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REBA G. THOMAS
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Prepared by/return to: Bagwell, Holt and Smith, P.A., 111 Cloister Ct., Ste. 200, Chapel Hill, NC 27517

NORTH CAROLINA

CHATHAM COUNTY

BOOK 1234 PAGE 561

DECLARATION OF COVENANTS AND RESTRICTIONS FOR
MILLCROFT CLOSE

THIS DECLARATION is made this 21st day of January, 2006, by FITCH CREATIONS, INC., a corporation organized under the laws of North Carolina, hereinafter referred to as "Declarant."

WITNESSETH:

THAT WHEREAS, Declarant is the owner of certain property in Williams Township, Chatham County, North Carolina, which is more particularly described as:

Being all of Lots 4060, 4061 and 4062, as shown on the plat entitled "MILLCROFT CLUSTER HOMES, CLOSE TWO", prepared by Van R. Finch Land Surveys, dated September 12, 2005, and recorded in Plat Slide 2005-352, Chatham County Registry (the "Property").

THAT the Declarant intends to create from the Property and such additional land as may be subjected to this Declaration pursuant to Article XI, Section 5 below a planned community to be known as Millcroft Close ("the Community").

THAT the Declarant desires to impose certain restrictive and protective covenants upon the Property to protect and promote the beneficial ownership, use and enjoyment of all residential lots located within the Community.

NOW, THEREFORE, pursuant to Chapter 47F of the North Carolina General Statutes ("the Planned Community Act"), the Declarant hereby executes this Declaration to create Millcroft, a North Carolina planned Community, and declares henceforth that all of the portions of the Property shall be held, owned, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and

desirability of, and which shall run with, the Property and be binding on all parties having any right, title or interest in any portion of the Property, and their lessees, guests, mortgagees, heirs, executors, administrators, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

APPLICATION OF THE NORTH CAROLINA PLANNED COMMUNITY ACT

The terms and provisions of Chapter 47F of the North Carolina General Statutes, as the same shall be amended from time to time, shall apply to the Community.

ARTICLE II

DEFINITIONS

The definitions set forth in N.C.G.S. § 47F-1-103 shall apply to this Declaration and are incorporated herein, except that the terms listed below shall have the specific meanings stated:

"Association" shall mean Millcroft Homeowners Association, a North Carolina non-profit corporation, its successors and assigns.

"Board of Directors" or "Board" shall mean the executive board of the Association, as defined by the Planned Community Act and as created by the Bylaws.

"Bylaws" shall mean the bylaws of the Association as they now or hereafter exist and as they may be amended from time to time.

"Common Area" shall mean all real property, and any improvements thereon, wherever located, now or hereafter owned or leased by the Association or subjected to an easement or license in favor of the Association for the common use and enjoyment of the Owners.

"Declarant" shall mean and refer to Fitch Creations, Inc., its successors and assigns designated as Declarant in a document recorded at the Office of the Register of Deeds of Chatham County, North Carolina and executed by the immediately preceding Declarant.

"Lot" shall mean and refer to any plot of land within the Community designated for separate ownership or occupancy and residential use shown upon any recorded subdivision map of the Community with the exception of the Common Area.

"Master Association" shall mean the Fearington Homeowners Association, Inc.

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

"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 Property, including contract sellers but excluding those having such interest merely as security for the performance of an obligation.

ARTICLE III
PROPERTY RIGHTS

Section 1. 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 any common facility;
- (b) The Association may suspend an Owner's right and privileges to use certain portions of the Common Area for failure of that Owner, his lessees, agents or invitees, to abide by this Declaration, the Bylaws, the Rules and Regulations or the administrative rules and regulations governing the Common Area. The procedure for the Association to do so shall be as set forth in the Bylaws. The Association shall not impose any such suspension unless and until the Owner charged has been given notice of the charge, opportunity to be heard by and present evidence to the Board and notice of the Board's decision. Suspensions may be imposed for a reasonable period of time and/or until a violation or delinquency is cured.
- (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 signed by two-thirds (2/3) of the members agreeing to such dedication or transfer has been recorded.
- (d) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities. However, the Common Area may not be subjected to a security interest by the Association, except upon the approval of Members representing at least eight percent (80%) of the total votes in the Association.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, 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. The ultimate responsibility for complying with these covenants remains with the Owner.

Section 3. No boats, trailers, mobile homes or motor homes owned or leased by any Member, tenant, family or guest of Members shall be parked within the right of way of any public street or Common Area in the Community.

Section 4. No external radio or television antennas or "dishes" above 18 inches circumference are permitted under any circumstances.

Section 5. Title to the Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area to the Association, free and clear of all encumbrances and liens, except easements necessary for the utilities, drainage and other common benefits including any type of communication cable or wiring, on the date of completion of construction of single family residences on all Lots or on the date that all Lots have been conveyed to third parties, whichever occurs first. The Declarant

expressly reserves the right to alter and restructure existing lot lines and the open space designated on the plat or plats showing Lots subject to the provisions of this Declaration, provided that Declarant shall not increase the number of existing lots as shown on the aforesaid recorded plats, and provided that Declarant shall record a revised subdivision map or maps depicting said alterations.

ARTICLE IV

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 (1) 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 determine, but in no event shall more than one (1) vote be cast by Class A Members with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and 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 equal the total votes in the Class B membership, or
- (b) on January 31, 2016.

Unless otherwise provided herein or in the Planned Community Act, all voting matters shall be decided by a simple majority vote. Requirements for a quorum shall be as provided by the Bylaws. The Members shall meet as provided by the Bylaws.

Section 3. The initial Board shall enact and adopt all and any Bylaws that they deem necessary for the operation of the Association, which Bylaws shall be binding upon all Members, their mortgagees, lessees, agents and invitees.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of Assessments. The Declarant, for each Lot owned within the Community, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, 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, (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (3) specific assessments, such assessments to be established and collected as hereinafter provided.

Declarant hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the properties and in particular for the improvement and maintenance of properties, services including but not limited to yard maintenance, garbage pickup, and facilities such as garages devoted to this purpose and related to the use and enjoyment of the common properties and of the homes situated upon the properties, including, but not limited to, the payment of insurance thereon and taxes on the common areas, repair, replacement and additions thereto, reserves therefore and for the cost of labor, equipment, materials, management and supervision thereof.

In addition, each Owner shall become a Member of the Fearington Homeowners Association as outlined in Article XI, Section 6 below and subject to its annual dues.

Section 3. Annual Assessment. The initial annual assessment for each Millcroft Lot will be determined by the Declarant prior to the issuance of the first Certificate of Occupancy on a Millcroft Close Lot. Thereafter, as additional properties are subjected to the operation of this Declaration, the initial annual assessment for such new Lots shall be the current assessment of Millcroft Lots at the time the new Lots are added to the Association for membership and voting purposes under Article IV in order that all lots be assessed equally and that the assessment be consistent for all parts of the Community. The initial annual assessment shall be determined by the preparation of a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund for repair and replacement of capital assets, based on a budget which takes into account the number and nature of replaceable assets, the expected life of each asset and each asset's expected repair or replacement cost.

(a) The annual assessment may be increased effective January 1 of each year without a vote of the membership in conformance with the rise, if any, plus ten percent (10%) of such rise, of the Consumer Price Index of all prices for the standard metropolitan area closest to Fearington PUD for which the Consumer Price Index is published by the Department of Labor, Washington, D.C. for the preceding month of July.

(b) The annual assessment may be increased above that permitted in 3(a) by a vote of the members provided that any such change shall have received the consent of two thirds (2/3) of all the members in each class of members who are voting in person or by proxy at a meeting duly called for this purpose. Consent to any such action may be evidenced by written instrument signed by the members; by the record of the members voting in favor thereof at any meeting of members duly called and held in accordance with the provisions in this Section 3(b); or by a combination of written instrument and such record of a meeting of members. Written notice of any meeting of members at which an increase in assessment under either Section 3(b) or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting, and such notice shall set forth the purpose of the meeting.

(c) After consideration of current maintenance costs and future needs of the Association, 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 assessment 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 (2/3) of the vote 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 Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 above shall be sent to all members 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 per cent (60%) of all the 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. Provided, however, that the assessment for Lots owned by Declarant which are not occupied as a residence may be a lesser amount as fixed by the Board of Directors of the Association, but shall not be less than twenty-five per cent (25%) of the regular assessments for other lots.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments by the Association provided for herein shall commence as to all Lots as of the first day of the month following the later of either a) the conveyance of the Lot by Declarant to an Owner, or b) the issuance of a Certificate of Occupancy for the dwelling built on the Lot. Such annual assessments shall be paid equally on a monthly basis, provided, however, there shall be paid at the time of the initial assessment in the initial sale of each subsequent lot at least two (2) months' assessments in order to provide a working capital fund for the initial months of the Association's operation. 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 request, 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. Notwithstanding the above, Declarant shall have the right to commence assessment of each lot from the first day of the month following conveyance of each lot and the issuance of a certificate of occupancy by the appropriate governmental body from the Declarant to defray the cost of insurance and for the provision of services, providing, however, that this assessment shall never be more than that being assessed by the Association.

Section 8. Specific Assessments. The Board shall have the power to levy Specific Assessments against a particular Lot to cover costs incurred in bringing the Lot into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Lot, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Lot Owner prior written notice and, if required by this Declaration or the Bylaws, an opportunity for a hearing before levying any Specific Assessment under this Section 8.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Each assessment levied by the Association, together with interest and the costs of collection thereof, including reasonable attorney's fees, shall be the personal obligation of all the Owners of each Lot. The Association shall have the power to take whatever action is necessary, at law or in equity, to enforce this Declaration and to collect the assessment, interest and costs. Any assessment not paid within thirty (30) days after the date of mailing of the notice that it is due shall bear interest from the date of mailing of the notice at the highest rate permitted by law on the date the assessment came due, and the assessment, together with interest thereon and the costs of collection thereof (including reasonable attorney's fees) shall constitute a lien on the delinquent Lot when a claim of lien is filed by the Association against the Lot in the Office of the Clerk of Superior Court of Chatham County. The lien may be foreclosed by the Association as provided in N.C.G.S. § 47F-3-116.

The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay annual assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner may exempt himself from liability for assessments by non-use of Common Area, abandonment of his or her Lot or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action of the Board.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage and ad valorem taxes. Sale or transfer of any Lot shall not affect the assessment lien, or relieve such Lot from the lien for any subsequent assessments. However, the sale or transfer of any Lot pursuant to first mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such mortgagee's foreclosure. The subsequent Owner of the foreclosed Lot shall not be personally liable for assessments on such Lot due prior to such acquisition of title. Such unpaid assessments shall be deemed to be common expenses collectible from Owners of all Lots subject to assessment under this Article, including the subsequent Owner of the foreclosed Lot. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein:

(a) all properties dedicated to and accepted by a local public Authority;

(b) the Common Area;

(c) all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina.

However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 12. Responsibility for Maintenance of Private Streets and Driveways. The maintenance responsibility of the private streets and driveways within the Community as shown on the recorded plat, shall rest with the Association.

ARTICLE VI

ARCHITECTURAL CONTROL

No building or re-building, fence, wall or other structure shall be commenced, erected or maintained in the Community, nor shall any exterior addition to or change or alteration, including repairs and reconstruction due to fire or other casualty, therein be made by any owner other than the Declarant until the plans and specifications showing the nature, kind, shape, height, color, 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 an 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 sixty (60) 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.

The Board or its designated committee shall have authority to approve any external change, including painting and staining, rooflines, and any condition or material otherwise as a matter of judgment, except that the following changes would disrupt the harmony of the external design that each owner purchased with his home and the Board or its designated committee shall not recommend approval: (a) Antennas of any sort except "dishes" of 18 inches or less in diameter; (b) artificial plants; (c) clothes lines; (d) dog houses; (e) flag poles, except that flags may be flown temporarily on patriotic occasions; (f) outdoor statuary; (g) outdoor storage structures; (h) screen doors and storm doors (except for standard approved design); (i) sports equipment including but not limited to basketball backboards; (j) temporary structures; (k) unlined curtains; (l) structural modification, porches or other enlargement to the structure other than decks of a reasonable size.

ARTICLE VII

EXTERIOR MAINTENANCE

In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replacement and care of roofs, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements. Such exterior maintenance shall not include glass surfaces. Further, the owner of any lot may at his election plant shrubs and flowers indigenous to the local area and in harmony with the surrounding area and maintain portions of his immediate yard provided that such maintenance by the owner does not hinder the Association in performing its maintenance of

the exterior of the house and the remaining yard space. To accomplish the maintenance responsibilities established, the Association shall have an easement across each Lot to the extent necessary to perform such exterior maintenance. Owner shall provide access at reasonable hours for the performance of maintenance and repair.

Fences, arbors and other structures as the Declarant may install as part of the overall landscape plan which may or may not lie on the property line of individual lots are intended to be a part of the Common Area and subject to exterior maintenance.

In the event that the need for maintenance or repair is caused through 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.

Maintenance and repairs under this Article rise from normal usage and weathering and do not include maintenance and repairs made necessary by fire or other casualty, damage, which is controlled by Article VIII below.

It is in the best interest of the entire Association that all units be maintained properly and despite the fact that some dwellings may require more maintenance than others because of differing amounts of exposure to the elements, the Association shall be required to provide such maintenance as shall be necessary and make a uniform charge without regard to the actual cost of maintaining individual buildings.

ARTICLE VIII

INSURANCE

Section 1. Insurance coverage on the property shall be governed by the following provisions:

(a) Ownership of Policies. All insurance policies upon the properties shall be purchased by the Association for the benefit of all the Association and the Owners and their mortgagees as their interests may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners. Owners shall, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.

(b) Coverage. All buildings and improvements upon the land and all personal property included in the common areas and facilities shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with such assistance as may be practical. Such coverage shall provide protection against:

- (1) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and
- (2) Other risks as from time to time shall be customarily covered with respect to buildings on the land.
- (3) Policies shall contain clauses providing for waiver or subrogation. Public liability insurance shall be secured by the Association in such amount and with such coverage as shall be deemed necessary by the Association, but in no case less than

\$1,000,000 per occurrence, including, but not limited to, an endorsement to cover liability of the townhouse owners as a group to a single townhouse owner. There shall also be obtained such other insurance coverage as the Association shall determine at any time to be desirable and necessary.

(c) Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association and charged equally to Owners as an assessment according to the provisions of Article V above.

(d) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustees under this Declaration. The sole duty of the Association as insurance trustees shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein or stated in the Bylaws and for the benefit of the Owners and their mortgagees in the following shares:

- (1) Proceeds on account of damage to common areas and facilities held for the Association.
- (2) Proceeds on account of damage to houses shall be held in undivided shares for the Owners of damaged houses in proportion to the cost of repairing the damage suffered by each Owner, which cost shall be determined by the Association.
- (3) In the event a mortgagee endorsement has been issued to a townhouse, the share of the owner shall be held in trust for the mortgagee and their owner as their interest may appear.

Section 2. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

- (a) Reconstruction or Repair, as provided above.
- (b) Expense of loss settlement incurred by the Trustee.
- (c) Any proceeds remaining after defraying such cost shall be retained by the Association.

ARTICLE IX

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors 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 Common Areas.

Section 2. Use of Properties. No portion of the Community (except for temporary office of the Declarant and/or Model Homes used by Declarant) shall be used except for residential purposes or purposes incidental or accessory thereto.

Section 3. Quiet Enjoyment. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the Community. No junk cars may be abandoned within the Community or otherwise parked on the Lots. There shall not be maintained any plants or animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant of a nature as may diminish or destroy the enjoyment of other property in the Community by the Owners thereof.

In the event that any Owner or occupant of a Lot shall fail or refuse to keep said Lot free from weeds, underbrush, or refuse piles or other unsightly growths or objects, then Declarant or the Association may give such person written notice of such failure and such person must within ten (10) days after receiving such notice (which notice shall be deemed to have been received upon deposit in any official depository of the United States mail, addresses to the party to whom it is intended to be delivered at that party's current address as shown by the records of the Association, and sent by certified mail, return receipt requested), perform the care and maintenance required or otherwise perform the duties and responsibilities of such Owner. Should any such person fail to fulfill this duty and responsibility within such period, then the Declarant or the Association, acting through its authorized agent or agents, shall have the right and power to enter onto the Lot in question and perform such care and maintenance without ant liability for damages for wrongful entry, trespass or otherwise at any person. All Owner(s) of a Lot on which such work is performed shall be liable for the cost of such work together with interest on the amounts expended by the Association or the Declarant in performing such work computed at the rate of ten percent (10.00%) per annum from the date(s) such amounts are expended until repaid to the Association or the Declarant, as the case may be, and for all costs and expenses incurred in seeking the compliance of such Owner with his duties and responsibilities hereunder, and shall reimburse the Association or the Declarant, as the case may be, on demand for such costs and expense (including interest as above provided). If such Owner shall fail to reimburse the Association or the Declarant, as the case may be, within thirty (30) days after mailing to such Owner of a statement for such costs and expense by the Association or Declarant, the Association has performed the work on the Lot of the delinquent Owner(s), the Association may charge a Specific Assessment for such amounts against the Lot of such Owner(s), and proceed to collect such Specific Assessment as provided in Article V above.

Section 4. No animals except dogs and cats shall be kept by Owners and occupants, and these pets shall be confined to the occupant's home unless on a leash and under Owner's care. Dogs and cats shall not be kept or maintained for commercial purposes. In addition to other remedies available for violation of this provision, the Association may, after notice and an opportunity to be heard, impose a fine not exceeding Twenty-Five Dollars (\$25.00) a day for each day that the violation of this provision continues.

Section 5. No commercial signs of any kiind, including "for rent", "for sale" and other similar signs, shall be displayed to public view on any Lot by anyone including, but not limited to, the Owner, a realtor, a contractor or subcontractor, except with the written permission of Fitch Creations, Inc. or except as may be required by legal proceedings, it being understood that Fitch Creations, Inc. will not grant permission for said signs unless their erection is reasonably necessary to avert serious hardship to the Owner. If such permission is granted, Fitch Creations, Inc. reserves the right to restrict size, color and content of such signs.

Section 6. Garbage cans or fire wood shall be stored either in the garage or in places designated by the Declarant or the Association.

Section 7. No horses or minibikes shall be permitted on any of the Lots within the Community, on the streets, or on the Common Area unless such Common Area shall be designated for such use by Declarant or the Association.

Section 8. No house trailer, tents, mobile homes or motor homes, or temporary structures of any kind may be placed on any Lot at any time, either temporarily or permanently.

Section 9. No tubular or other receptacles for newspapers or advertising publications nor any mail boxes shall be placed in the front yards or within the street right-of-ways in front of any Lot.

Section 10. No trees measuring six (6) inches or more in diameter (outside bark to outside bark) at four feet above the ground shall be removed without prior written approval of Declarant, or upon a relinquishment of all Lots by said Declarant, then by the Association.

Section 11. Each Owner within the Community shall maintain and preserve his lot in a clean, orderly and attractive appearance within the spirit of the Community.

ARTICLE X

DAMAGE AND DESTRUCTION

Except as hereinafter provided, damage to or destruction of a building shall be promptly repaired and restored by the Association using the proceeds of insurance on the building for that purpose and Owners of damaged houses shall be liable for assessment of any deficiency; provided, however, if a building be so damaged or destroyed by fire or other casualty that the same is untenable, the building shall be reconstructed.

Any reconstruction or repair shall be in accordance with the plans and specifications of the original building, and subject to the provisions of Article VI above.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Easements. All conveyances of lots in the Community are made and accepted subject to any easements or rights of way that may have been granted for power, light and telephone lines and drainage facilities either expressly or as shown on previous plats of survey. Declarant expressly reserves and grants to itself and its subsidiary Fearington Utilities, Inc. and to their successors and assigns a perpetual easement across the common area and over lots as shown on the plat of survey for the purposes of locating walls, fences and walkways, providing telephone, cable and electrical service, as well as power, water and sewer service, and storm drainage, whether located now or hereafter located on the property, and for construction of the same or making repairs or improvements thereto.

Section 2. Enforcement. The Association, or any 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.

If a proceeding at law or in equity is brought by the Association or the Master Association to enforce any covenant or restriction herein and the Association or the Master Association prevails in such action, the party or parties against whom the action was brought will be liable for and pay the attorneys fee and court costs, and such fees and costs will become a lien against the property until paid. Similarly, if an Owner brings an action against the Association or the Master Association and the Association or the Master Association prevails, the Owner shall pay the costs and fees.

Section 3. 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 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 by an instrument signed by not less than seventy-five percent (75%) of the Owners in the Community plus additional owners in tracts added in accordance with Section 5 next below, "Additions to Existing Property"; provided, however, that no amendment to this Declaration may be made which substantially diminishes or adversely affects the interest of the Owner in the Lot or as a member of the Association. Any amendment must be recorded.

Section 5. Additions to Existing Property. Additional lands may be subject to this Declaration in the following manner:

(a) The Declarant, its heirs and assigns, shall have the right to bring within the scheme of this Declaration additional properties in future stages of the general plan of Millcroft Close, as well as contiguous areas as long as such additions are in accord with the general plan of development. Unless otherwise stated therein, such general plan shall not bind the Declarant, its heirs or assigns, to make the proposed additions or to adhere to the plan in any subsequent development of the land shown hereon.

(b) Other additional residential property or Common Area may be annexed to the properties with the consent of two-thirds (2/3) of each class of members.

The additions shall be made by filing of record Declarations of Covenants and Restrictions supplementary to these in the Chatham County Registry, which will extend the operation and effect of these covenants and restrictions to such property.

The supplementary Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient in the judgment of the Declarant to reflect a different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration.

Lot Owners in such additions shall be entitled to all the rights and privileges of the original Lot Owners and shall also be subject to the same obligations and duties imposed upon Lot Owners by this Declaration or by Rules and Regulations adopted by the Association.

Section 6. Fearrington Homeowners Association, Inc. Declarant has heretofore recorded in book 398, page 436, Chatham County Registry, a declaration dated August 4, 1976, which provides for creation of the Fearrington Homeowners Association, Inc. with certain rights and duties. Article VII of said declaration titled "ADDITIONS" states that the Declarant has the right

to bring within the plan and operation of that Declaration additional properties in future stages of development by filing of record supplementary declaration of covenants and restrictions. For the purpose of bringing the properties herein described under the general jurisdiction of the Fearington Homeowners Association, Inc. for the singular purposes of use and maintenance and financial responsibility for the areas which have been or may in the future be turned over to the Master Association, as well as to provide one association for the betterment of the entire Fearington community, Declarant hereby declares this Declaration to be a supplementary declaration of covenants and restrictions to that recorded in book 398, page 436, Chatham County Registry. Owners become members of the Fearington Homeowners Association, Inc. upon conveyance to them of a lot by Declarant. In the event of a conflict between this Declaration and that of those setting up the Fearington Homeowners Association for Sections I, II, III, IV, V, VI, VII, VIII, Fearington Woods, and any other independent community association within Fearington, this Declaration shall take precedence.

IN WITNESS WHEREOF, Fitch Creations, Inc. has caused this instrument to be signed in its name by its President and attested by its Secretary and its corporate seal to be hereto attached, all by order of its Board of Directors, as of the day and year first above written.

FITCH CREATIONS, INC.
a North Carolina corporation, Declarant

By: *Ray Breen*
President

ATTEST:
Katherine A. Fitch
Katherine A. Fitch, Secretary

(SEAL)



NORTH CAROLINA

CHATHAM COUNTY

I, *Laura F. Morgan*, a Notary Public, do hereby certify that Katherine A. Fitch, personally came before me this day and acknowledged that she is Secretary of Fitch Creations, Inc., 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 her as its Secretary.

Witness my hand and official seal this the 23 day of January, 2006.

My commission expires:

12/14/07

Laura F. Morgan
Notary Public

