "Forest Hills Townhouses" recorded in Plat Book 18 at Page 18 in the office of the Register of Deeds of Catawba County, which property is more particularly described on Exhibit "B" attached hereto and incorporated herein by reference and which may be annexed by Declarant in its discretion as herein provided.

NOW, THEREFORE, Declarant hereby declares that all of the property described on Exhibit "A" attached hereto, together with such portion or portions of the property described on Exhibit "B" attached hereto which may be annexed by the Declarant in its

Drawn by Donald R. Fuller, Jr., Patrick, Harper & Dixon, Attorneys, Hickory, N.C.

discretion as herein provided, shall be held, sold, and conveyed subject to the easements, restrictions, covenants and conditions, charges and liens set forth in this Declaration 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 said 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 Forest Hills Homeowners Association of Hickory, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "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 3. "Properties" shall mean and refer to that certain real property described on Exhibit "A" attached hereto 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 briefly described as: All that certain piece, parcel or tract of land designated as "Common

Area" and shown on the plat of "Forest Hills Townhouses" recorded in Plat Book 18 at Page 18 in the office of the Register of Deeds of Catawba County, North Carolina, and being more particularly described on Exhibit "C" attached hereto and incorporated herein by reference.

Section 5. "Lot" shall mean and refer to any plot of land with delineated boundary lines shown upon any recorded plat of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Southeastern Housing and Development Co., its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

ARTICLE II

PROPERTY RIGHTS

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

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

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities situated upon the Common Area by an Owner for any period during which any assessment against his Lot remains unpaid and for a period not to exceed sixty (60) days for any 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 agreeing to such dedication or transfer signed by two-thirds of each class of members agreeing to such dedication or transfer has been recorded, provided that this subsection shall not preclude the Board of Directors of the Association from granting easements to public authorities or others for the installation and maintenance of sewerage utilities and drainage facilities upon, over, under and across the Common Area without the assent of the members when, in the sole opinion of such board, such easements do not interfere with the use and enjoyment of the properties or are necessary for the convenient use and enjoyment of the properties.

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

Section 3. Parking Rights. Ownership of each Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces, in the portion of the Common Area devoted to parking which shall be as near and convenient to each Lot as reasonably possible, together with the right of ingress and egress in and upon said parking area. The Association may, if it deems necessary or desirable, at any time, permanently assign one or two vehicle parking spaces for each dwelling.

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 voting membership:

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 shall be the Declarant and shall be entitled to three (3) votes for each Lot owned by it in Forest Hills Townhouses, Phase One. The Declarant shall also be entitled to three (3) votes for each Lot owned by it in the additional property owned by Declarant and described on Exhibit "B" attached hereto which may be added to the Properties from time to time by Declarant. Declarant's number of votes will be increased from time to time immediately upon the recording of a plat showing the additional Lots, together with an amendment to the Declaration submitting the additional property to the Declaration. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

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

(b) August 1, 1985.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligations of Assessments. The Declarant, for each Lot owned by it within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be 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 Lot against which such assessment is made and shall be a continuing lien upon such Lot until paid. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the continuing personal obligation of the person or entity who was the Owner of such Lot at the time when the assessment falls due. The personal obligation for delinquent assessments shall not pass to such person or entity's 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 of the Properties and in particular for the maintenance, repair and reconstruction of the exterior of the homes situated upon the Properties and for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to

the use and enjoyment of the Common Area, including but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the Bylaws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1, 1983, the maximum annual assessment shall be \$ 360.00 per Lot.

(a) From and after January 1, 1983, the maximum annual assessment may be increased each year by not more than 10 percent above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1, 1983, the maximum annual assessment may be increased by more than 5 percent above the assessment for the previous year by a vote of two-thirds of each class of members of the Association 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 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, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds of

the use and enjoyment of the Common Area, including but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the Bylaws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1, 1983, the maximum annual assessment shall be \$ 360.00 per Lot.

(a) From and after January 1, 1983, the maximum annual assessment may be increased each year by not more than 10 percent above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1, 1983, the maximum annual assessment may be increased by more than 5 percent above the assessment for the previous year by a vote of two-thirds of each class of members of the Association 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 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, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds of

the votes of each class of members who are voting in person or by proxy at a meeting duly called for this 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 Section 3 or 4 shall be sent to all members of the Association not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (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 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. 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 basis.

Section 7. Date of Commencement of Annual Assessments:
Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area to the Association. 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

Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. 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 six percent (6%) per annum or the maximum interest rate permitted to be legally charged under the laws of the State of North Carolina at the time of such delinquency, provided, however, that the interest charged hereunder shall not exceed ten percent (10%) 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 liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien for payment of the assessments provided for herein shall be subordinate to the lien of any first mortgage on such Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage thereon 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 foreclosure sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, nor shall it relieve the

Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. 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 six percent (6%) per annum or the maximum interest rate permitted to be legally charged under the laws of the State of North Carolina at the time of such delinquency, provided, however, that the interest charged hereunder shall not exceed ten percent (10%) 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 liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien for payment of the assessments provided for herein shall be subordinated to the lien of any first mortgage on such Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage thereon 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 foreclosure sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, nor shall it relieve the

purchaser or transferee from such liability.

Section 10. Exempt Property. All properties dedicated to, and accepted by a local public authority and all properties owned by a charitable or non-profit organization exempt from 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.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall, or other structure or improvement of any kind shall be commenced, erected or maintained upon the Properties, 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 any 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 VI

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 Properties and placed on the dividing line between Lots, or on the western line of Lot 7 in Phase One, or on the dividing line between Lots in any subsequent phase of Forest Hills Townhouses, or on the end line of the end unit in any subsequent phase of Forest Hills Townhouses shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

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

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

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

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

the Properties and placed on the dividing line between Lots, or on the western line of Lot 7 in Phase One, or on the dividing line between Lots in any subsequent phase of Forest Hills Townhouses, or on the end line of the end unit in any subsequent phase of Forest Hills Townhouses shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

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

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

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

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

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

ARTICLE VII

EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

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

ARTICLE VIII

RESTRICTIONS AND EASEMENTS

Section 1. Residential Use. Buildings and all Lots contemplated in the development shall be, and the same hereby are, restricted exclusively to residential use. No structures of a temporary character, trailer, basement, tent, shack, carport,

garage, barn or other outbuilding shall be used on any portion of the Lots or Common Area of the property at any time.

Section 2. Declarant's Rights During Construction. Anything contained herein to the contrary notwithstanding, it shall be permissible for Declarant to maintain, during the period of construction and sale of said Lots and townhouses, upon such portion of the property as the Declarant may deem necessary, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction and sale of said Lots and townhouses, including, but without limitation, a business office, storage area, construction yards, signs, model units and sales office.

Section 3. Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any part of the property, except that dogs, cats or other household pets may be kept by the respective Owners on their respective Lots provided that they are not kept, bred or maintained for any commercial purpose and do not endanger the health or, in the sole discretion of the Board of Directors of the Association, unreasonably disturb the Owner of any Lot or resident thereof.

Section 4. Signs and Nuisances. No advertising signs, billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the Properties; nor shall the Properties be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Lot or any resident thereof. No business activities of any kind whatever shall be conducted in any building or in any portion of the Properties

provided, however, the foregoing covenants shall not apply to the business activities, signs and billboards of Declarant, its agents or assigns during the construction and sale period.

Section 5. Clotheslines, etc. No outside clotheslines shall be permitted, and all garbage cans and similar items shall be kept screened so as to conceal them from view of neighboring Lots.

Section 6. Antennas. No exterior television or radio antennas shall be placed on any improvements without prior written approval of the Board of Directors of the Association.

Section 7. Utility Easement. There is hereby granted to the Association a blanket easement upon, across, over and under all of the Properties for ingress, egress, installation, replacing, repairing, and maintaining a master television antenna system and all utilities, including, but not limited to, water, gas, sewers, telephones and electricity. Such easements grant to the Association and appropriate utility companies the right to erect and maintain the necessary poles and other necessary equipment on the property and to affix and maintain utility wires, circuits, and conduits on, above, across and under the Lots and roofs and exterior walls of the townhouses.

Section 8. Reservation. A non-exclusive easement for egress and ingress is reserved by the Declarant and its successors and assigns in and to all roads in and about the Properties now existing or hereafter constructed. The Declarant expressly reserves the right to develop property appurtenant to the property, as described herein on Exhibit "B" in such manner as it may deem necessary or advisable in its absolute discretion and reserves

a blanket easement for access for ingress and egress from said appurtenant properties over all ways, public or private, in and about the property for itself and its successors and assigns.

Section 9. Access to Lots. The Association, its agents or employees shall have access to all Lots from time to time during reasonable working hours, upon oral or written notice to the Owner, as may be necessary for the maintenance, repair or replacement of any portion of the Common Area, or facilities situate upon such Lot which serve another Owner's Lot. The Association or its agents shall also have access to each Lot at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Area or to another Lot.

ARTICLE IX

INSURANCE

Each Owner shall secure and maintain in full force and effect at such Owner's expense, one or more insurance policies insuring Owner's Lot and the improvements thereon for the full replacement value thereof against loss or damage from all hazards and risks normally covered by a standard "Extended Coverage" insurance policy, including fire and lightning, vandalism and malicious mischief.

Each Owner, at Owner's expense, shall secure and maintain in full force and effect comprehensive personal liability insurance for damage to person or property of others occurring on Owner's Lot, not less than the amount designated by the Association. Owner shall provide the Association with satisfactory evidence that such insurance as herein required is in full force and effect and the Association will be given thirty (30) days notice prior to

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

This insurance provision may be modified or amended to substitute one comprehensive insurance policy covering all units provided the approval of a majority of the unit Owners is obtained and approval by 75 percent of the Owners and holders of first deeds of trust on the Lots is obtained. Such approvals shall be in writing but need not be acknowledged and shall be attached to an amendment to this Declaration which amendment shall be executed only by the Association and recorded in the Catawba County Public Registry.

ARTICLE X

GENERAL PROVISIONS

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

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) days. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded.

Section 4. Annexation.

(a) Additional residential property and Common Areas may be annexed to the Properties with the consent of two-thirds of each class of members.

(b) A portion or portions of the land being appurtenant to the property described herein and being more particularly described in Exhibit "B" and shown on the plat of Forest Hills Townhouses as "Reserved by Declarant," attached hereto and incorporated herein by reference, may be annexed from time to time in phases by the Declarant in its discretion without the consent of the Lot Owners at any time within ten (10) years of the date of this instrument.

Section 5. Manner of Annexation. The annexations referred to in Section 4 shall be effected by the recording of a plat of the real property to be annexed along with a Supplemental Declaration

which shall describe the real property being annexed, convey the designated Common Areas and declare that such annexed property is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the provisions of this Declaration. Upon the recording of such plat and Supplemental Declaration, the annexed area shall become a part of the within Planned Unit Development and the Lot Owners therein shall be members of the Association with full rights of enjoyment in and into the Common Areas, as fully as if such area or areas were part of the Planned Unit Development on the date of recording of this Declaration.

ARTICLE XI

SPECIAL PROVISIONS CONCERNING VETERAN'S ADMINISTRATION,
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT,
FEDERAL HOME LOAN MORTGAGE CORPORATION AND
FEDERAL NATIONAL MORTGAGE ASSOCIATION

In the event the Declarant shall seek to obtain approval of this Declaration and the plan of development of its property in order that the Units will be eligible for loans approved, guaranteed or insured by the Veteran's Administration ("VA"), the Department of Housing and Urban Development ("HUD"), the Federal Home Loan Mortgage Corporation ("FHLMC"), the Federal National Mortgage Association ("FNMA") or other governmental agency, it is possible that such agency or agencies will require changes in this Declaration in order to make the Units eligible for such loans. In such event, Declarant, without the consent or approval of any other Owner, shall have the right to amend this Declaration, and the amendment shall become effective upon recordation of the amendment, along with attached evidence of approval by the appropriate governmental agency in the office of the Register of Deeds of Catawba County, North

Carolina. A letter from an official, or a current published regulation, guideline or statement of policy, of the VA, HUD, FHMLC, FNMA or such other agency shall be deemed conclusive evidence for all purposes of such agency's requirement of changes. Each Owner and his respective mortgagees, by acceptance of a deed conveying a Unit or a mortgage encumbering such Unit, as the case may be, hereby irrevocably appoint Declarant his or their Attorney-in-Fact, such power of attorney being coupled with an interest, and authorize, direct and empower Declarant, in the event that Declarant exercises the rights reserved in this Article XI, to amend this Declaration as provided herein, to execute, acknowledge and record for and in the name of such Owner and any such mortgagee an amendment for such purpose, and for and in the name of such respective mortgagees to execute a consent and joinder to such amendment or amendments; provided, however, that all such amendments must uniformly affect all Units and all mortgagees.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused the within instrument to be executed by its President and its corporate seal affixed by its Assistant Secretary this 23rd day of JULY, 1982.

SOUTHEASTERN HOUSING AND DEVELOPMENT CO.

By: Douglas Lee Foreman
President

ATTEST:

Donald R. Fuley
Assistant Secretary



NORTH CAROLINA

CATAWBA COUNTY

I, Wendy E. Maretz, a Notary Public of the County and State aforesaid, certify that Donald R. Fuller, Jr personally came before me this day and acknowledged that he is Assistant Secretary of SOUTHEASTERN HOUSING AND DEVELOPMENT CO., a North Carolina corporation, and that by authority duly given, and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him as its Assistant Secretary.

Witness my hand and official stamp or seal, this 23rd day of July, 1982.

Wendy E. Maretz
Notary Public)

My Commission Expires: May 7 1984

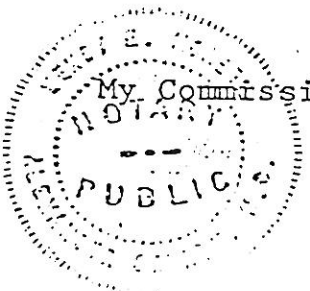


Exhibit A.

All of that certain piece, parcel or tract of land situate, lying, and being in the City of Hickory, Hickory Township, Catawba County, North Carolina, on the north side of 14th Avenue, N.W. and being shown and designated as "Phase One" on plat of Southeastern Housing and Development Co. entitled "Forest Hills Townhouse," prepared by Vaughn & Bradshaw Surveying Company, dated July 21, 1982, and recorded in the office of the Register of Deeds of Catawba County in Plat Book 18 at Page 18, and having according to said plat the following metes and bounds:

BEGINNING at an iron stake set in the northern margin of the right of way of 14th Avenue, N.W., the southwest corner of Manley K. Fuller, Jr., and proceeding thence with the northern margin of the right of way of 14th Avenue, N.W. the following courses and distances: North 89° 05' West 90.60 feet to an iron stake set, North 77° 04' West 85.00 feet to an iron stake set, and North 75° 19' West 67.25 feet to an iron stake set; thence North 44° 43' 45" East 126.69 feet to a point in the center of the face of a 12-inch fire wall; thence with the centerline of said fire wall North 29° 03' 30" East 37.50 feet to a point in the center of the face of said 12-inch fire wall; thence continuing North 29° 03' 30" East 39.59 feet to an iron stake set; thence South 38° 50' East 9.69 feet to an iron stake set; thence South 88° 56' East 58.60 feet to an iron stake set; thence South 69° 25' East 52.00 feet to an iron stake set at Fuller's northwest corner; thence with Fuller's western line South 0° 30' West 168.00 feet to the Beginning.

Exhibit B

All of that certain piece, parcel or tract of land situate, lying, and being in the City of Hickory, Hickory Township, Catawba County, North Carolina, on the north side of 14th Avenue, N.W. and on the east side of 11th Street Drive, N.W. and being shown and designated as "Reserved by Declarant" on plat of Southeastern Housing and Development Co. entitled "Forest Hills Townhouses" prepared by Vaughn & Bradshaw Surveying Company, dated July 21, 1982, and recorded in the office of the Register of Deeds of Catawba County in Plat Book 18 at Page 18, and having according to said plat the following metes and bounds:

BEGINNING at an iron stake set at the point of intersection of the northern margin of the right of way of 14th Avenue, N.W. with the eastern margin of the right of way of 11th Street Drive, N.W. and proceeding thence with the eastern margin of the right of way of 11th Street Drive, N.W. the following courses and distances: North 28° 32' West 173.00 feet to an iron stake set, North 31° 52' West 90.00 feet to an iron stake set, and North 37° 32' West 53.00 feet to an iron stake set; thence North 45° 12' 40" East 155.10 feet to an iron stake set; thence South 38° 50' East 285.41 feet to an iron stake set; thence South 29° 03' 30" West 39.59 feet to a point in the center of the face of a 12-inch fire wall; thence with the centerline of said 12-inch fire wall South 29° 03' 30" West 37.50 feet to a point in the center of the face of said 12-inch fire wall; thence South 44° 43' 45" West 126.69 feet to an iron stake set, the point of Beginning.

Exhibit C

All of that certain piece, parcel or tract of land situate, lying, and being in the City of Hickory, Hickory Township, Catawba County, North Carolina, on the north side of 14th Avenue, N.W. and being shown and designated as "Common Area" on plat of Southeastern Housing and Development Co. entitled "Forest Hills Townhouses" prepared by Vaughn & Bradshaw Surveying Company, dated July 21, 1982, and recorded in the office of the Register of Deeds of Catawba County in Plat Book 18 at Page 18 and having according to said plat the following metes and bounds:

BEGINNING at an iron stake set in the northern margin of the right of way of 14th Avenue, N.W., the southwest corner of Manley K. Fuller, Jr., and proceeding thence with the northern margin of the right of way of 14th Avenue, N.W. the following courses and distances: North 89° 05' West 90.60 feet to an iron stake set, North 77° 04' West 85.00 feet to an iron stake set, and North 75° 19' West 67.25 feet to an iron stake set; thence North 44° 43' 45" East 126.69 feet to a point in the center of the face of a 12-inch fire wall; thence with the centerline of said fire wall North 29° 03' 30" East 37.50 feet to a point in the center of the face of said 12-inch fire wall; thence continuing North 29° 03' 30" East 39.59 feet to an iron stake set; thence South 38° 50' East 9.69 feet to an iron stake set; thence South 88° 56' East 58.60 feet to an iron stake set; thence South 69° 25' East 52.00 feet to an iron stake set at Fuller's northwest corner; thence with Fuller's western line South 0° 30' West 168.00 feet to the Beginning.

SAVING AND EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PROPERTY:

ALL those certain lots of land, situate, lying and being in Hickory Township, Catawba County, State of North Carolina, on the north side of 14th Avenue, N.W. and being shown and designated as Lots 1, 2, 3, 4, 5, 6, and 7 in Phase One on plat of Southeastern Housing and Development Co. entitled "Forest Hills Townhouses" prepared by Vaughn & Bradshaw Surveying Company, dated July 21, 1982, and recorded in the office of the Register of Deeds of Catawba County in Plat Book 18 at Page 18;

C A I

Community Association Institute

2-8239
MIKE CACKLEY

BOOK 1293 PAGE 500
BOOK 1293 Page 500

BYLAWS
OF
FOREST HILLS HOMEOWNERS ASSOCIATION OF HICKORY, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Forest Hills Homeowners Association of Hickory, Inc., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 212 Second Street, N.W., Hickory, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina, County of Catawba, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Forest Hills Homeowners Association of Hickory, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the 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 6. "Declarant" shall mean and refer to Southeastern Housing and Development Co., its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in Book 1293 at Page 477 in the office of the Register of Deeds of Catawba County, North Carolina.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 8 o'clock, P. M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of

Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than 10 days nor more than 50 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION AND TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors, who need not be members of the Association. The initial Board of Directors will consist of three (3) Directors until the first annual meeting of the members of the Association. Thereafter the number of Directors will be nine (9).

Section 2. Term of Office. At the first annual meeting the members shall elect three directors for a term of one year, three directors for a term of two years and three directors for a term of three years; and at each annual meeting thereafter the members shall elect three directors for a term of three years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or nonmembers.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period of not to exceed 60 days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; and

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days prior to due date or to bring an action at law against the Owner personally obligated to pay the same.

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area and the exterior of the townhouses to be maintained as provided for in the Declaration.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. Each officer of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

- (a) The president shall preside at all meetings of the Board of

Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association, keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular meeting, and deliver a copy of each to the members.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. 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 due date of delinquency at the rate of 6 percent per annum, or the maximum rate permitted to be legally charged under the laws of the State of North Carolina at the time of delinquency, provided, however,

that the interest charged hereunder shall not exceed 10 percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Forest Hills Homeowners Association, Inc., N. C., with the word "SEAL" in the center.

ARTICLE XIII

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

Section 1. The fiscal year of the Association shall begin on the first day of July and end on the 30th day of June of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. The Homeowners' Association will provide from an annual assessment, and from other assessments, the reserve for the replacement of common element.

Section 3. A working capital fund for the initial project operation will be collected from each member of the Homeowners' Association upon the members joining the Association, such contributions shall equal two (2) months of the annual assessment.

Section 4. The Association shall provide the holders of the mortgage prompt notice of any default by any member on its assessment, if such default is not cured within thirty (30) days of default.

Section 5. A fidelity bond will be provided for any person or persons handling the funds of the Association, including any employee of any professional manager.

Section 6. The Association will provide liability insurance for all Common Area, and provide fire and extended coverage on any of the Common property owned by the Association based on a current replacement basis of not less than one hundred (100%) percent of the insurable value, and such premiums for these insurances shall be considered a common expense of the Association and part of the annual assessment.

Section 7. The Association shall give all first mortgagees notice in writing of any loss to or taking of common elements in excess of TEN THOUSAND (\$10,000.00) DOLLARS, upon the Association's knowledge of such loss.

Section 8. The first mortgagee of any of the units or lots may pay any overdue taxes or insurance premiums due on the property if

payments become overdue and such mortgagee shall be immediately reimbursed by the Association for such payment.

Section 9. Should any State or other governmental agencies condemn any part of the Association's property, the Association shall provide written notice to the first mortgagee of any such condemnation.

Section 10. The first mortgagee of any units or lots on the Association's property shall be entitled to such rights of the individual unit owners as to the inspection of books, records, and operating budget.

Section 11. The Board of Directors of the Association is empowered to enter into a contract with any person or corporation to provide a professional manager for the Association, however, any such contract shall provide that either party may terminate the contract on ninety (90) days written notice to the other.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of Forest Hills Homeowners Association of Hickory, Inc., a North Carolina corporation; and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 23th day of July, 1982.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 23th day of July, 1982.



Scott Mitchell
Secretary

FILED
RUTH MACKIE

'82 JUL 23 PM 2 41

REGISTER OF DEEDS
CATAWBA CO., N.C.

STATE OF NORTH CAROLINA

CATAWBA COUNTY

The foregoing certificate of Wendy E. Moretz,
a Notary Public of Catawba Co, N.C. is certified
to be correct. This instrument was presented for
registration this 23 day of July 1982 at 2:41 P.M. and duly recorded in the office
of the Register of Deeds of Catawba Co, N.C. in Book 1293, Page 477.

Ruth Mackie
Ruth Mackie-Register of Deeds

AMENDMENT TO BYLAWS
OF
FOREST HILLS HOMEOWNERS ASSOCIATION OF HICKORY, INC.

That by appropriate vote of the Homeowners Association the Bylaws of Forest Hills Association of Hickory, Inc. as recorded in Book 1293 Page 500 are hereby amended as follows:

ARTICLE III

ANNUAL MEETINGS

Section 1. Annual Meetings. The annual meeting of the members shall be held not later than sixty (60) days following the end of the Association's fiscal year. The exact date and time of which shall be noticed immediately after the May Board of Directors Meeting.

ARTICLE IV

OFFICERS AND THEIR DUTIES

Section 8. Duties.

Vice President

The following is added at end of paragraph:

(b) He shall provide new homeowners with copies of the Bylaws, Declarations and the General Information and Rules of the Association and provide the Association a copy of receipt acknowledgment.

Homeowners shall be responsible for maintaining, replacing and repairing as necessary decking, glass surfaces, doors and storm doors in compliance with Association guidelines. They shall also maintain, replace and repair all appliance venting, heating and cooling systems and chimneys. Chimney care shall include, for the protection of all units, chimney sweeping or cleaning every two (2) years. Homeowners shall also keep and maintain the property from the back of the unit to the common lawn including removal of all trash and litter from the front, back, deck and assigned parking spaces.

ARTICLE VIII

RESTRICTIONS AND EASEMENTS

Add the following to the sections numbered:

Section 3. Animals. No pets may be kept on and maintained on the exterior of any unit. No pets shall be allowed in Rental units. Relief areas for pets shall be in the natural area between the Condominium and Townhouse driveway. Additional rules for areas and cleanup of waste may be adopted by the Board.

Section 4. Signs and Nuisances. Signs shall include real estate signs inside or outside the unit. Security system signs of no larger that 3" x 5" are allowed on the front door on bottom (not storm door) and on rear door of unit.

Section 5. Clotheslines, etc. No items shall be hung outside to dry in the view of neighboring lots nor shall they be hung from rails or fences.

Add the following new section:

Section 9. Access to Lots. The Association, its agents or employees shall have access to all Lots from time to time during reasonable working hours, upon oral or written notice to the Owner, as may be necessary for the maintenance, repair or replacement of any portion of the Common Area, or facilities situate upon such Lot which serve another Owner's Lot. The Association or its agents shall also have access to each Lot at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Area or to another Lot. All Owners must provide emergency contacts to enable access to a unit when necessitated by circumstances, which endanger the integrity of a unit or adjoining unit ex. flooding. If after a reasonable attempt to locate resident or owner is unsuccessful permission is granted to employ a locksmith to gain access.

The Association hereby adopts the following new article.

Secretary

The following is added at end of paragraph:

(c) He shall keep and update General Information and Rules of the Association which shall include assessment amounts and due dates, garbage collection schedule, parking regulations, pool regulations and the like. He shall keep a current record of record owners of property; addresses, phone numbers emergency contacts. He shall keep and distribute all association minutes.

Treasurer

The following is added at end of paragraph:

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association, keep proper books of account; cause an annual audit of the Association books to be made by a certified public accountant or other accounting professional as designated by the Board.

Forest Hills Homeowners Association

By: _____
President

**AMENDMENT
TO
DECLARATION OF COVENANTS CONDITIONS AND RESTRICTIONS
OF
FOREST HILLS TOWNHOUSES**

That by appropriate vote of the Homeowners Association Lot Owners as required by Article X Section 3 this Declaration is recorded in Book 1293 Page 477 is hereby amended as follows:

ARTICLE II

PROPERTY RIGHTS

Delete the last sentence and add the following at end of paragraph:

Section 3. Parking Rights. Ownership of each Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces, in the portion of the Common Area devoted to parking which shall be as near and convenient to each Lot as reasonably possible, together with the right of ingress and egress in and upon said parking area. The Association has permanently assigned two parking spaces for each dwelling. The Association shall have the right to tow at owner's expense any vehicle not parked in a properly designated parking space and any vehicle parked for an extended period of time in a designated Visitor's space.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

The second and third sentences of the paragraph are deleted and replaced with the following:

Section 1. Creation of the Lien and Personal Obligations of Assessments. The annual and special assessments, together with interest, costs, including reasonable costs of the Association and or compensation of an Association representative and reasonable attorney's fees, shall be a charge on the Lot against which such assessment is made and shall be a continuing lien upon such Lot until paid. Each such assessment, together with interest, costs, including reasonable costs of the Association and or compensation of an Association representative, and reasonable attorney's fees, shall also be the continuing personal obligation of the person or entity who was the Owner of such Lot at the time when the assessment falls due.

The personal obligation for delinquent assessments shall not pass to such person or entity's successors in title unless expressly assumed by them.

ARTICLE IV

Replace first sentence with the following three sentences:

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. There shall be a ten-dollar (\$10.00) penalty added to any assessment not received by the 15th of the month in which it is due. There shall be an additional fifteen-dollar (15) penalty for any assessment not received by the 1st of the month following its due date. That after sixty days interest shall accrue on any unpaid assessment at the half of ten percent (10%) per annum or at the highest rate allowed by North Carolina law until paid.

ARTICLE V

ARCHITECTURAL CONTROL

Add the following sentence after the first sentence:

Improvements shall include light fixtures, exterior lighting, doors, windows, hardware and ornamentation.

ARTICLE VII

EXTERIOR MAINTENANCE

Add at the end the following paragraphs:

The Association reserves the right to remove or trim any trees or plantings that interfere with building maintenance, chimney safety, or sidewalks; and to have litter removed and assess the individual homeowner for such work.

ARTICLE XII

RENTAL UNITS

Rental units shall be subject to the following policies:

- 1) Complete rental applications shall be submitted to the Board for review prior to rental of the unit. The Board may require additional information but may not arbitrarily deny the application.
- 2) Rental units may not allow pets or animals of any kind.
- 3) Owner must provide emergency numbers in event access to the unit is required or provide in advance for such access by the Association where needed to protect the integrity of other units.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused the within instrument to be executed by its President and its corporate seal affixed by its _____ Secretary this _____ day of _____, 2003.

FOREST HILLS HOMEOWNERS
ASSOCIATION OF HICKORY, INC.

By: _____
President

ATTEST:

Secretary

STATE OF NORTH CAROLINA

COUNTY OF _____

I, a Notary Public of the County and State aforesaid, certify that _____, personally came before me this day and