

Prepared by: Wm. Griffin Graves, III

Return to: Wm. Griffin Graves, III, 870 Airport Road, Chapel Hill, NC 27514

NORTH CAROLINA

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR GLENBROOKE

ORANGE COUNTY

THIS DECLARATION, made and entered into this the 3rd day of September, 1999, by **SEMA E. LEDERMAN and SEMA E. LEDERMAN, Successor Trustee under the Revocable Declaration of Trust dated November 10, 1997 by John T. Hansen as Grantor and Trustee,** hereinafter referred to as Declarant, whose address is P.O. Box 625. Carrboro, NC 27510.

WITNESSETH:

WHEREAS, Declarant is the owner of that certain tract of land located in Orange County, North Carolina and being more particularly shown as all of the property on the plat and survey of GLENBROOKE SUBDIVISION, a cluster subdivision, as recorded in Plat Book 83, at Page 199, Orange County Registry, to which plat reference is hereby made for a more particular description of same, said land being identified herein as the "Properties".

AND WHEREAS, Declarant will convey lots from the "Properties" subject to the terms and conditions of this Declaration.

NOW, THEREFORE, Declarant declares the Properties and any property added thereto by "Phases" described in properly recorded Amendments to this Declaration shall be held, sold and conveyed subject to the following restrictions, covenants and conditions. The purpose of said restrictions, covenants and conditions is to protect the value, desirability and attractiveness of the Properties. Said restrictions, covenants and conditions shall be appurtenant to and run with the land and shall be binding on all parties having any right, title or interest in the Properties 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 GLENBROOKE HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

FOR MULTIPLE PIN SHEET
SEE BOOK 1985 PAGE 298-299

Section 2: "Properties" shall mean and refer to that certain real property, as more particularly described on Exhibit A attached hereto and incorporated herein by reference and any property added subsequent hereto in Phases by Amendments to this Declaration properly recorded.

Section 3: "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of all the Lot Owners in the Properties, such Common Area to be located in all Phases of the Properties as noted upon any recorded subdivision of each Phase plat of the Properties. The Common Area shall include all of the Open Space, the Recreation Area, the Pond, the Landscape Buffers and the underlying fee title to any publicly dedicated right-of-ways as shown on the plat and survey of GLENBROOKE SUBDIVISION, as recorded in Plat Book 83, at Page 199, Orange County Registry, to which plat reference is hereby made for a more particular description of same.

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

Section 5: "Phase" shall mean and refer to any additional areas, if any, adjacent to and brought into the Properties. Phasing shall be accomplished by an amendment to this Declaration which shall require execution only by Declarant, or his successors and assigns. Once the phasing amendment is recorded, the new area affected thereby shall become a part of the Properties subject to this Declaration.

Section 6: "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 with the exception of the Common Area. "Owner" shall not include those who have an interest in the Lot merely as security for the performance of an obligation.

Section 7: "Declarant" shall refer to the undersigned, its successors and assigns.

Section 8: "Declaration" shall mean and refer to this instrument as executed, made applicable to the "Properties" and recorded in the Office of the Register of Deeds of Orange County.

Section 9: "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE II

PROPERTY RIGHTS

Section 1: Owner's Easements of Enjoyment: Every owner shall have a right and easement of enjoyment in and to the Common Area, subject however to the easement rights reserved by the Declarant as hereinafter set forth in this Declaration, which easements shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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

(b) the right of the Association to suspend the voting rights and the right to the use of the recreational facilities by an Owner for any period during which any assessment against his lot remains unpaid and for a period not to exceed 60 days for any infraction of its published rules and regulations.

(c) the right of the Association to borrow money for the purpose of improving the Common Area and its facilities and as security for such to impose upon the Common Area a mortgage, all in accordance with the Association's Articles of Incorporation and By-Laws.

(d) 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 a two-thirds (2/3) majority of each class of members has been recorded.

Section 2: Delegation of Use: Any Owner, provided that such Owner is current in the payment of his homeowners dues as required hereinafter and is not in violation of any other covenants as are set forth herein, may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3: Conveyance of Common Area: Declarant shall, prior to the conveyance of the first Lot in each Phase, convey fee simple title to the Common Area for that Phase to the Association, subject to Declarant's reserved easement rights as set forth herein but free and clear of all encumbrances except for street rights of way, sidewalks, parking areas, and utility easements. Subject to Declarant's reserved easement rights, the Homeowners Association, from and after the sale and conveyance of three-quarters (3/4) of the Lots in each Phase, shall be solely responsible for maintaining and insuring the Common Area located in each Phase.

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 members:

Class A: Class A members shall be all Owners, excepting Declarant, each of whom 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; subject, however, to the provision that only one vote may be cast per Lot.

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

- (a) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or
- (b) on December 31, 2005.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1: Creation of the Lien and Personal Obligation of Assessments: Each Owner of a Lot, by acceptance of a deed, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. Declarant shall not be liable for any annual assessments or special assessments for any lots owned by Declarant.

Section 2: Purpose of Assessments: The assessments levied by the Association shall be used solely to promote the recreation, health, safety, and welfare of the residents in the Properties, to purchase insurance policies as herein stipulated and for the improvement and maintenance of the Common Area and any improvements located thereon, including but not limited to, all pedestrian trails, lights, front entryways, pond or any other structure or improvement of whatsoever nature or kind, payment of premiums for hazard and liability insurance on the Common Area, payment of local ad valorem real property taxes, if any, on the Common Area and the creation of adequate reserves for replacement of capital improvements located within the Common Area.

Section 3: Maximum Annual Assessment: Until January 1, 2001, the maximum annual assessment shall not exceed One Hundred Twenty and No/100 Dollars (\$120.00) per Lot, payable at the rate of Ten and No/100 Dollars (\$10.00) per month or Forty and No/100 Dollars (\$40.00) per quarter in the discretion of the Board of Directors.

- (a) From and after January 1, 2001, the maximum annual assessment may be increased each year not more than 10% above the prior year's assessment or in an amount

equal to the percentage increase in the consumer price index, whichever is greater, without a vote of the membership. The maximum annual assessment may be increased by more than this amount only by a vote of two-thirds (2/3) of the members who are voting in person or by proxy at a meeting duly called for this purpose.

(b) 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 part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the 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 Section 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 not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty-six and two-thirds percent (66 2/3%) of all votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6: 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 a Phase by Phase basis on the first day of the first month following the recording of the subdivision plat for each Phase. Upon the initial sale and conveyance of a Lot, a sum equivalent to two month's assessments shall be paid to the Glenbrooke Homeowners Association to provide a working capital fund. 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 specified 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 eight (8) percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive

or otherwise escape 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 of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer except that such an extinguished lien may be reallocated and assessed to all of the Lots as a common expense. No sale or transfer shall relieve such Lot from Liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

ARCHITECTURAL CONTROL

No building, outbuilding, fence, wall, porch, deck, patio or other structure, landscaping, or tree removal shall be commenced, erected, or maintained upon any of the Lots, 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, schedule of exterior color, finish, roofing, changes in topography and or elevation, landscaping, tree disturbance or removal and locations of the same shall have been submitted to and approved in writing by the Declarant, or his successor and assigns, as to harmony of external design and location in relation to surrounding structures, topography, and appearance. Declarant, or his successor and assigns, shall have the sole and absolute right to disapprove any plans or specifications so submitted and Declarant's decision shall be final and not subject to review or appeal. The Declarant, or his successor and assigns, shall have the right to inspect all construction and/or land disturbance to ensure that such work is performed in accordance with the approved plans and specifications and Declarant shall have the right to bring action to enjoin any activity taken in violation of this provision.

As of December 31, 2003, Declarant's responsibility pursuant to this Article shall pass to and become the responsibility of the Board of Directors of the Association or any Architectural Review Committee established by the Board, said committee to consist of no less than three (3) representatives appointed by the Board. The Declarant, in his sole discretion, shall have the right to convey his responsibility by written letter to the Association prior to December 31, 2003.

ARTICLE VI

EASEMENTS

Section 1: All of the property, including Lots and Common Area, shall be subject to such easements for water lines, sanitary sewer lines, storm drainage facilities, gas lines, cable TV, telephone and electric power lines and other public utilities as shall be or shall have been granted by the Declarant or by their predecessors in title. Each Lot Owner shall have an easement in common with every other Lot Owner and with Declarant for access to, in, over and through the Common Area

for the use and enjoyment thereof. Prior to the conveyance of the Common Area to the Homeowners Association by the Declarant, the Declarant shall have the exclusive right, power and authority (without the necessity of the joinder of any Owner) to grant and establish upon, over and across the Common Area such other easements as the Declarant deems appropriate and/or necessary for the development of the Properties. After the conveyance of the Common Area, the Association's Board of Directors shall have the power and authority to grant and establish upon, over, under and across the Common Area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property.

Section 2: An easement over, through and to the Common Areas in each Phase is hereby reserved, conveyed and established in favor of Declarant and its duly authorized agents and assigns, during and for the purposes of construction activity, storage of construction materials, the necessary disturbance of land for construction on any Lot and installation of driveways, sidewalks, underground drainage and utilities. Said easement shall continue and exist only so long as Declarant and its duly authorized agents and assigns are actually engaged in construction within any Phase of the Properties. No Lot Owner shall interfere or hamper Declarant, its agents or assigns, in connection with such construction.

ARTICLE VII

USE RESTRICTIONS

Section 1: Rules and Regulations: The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the yard space of each Lot and the Common Area.

Section 2: Use of Property: No Lot shall be used except for single-family residential purposes in accordance with the Conditional Use Permit issued by the Town of Chapel Hill and in accordance with the restrictions hereinafter set forth. "Single-family residential" purposes may include "light-housekeeping" apartments containing no more than one bedroom.

(a) There shall be no further subdivision of any Lot shown on any recorded plat of GLENBROOKE SUBDIVISION.

(b) No building shall be located on any Lot nearer to the front or rear Lot line than twenty (20) feet nor nearer to any side Lot line than ten (10) feet. Abutting chimneys, and overhanging eaves, gutters or roof lines are exempt herefrom. Areas on the Lot located within the front and interior building setback areas must remain in a natural or landscaped state. No buildings or other structures of any kind, other than the crossing of a sidewalk or entrance driveway shall be allowed in these areas. Relief from any violation of the setback violations may be granted by the Declarant at its sole discretion provided that compliance with the zoning ordinances of the Town of Chapel Hill is maintained and provided that such relief or waiver is in writing and recorded in the Orange County Registry.

(c) All dwellings shall be constructed on the Lot by a building contractor licensed in the State of North Carolina. No dwelling shall be erected or allowed to remain on any Lot unless such dwelling shall contain at least 2,000 square feet of heated, finished living area, in the case of a one-story residence, or 2,200 square feet (with at least 1,000 square feet of that 2,200 square feet being located on the first floor) of heated, finished living area in the case of a one and one-half story or two-story dwelling. No dwelling shall exceed three stories in height. No garage constructed along with a dwelling on any Lot shall exceed the size of a three (3) car garage. Carports shall not be permitted on any Lot and all garages shall be completely enclosed.

(d) No commercial, inoperative, abandoned, unlicensed motor vehicles or recreational vehicles, boats or sailing vessels, farm or construction machinery and any trailers or carriers, or like equipment or mobile or stationary trailers of any kind shall be kept or permitted to remain on any Lot, without the prior written approval of the Declarant and even with such approval, such vehicles must be stored in an enclosure away from view. Under no circumstances shall any such vehicle be parked on the streets of the Glenbrooke Subdivision.

(e) Use of minibikes, motorcycles for recreational purposes or motor-propelled bicycles or go-carts is prohibited on all streets, perimeter trails and easements within the Properties.

(f) Swing sets, play houses and play areas shall be unobtrusively located at the rear of the Lot.

(g) At no time shall any Lot or parcel be stripped of its topsoil and trees, or allowed to be eroded by being excavated or neglected. Trees identified as significant trees in the Glenbrooke tree protection plan as approved by the Town of Chapel Hill, may not be cut, molested, or excessively pruned without the written permission of the declarant. Significant trees may only be removed by a licensed and insured arborist.

(h) Each Owner shall maintain and preserve his or her lot in a clean, orderly, and attractive condition. Maintenance and preservation of the Lot shall include, for example, the trimming of shrubs, the mowing of grass, landscaping, and the removal of trash, leaves, debris and fallen trees or limbs.

(i) No mobile home, trailer, or modular construction pre-fab unit shall be allowed on any Lot. No outbuilding shall be placed on a lot unless approved by Declarant, who may reject an outbuilding without cause. No dwelling shall be moved from any other location onto a Lot.

(j) The driveway for each Lot shall be constructed of concrete and completed prior to the occupancy of any dwelling constructed on that Lot. Each driveway must be of sufficient size to permit the off-street parking of at least two (2) automobiles.

(k) No lumber, brick, stone, excavated earth, cinder block, cement, or other materials used for building purposes shall be stored upon any Lot longer than a reasonable time for the completion of construction in which they are used. None of these materials may be stored, or heavy equipment or vehicles parked, within the dripline of any significant trees on or adjacent to the Lot during or after construction.

(l) When the construction of any dwelling has commenced, work thereon must be prosecuted diligently and must be completed within a reasonable time not exceeding twelve (12) months from the date of commencement of construction; provided however, the Declarant may modify such requirement in its sole discretion.

(m) Each Owner shall be responsible for the costs and expenses for any road, utilities, sidewalk or other infrastructure improvement necessitated by damage done as a result of the construction of improvements upon the Owner's Lot.

(n) All utility or cable lines from the public road and within the lots shall be properly installed underground. Where practical these lines should be placed in a common trench along the boarder of the driveway leading from the street to the Lot. No exposed or exterior radio or television transmission or receiving antennas shall be erected, placed or maintained on any part of the Properties which shall exceed the height of the trees on the Lot or that can be seen from the roadway or adjoining Lot(s).

(o) No dwelling shall be erected or allowed to remain on any Lot that is not connected with the water and the sanitary sewer system serving the Glenbrooke Subdivision.

(p) No street shall be laid out or opened across or through any Lot. No fences or walls shall be erected or allowed to remain on the front portion of any Lot (the portion of the Lot located between the dwelling and the street that the dwelling faces). No fences or walls shall be erected or allowed to remain on the remainder of the Lot without the prior written consent of Declarant. Any such approved fence must be constructed of natural materials, limited in height and length, and be approved in all respects by Declarant. Notwithstanding the foregoing, fencing may be placed in Common Areas by Declarant solely at Declarant's option.

(q) No noxious or offensive activity shall be conducted upon any Lot or the Common Area, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to neighborhood or to the occupants of any adjoining Lots. No industrial, business, or commercial activity whatsoever is permitted on a Lot, including but not limited to a boarding house, fraternity or sorority house, business or manufacturing, or antique, gift, or any kind of shop. No animals other than a limited number of dogs and/or cats kept as household pets shall be kept or allowed to remain on any Lot, for any purpose. All pets must be restrained at all times. No dogs and/or cats may be kept, bred and/or maintained on the Lots for commercial purposes.

(r) No structure of a temporary character, such as but not limited to trailers, tent, shack, garage, barn or other outbuilding shall be used or permitted to remain on any Lot or the Common Area at any time as a residence, either temporarily or permanently, or for any other purpose of whatsoever nature or kind.

(s) The perimeter trail system shall be used only for pedestrian and non-motorized vehicular purposes. The perimeter trail system shall be closed and not used for any purpose whatsoever between sunset and sunrise. Owners using the perimeter trail system shall respect the rights of adjoining Lot owners to the quiet enjoyment of their respective Lots.

(t) Clothes lines and satellite or other receiving devices exceeding a dish diameter of 18" shall not be allowed or maintained on any Lot or in the Common Area.

(u) In the event that individual mailboxes are permitted by the Town of Chapel Hill, then all such mailboxes shall be of a standard size and design; and the design, size and location of such mailboxes must be approved in writing by the Declarant prior to installation of such mailbox on any Lot.

(v) Solar panels and/or collectors shall not be installed or constructed on the side of any structure constructed on a Lot that faces any street or installed or constructed anywhere on such structure if such solar panels and/or collectors are visible from any street in the subdivision.

Section 3: Signs: No signs of any kind except those advertising an individual lot "For Sale" of "For Rent" and those signs used by the Declarant in the advertising of the Properties, shall be displayed for public view in and about the premises.

Section 4: Preservation of Common Area: It is the intention of Declarant that the open space surrounding the property be maintained in perpetuity in its natural state as a buffer, for wildlife habitat, for the use and enjoyment of the Owners and to preserve view corridors from the adjoining public ways. Accordingly the cutting, molesting, excessive pruning, or removal of any tree whose diameter at chest height exceeds three (3) inches is strictly forbidden; unless such removal is necessary for safety reasons or sound management of healthy and sustained growth in the Common Areas. Removal of trees shall only be accomplished by a licensed and insured arborist.

Section 5: Items to be Approved by Homeowners Association: Without the prior written approval of the Homeowners Association as to location, style, type, size and composition, no antennae, aerials, pole towers, solar collectors or similar structures, no fuel tanks or any similar type of storage receptacle, no mailboxes or newspaper containers, and no temporary structures such as sheds, mobile homes or trailers or tents may be placed upon any Lot or the Common Area. Declarant may place one or more construction trailers on any Lot or the Common Area during construction provided the same are removed within a reasonable period of time after construction in that area has been completed. No travel trailers or recreational vehicles shall at any time be used as a residence either temporarily or permanently.

Section 6: Utility Easements: Easements for installation and maintenance of utilities and for drainage are hereby reserved over and across the side five (5) feet and the rear ten (10) feet of each Lot.

ARTICLE VIII

INSURANCE

Section 1: Ownership of Policies: All insurance policies insuring the Common Area and providing for liability thereon shall be purchased by the Homeowners Association for the benefit of the Homeowners Association and its mortgagees as their interests may appear.

Section 2: Coverage: All buildings and all improvements located within the Common Area and facilities shall be insured under a master policy of fire and extended casualty insurance in an amount equal to the maximum insurable replacement value (100% of current replacement costs) as determined annually by the Board of Directors with the assistance of the insurance company providing such coverage and liability insurance coverage in an amount deemed proper by the Association but not Less than One Million Dollars per occurrence.

Section 3: Premiums: Premiums for insurance policies purchased by the Board of Directors shall be paid by the Board of Directors as a common expense from the monthly assessments provided for herein.

Section 4: Proceeds: All insurance policies purchased by the Board of Directors shall be for the benefit of the Homeowner's Association and the Lot Owners and shall provide that all proceeds thereof shall be payable to the Board of Directors as insurance trustees under this Declaration. The sole duty of the Board of Directors as insurance trustees shall be to receive such proceeds and to hold the same in trust for the purposes elsewhere stated herein or stated in the By-Laws.

Section 5: Distribution of Insurance Proceeds: Proceeds of insurance policies received by the Board of Directors as insurance trustees shall be held and paid to defray any and all costs of reconstruction, repair or liability insurance considerations. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners.

ARTICLE IX

GENERAL PROVISIONS

Section 1: Enforcement: The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restriction, 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 any future right to do so.

Section 2: Reserved Right of Declarant: Declarant reserves the right to do all things reasonably necessary or proper to merge the Owners of any Lots in subsequent Phases with the Glenbrooke Homeowners Association. Any such merger, when and as it occurs, shall be subject to Declarant herein retaining control of development and construction in all Phases of the Properties, including those Phases so merged, until such time as Class B membership in the Properties shall no longer exist as set forth in Article III herein. At all times the Board of Directors of Glenbrooke Homeowners Association shall have the same reserved right but the failure to accomplish such a merger shall not impose any liability upon either Declarant or the Board of Directors.

Section 3: Severability: Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provision herein contained which provisions shall remain in full force and effect.

Section 4: 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) years. This Declaration may be amended at any time by an instrument signed by not less than sixty-six and two thirds (66 2/3%) percent of the Lot Owners. Any amendment must be recorded.

Section 5: Mortgagee's Rights: A first mortgage, or the insurer or guarantor of a first mortgage, shall be entitled, upon written request, to receive copies of this Declaration, the By-Laws, Rules and Regulations, and Articles of Incorporation of Glenbrooke Homeowners Association; entitled to inspect the books and records of the Association during normal business hours or under other reasonable circumstances; entitled to receive at no additional cost the annual audited financial statement within ninety (90) days following the end of the fiscal year; entitled to receive written notices of meetings of the Association and to designate a representative to attend all such meetings; entitled to receive timely notice of any substantial damage to or destruction of any part of the common area and facilities; entitled to receive notice if any part of the common area and facilities are subject to a condemnation or eminent domain proceeding or are otherwise sought to be acquired by a condemning authority; entitled to receive notice of any sixty (60) day delinquency in the payment of assessments or charges of any owner of any Lot upon which that mortgagee, insurer or guarantor holds a mortgage; entitled to receive notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association of the Common Area; and entitled to receive notice of any proposed action which requires the consent of a specified percentage of mortgage holders.

Section 6: Reserved Rights of Lot Owners: No Lot Owner shall be subject to a restraint imposed by the Association upon his right to sell, transfer, or otherwise convey his Lot. Under no circumstances shall the Association have a right of first refusal upon the sale and conveyance of any Lot. No Lot Owner shall be subject to any restraint imposed by the Association upon his right to mortgage his Lot with whomever or whatever institution and upon those terms and conditions the Lot Owner is willing to accept.

Section 7: Contracts: Any contract, lease or agreement entered into by the Association on its own behalf must be terminable by either party without cause upon not more than ninety (90) days

notice to the other party. If so terminated, no termination fee shall be required to be paid to or by either party.


Section 8: FHA/VA/FNMA Approval: As long as there is a Class B member, the following actions may require the prior approval of the Federal Housing Administration, the Veterans' Administration or the Federal National Mortgage Association: Annexation of additional properties to the Glenbrooke Homeowners Association (which shall not be applicable to the phasing of the project as set forth herein), dedication of Common Area or encumbering the Common Area in any phase with a lien.

Section 9: Applicability of Declaration, By-Laws, Rules and Regulations: All Lot owners, tenants and occupants of Lots shall be subject to and shall comply with the provisions of the Glenbrooke Declaration, the By-Laws, and the Rules and Regulations, as the same may be amended from time to time. These provisions shall be deemed covenants running with and appurtenant to the land.

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



SEMA E. LEDERMAN (SEAL)



SEMA E. LEDERMAN, Successor Trustee under the
Revocable Declaration of Trust dated November 10, 1997 by
John T. Hansen as Grantor and Trustee (SEAL)

NORTH CAROLINA

COUNTY OF Wake

I, a Notary Public in and for Wake County, North Carolina, DO HEREBY CERTIFY that SEMA E. LEDERMAN and SEMA E. LEDERMAN, Successor Trustee under the Revocable Declaration of Trust dated November 10, 1997 by John T. Hansen as Grantor and Trustee, personally appeared before me this day and acknowledged the execution of the foregoing instrument for the purpose therein expressed.

WITNESS my hand and official stamp or seal, this the 3rd day of September, 1999.

Terrri W. Robinson

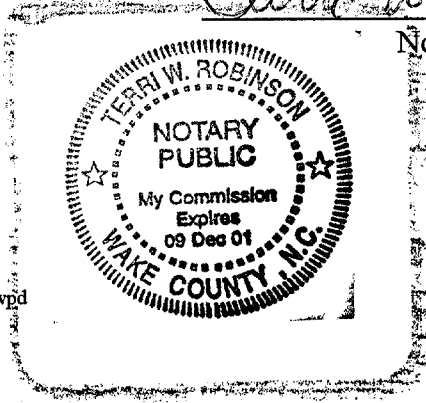
Notary Public

(NOTARIAL SEAL)

My commission expires:

12-9-01

C:\Work\Glenbrooke Restrictive Covenants.wpd



State of North Carolina-Orange County

The foregoing certificate(s) of Terrri W. Robinson

A Notary (~~Notaries~~) Public for the Designated Governmental units is (~~are~~) certified to be correct. See filing certificates herein.

This the 7th day of Sept. A.D. 19 99

Joyce H. Pearson

Register of Deeds By: Debrah B. Brook
Assistant Deputy

FILED
07 SEP 1999, at 04:47:35pm
Book 1985, Page 300 - 313
Joyce H. Pearson
Register of Deeds,
Orange County, N. C.