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Ketner # 36

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DICKIE C. WOOD REGISTER OF DEEDS BY: THOMAS  
BK 2158 P 2538 - P 2566



STATE OF NORTH CAROLINA )  
----- )  
COUNTY OF FORSYTH )

**DECLARATION OF COVENANTS  
CONDITIONS AND RESTRICTIONS FOR  
PINECREST**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made and published this 27<sup>th</sup> day of February, 2001, by and between Keystone Group, Inc., a North Carolina corporation, having its principal place of business in Guilford County, North Carolina and Gray, Gentry & Key, Inc., a North Carolina corporation (hereinafter called "Declarant"), and any and all persons, firms or corporations hereafter acquiring any of the within described property.

**WITNESSETH:**

WHEREAS, Declarant is the owner of certain real property as described in conveyances to recorded in Book 2098, Page 1641, Book 2133, Page 3567, all Forsyth County Registry. The Declarant has caused a portion of the said property to be subdivided into lots for a subdivision known as Pinecrest recorded in Plat Book 42, Page 195, Forsyth County Registry (hereinafter called Pinecrest). Declarant intends to form a homeowners association to maintain certain amenities, which may include, but Declarant is not required to include, an entranceway, decorative street lighting, swimming pool, tennis courts, lakes, walking trails and such other common areas and amenities of the subdivision that the Declarant or the homeowners association may provide for the general welfare and recreation of the owners; and

WHEREAS, it is in the best interest of the Declarant, as well as to the benefit, interest and advantage of each and every person or other entity hereafter acquiring any of the said lots that certain covenants, conditions, easements, assessments, liens and restrictions governing and

regulating the use and occupancy of the same be established, fixed and set forth and declared to be covenants running with the land; and be covenants running with the land; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities and the desirability and attractiveness of the real property in the development; and for the continued maintenance and operation of the entranceway, decorative street lighting, swimming pool, tennis courts, lakes, walking trails and other common areas as may be provided therein;

NOW, THEREFORE, in consideration of the premises, the Declarant agrees with any and all persons, firms, corporations or other entities hereafter acquiring any of the property, which is a party of the development, that the same shall be and is hereby subject to the following restrictions, covenants, conditions, easements, assessments and liens (all hereinafter collectively referred to as "Restrictions") relating to the use and occupancy thereof, said Restrictions to be construed as covenants running with the land which shall be binding on all parties having or acquiring any right, title or interest in the said property or any part thereof, and which shall inure to the benefit of each owner thereof. Every person or other party hereafter acquiring any of the said property made subject to this Declaration, by acceptance of a deed or contract for deed or other conveyance of any interest in or to said property, whether or not it shall be so expressed in any such deed, contract for deed or other conveyance, and regardless of whether the same shall be signed by such person and whether or not such person shall otherwise consent in writing, shall take such property interest subject to this Declaration and to the terms and conditions hereof and shall be deemed to have assented to same.

## ARTICLE I

### Definitions

The following words when used in this Declaration or any supplemental declaration hereto (unless the context shall prohibit) shall have the following meaning:

**Section 1.** "Amenities" shall mean the facilities constructed, erected, installed or set aside on the Common Area for the use, benefit and enjoyment of members on the Common Area for the use, benefit and enjoyment of members.

**Section 2.** "Association" shall mean and refer to the Pinecrest Homeowners Association, a nonprofit corporation organized and existing under the laws of the State of North Carolina, its successors and assigns.

**Section 3.** "Committee" shall mean and refer to the Architectural Committee.

**Section 4.** "Common Area(s)" shall mean and refer to any and all real property subject to this Declaration which is defined and bounded by properly referenced and recorded plat(s) designated thereon as "Common Area(s)" or "Open Space." Common Area(s) shall include all real property and easement interests owned by the Association for the common use and enjoyment of all members or designated classes of members of the Association, which may include but is not limited to, swimming pool, entranceway, lakes, tennis courts, and walking trails. (It is understood that this list of possible amenities is only for descriptive purposes and the Declarant is not obligated to construct any of said amenities.)

**Section 5.** "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions applicable to Pinecrest and which is recorded in the Forsyth County Registry.

**Section 6.** "Declarant" shall mean and refer to Keystone Group, Inc., a North Carolina Limited Liability Company, its successors and assigns.

**Section 7.** "Lot or Lots" shall mean and refer to any plot of land within Pinecrest whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a single dwelling site as shown on a plat or plats for Pinecrest, or amendments thereto, recorded in the Forsyth County Registry. "Lot" shall also mean other single dwelling sites as may hereafter be annexed and brought within the jurisdiction of the Association.

Section 8. "Member" shall mean and refer to any person or other entity who holds membership in the Association membership in the Association.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee interest in any Lot in the development, excluding, however, those parties having such interest merely as a security interest for the performance of an obligation.

Section 10. "Person" shall mean and refer to a natural person, as well as a corporation, partnership, firm, association, trust or other legal entity. The use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

Section 11. "Property" shall mean that property described in the deeds to Gray, Gentry & Key, Inc. and Keystone Group, Inc. as recorded in Book 2098, Page 1641, Book 2133, Page 3567, all in Forsyth County Registry.

## ARTICLE II

### Properties Subject to This Declaration

The property which is, and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration is located in Winston Township, Forsyth County, North Carolina, and is more particularly described as the Pinecrest subdivision as shown on the recorded plat in Plat Book 42, Page 195, Forsyth County Registry. Declarant reserves the right to subject other real property to the Restrictions set forth here as provided below.

Without further assent or permit, Declarant hereby reserves the right, exercisable from time to time, to subject other real property to the Restrictions set forth herein, in order to extend the scheme of this Declaration to other property to be developed and thereby to bring such

additional properties within the jurisdiction of the Association. Additional property outside the boundaries of the Property may be annexed by Declarant so long as such additional properties are contiguous to the Property, and so long as the annexation occurs within twenty (20) years of the date of incorporation of the Association.

The additions herein authorized shall be made by the filing of record of one or more supplementary declarations in respect to the properties to be then subject to this Declaration and which shall extend the jurisdiction of the Association to such property and thereby subject such addition to assessment for its just share of the Association's expense. Any such supplemental declaration or any such other declaration shall not revoke or otherwise amend the provisions of this Declaration as this Declaration pertains to the properties subject hereto and any such supplemental declaration shall be substantially similar in form and content to this Declaration.

### **ARTICLE III**

#### **Association Membership and Voting Rights**

##### **Section 1. Membership.**

(a) Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association shall be a member of the Association, subject to and bound by the Association's Articles of Incorporation, Bylaws, rules and regulations. The foregoing is not intended to include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation. Ownership of record of such Lot shall be the sole qualification for membership. When any Lot is owned of record in tenancy by the entirety, joint tenancy, or tenancy in common or by some other legal form of multiple ownership, the membership (including the voting power arising therefrom) shall be exercised only as stipulated in Section 2 hereinbelow.

(b) During any period in which a member shall be in default in the payment of ~~any annual, special or other periodic assessment levied by the Association, the voting rights and~~ any annual, special or other periodic assessment levied by the Association, the voting rights and right to the use of the Common Areas or any other facilities which the Association may provide may be suspended by the Board of Directors of the Association until such assessment is paid. In the event of violation by a member of any rules or regulations established by the Board of Directors of the Association, such member's voting and use rights may be suspended by the Board of Directors of the Association after a hearing at which the general requirements of due process shall be observed. Such hearing shall only be held by the Board of Directors of the Association (or a committee thereof) after giving the member ten (10) days' prior written notice specifying each alleged violation and setting the time, place and date of the hearing. Determination of violation shall be made by a majority vote of the Board of Directors of the Association or a committee thereof.

(c) No membership fee shall be charged, nor shall Members be required to pay at any time any amount to carry on the business of the Association except to pay when due the charges, assessments and special assessments levied upon each Member's Lot as specified in the Declaration or as the Members of the Association may from time to time hereafter adopt.

Section 2. Voting and Voting Rights.

(a) The voting rights of the membership shall be appurtenant to the ownership of Lots. The ownership of each Lot by a person other than Declarant shall entitled its owner to one vote. The Association shall have two classes of voting membership.

(1) Class A. Class A members shall be all Owners, other than Declarant; however, Declarant shall be a Class A member to the extent provided in (2) hereinafter. Class A members shall be entitled to one vote for each Lot owned.

(2) Class B. The Class B member shall be the Declarant, and it shall be entitled to three (3) votes for each Lot in which it holds a fee or undivided fee interest; ~~be entitled to three (3) votes for each Lot in which it holds a fee or undivided fee interest;~~ provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) Four (4) months after the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(ii) On September 1, 2015.

(b) When two or more persons hold an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised by one of such persons as proxy and nominee for all persons holding an interest in a Lot and in no event shall more than one (1) vote be cast with respect to any Lot (except with respect to Lots owned by Declarant), nor shall any fractional vote be cast.

(c) Any Member who is delinquent in the payment of any charges duly levied by the Association against a Lot owned by such Member shall not be entitled to vote until all such charges, together with such reasonable penalties as the Board of Directors of the Association may impose, have been paid.

(d) Members shall vote in person or by proxy executed in writing by the member. No proxy shall be valid after eleven (11) months from the date of its execution or upon conveyance by the Member of his Lot. A corporate Member's vote shall be cast by the President of the member corporation or by any other officer or proxy appointed by the President or designated by the Board of Directors of such corporation, which designation must, if requested by the Association, be in writing.

(e) Voting on all matters except the election of directors shall be by voice vote or by show of hands unless a majority of the Members present at the meeting shall, prior to voting or by show of hands unless a majority of the Members present at the meeting shall, prior to voting on any matter, demand a ballot vote on that particular matter. Where directors or officers are to be elected by the members, the solicitation of proxies for such elections may be conducted by mail.

#### ARTICLE IV

##### Common Area Property Rights

Section 1. Use of Common Area. Every Owner (by virtue of membership in the Association) shall have a nonexclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title for every Lot subject to the provisions of this Declaration and the Bylaws of the Association, and the encumbrances referred to in Section 3 hereof, and the following:

(a) The right of the Association to limit the use of the Common Areas to Owners, their families and guests.

(b) The right of the Association to suspend the voting and enjoyment rights of the Owner for any period during which any assessment against his Lot remains unpaid, or for any infraction of the Association's published rules and regulations.

(c) The right of the Association to mortgage, to dedicate or to transfer any part of the Common Areas to any public agency, authority, utility or other entity for such purposes and subject to such conditions as may be agreed to by the Members of this Association as applicable in accordance with the terms and provisions of this Declaration. No such mortgage, dedication, or transfer shall be effective unless approved by Members entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if

any, and unless written notice of the proposed action is sent to every Member not less than thirty (30) days nor more than sixty (60) days in advance of the vote. The instrument effecting such (30) days nor more than sixty (60) days in advance of the vote. The instrument effecting such dedication, transfer or conveyance shall be sufficient if it is executed by appropriate officers of the Association and contains a recital of the approval of the Members.

(d) The right of the Association to formulate, publish and enforce rules and regulations as provided in Article VI, and to formulate, publish and enforce rules and regulations governing the use and activities permitted on or around any lakes located on or designated as Common Area.

Section 2. Delegation of Use. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be exercised by members of the Owner's family and an Owner may delegate his rights of enjoyment in the Common Areas to his tenants or contract purchasers who occupy the residence of the Owner within the Property.

Section 3. Title to the Common Area. The Declarant hereby covenants that it will convey fee simple title to the Common Area shown on the aforementioned recorded plat to the Association, free and clear of all encumbrances and liens, except utility, and drainage easements and easements to governmental authorities. Similarly, Declarant will convey to the Association Common Areas which are parts of this development as those portions are annexed in the future.

Section 4. Parking and Use Regulations for Boats, Trailers, etc. The Association may regulate the parking and use of boats, trailers, motor homes, recreation vehicles, trucks, and other such items on the Common Areas (including the provision of special facilities for which a reasonable charge may be made). No boats, trailers, motor homes, recreational vehicles, or trucks shall be parked within the right-of-way of any public or private street in or adjacent to this development.

**Section 5. Antennas and Cablevision.** The Association may provide cablevision or central television antennas provided that the cost shall be borne by those who subscribe to the central television antennas provided that the cost shall be borne by those who subscribe to the service and shall not be included in annual or special assessments. The Association may regulate or prohibit the erection of antennas on individual Lots. No satellite discs larger than 24 inches in diameter shall be erected without the prior written approval of the Association. A satellite disc less than 24 inches in diameter must be screened such that the disc is not visible from the street or any Common Area and such screening must be approved by the Committee. Installation of satellite discs larger than 24 inches in diameter shall be performed only by the Association.

## ARTICLE V

### Covenants for Maintenance Assessments

**Section 1. Assessment for Maintenance Fund.** For each Lot owned within Pinecrest, the Owner covenants and agrees and each subsequent Owner of any such Lot covenants and agrees, that by acceptance of a deed therefor whether or not it is so expressed in such deed, they will pay to the Association the assessments and charges provided for in this Declaration.

(a) Assessments or charges in the amount hereinafter set forth.

(b) Special assessments as approved by the Association to be established and collected as hereinafter provided.

The assessment provided for herein for the Association shall be payable in advance on a monthly basis by every Owner of each Lot, unless the Association decides by a majority vote to have the assessment payable annually. The assessment shall be due on the first day of each month.

**Section 2. Purpose of Assessments.** The assessments levied by the Association shall be used to provide funds for such purposes and common expenses as are for the benefit of the Owners of Lots within the areas overseen and administered by the Association which purposes may include maintenance, replacement, repair, insurance, landscaping and beautification of the Common Areas, which shall specifically include the installation, repair, maintenance, replacement and payment of electric bills for decorative street lighting whether or not such lighting is installed in the Common Area. Funds may also be used to provide other services to promote the health, safety and welfare of the residents of the community and in particular for the acquisition, improvement and maintenance of the properties, services and facilities related to the use and enjoyment of the Common Areas, 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 all Common Areas; the procurement and maintenance of insurance; the employment of attorneys, accountants and other professionals to represent the Association when necessary or useful; the employment of security personnel to provide any service which is not readily available from any governmental authority; and such other needs as may arise. Any additional uses and purposes for assessments may be adopted by an amendment to this Declaration, as provided in Article X herein.

**Section 3. Creation of the Lien and Personal Obligation of Assessment.** In accordance with the terms and provisions hereof, and in order to secure payment at and after the due date, as each assessment becomes due, there shall arise a continuing lien and charge against each Lot, the amount of which shall include costs and reasonable attorneys' fees to the extent permissible by law. Each such assessment, together with such interest, cost and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due.

**Section 4. Exempt Property.** The assessments, charges and liens created under this Article V shall not apply to the Common Areas, nor shall they apply to any Lot the title to which is vested either in any first mortgagee subsequent to foreclosure or in the Secretary of Housing

and Urban Development or the Administrator of Veterans' Affairs or any other state or federal governmental agency which acquires title by reason of such agency's guarantee or insurance of governmental agency which acquires title by reason of such agency's guarantee or insurance of a foreclosed mortgage loan; provided, however, that upon the resale of such Lot by such first mortgagee or such governmental agency, the assessment herein provided shall again commence and accrue and shall be fully applicable to such Lot upon the conveyance to any subsequent Owner. Any Lot which Declarant may hereafter designate for common use as part of the Common Areas or otherwise shall be exempt from the assessments and charges created herein. In addition, other than land and improvements devoted to dwelling use, all property dedicated to and accepted by a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation under the laws of the State of North Carolina shall be exempt from the assessments, charges and liens created hereby.

**Section 5. Annual Maintenance Assessments and Maximums.**

(a) The annual maintenance assessment imposed by the Association shall be set each year by the Association as set forth herein.

(b) In establishing the annual assessment for any year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs.

(c) Notwithstanding anything in this Article V to the contrary, Declarant shall at no time be required to pay any dues or assessments.

**Section 6. Special Assessments.**

In addition to the annual assessment imposed by the Association set forth above, the Association may levy, in any assessment year, a special assessment applicable to that year only.

**Section 7. Date of Commencement of Annual Assessment Due Dates; Certificate of Payment**  
**Payment.**

(a) The annual assessments provided for herein for the Association shall be payable on January 1 of each year. The assessment shall begin to accrue as to all Lots at the time of closing and conveyance of a Lot to an Owner other than the Declarant. At least thirty (30) days before January 1 of each year, the Board of Directors of the Association shall establish the amount of the annual assessment imposed by the Association against each Lot and in the event the Board of Directors of the Association elects not to fix such assessment date as herein provided, the amount of the prior year's annual assessment shall be the fixed amount. Written notice of any changed assessment rate shall be sent to every Owner by the Association.

(b) 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 (whether annual or special or imposed by the Association) on a specified Lot have been paid to date.

**Section 8. Effect of Nonpayment of Assessment; 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 maximum legal rate and to the extent allowed by law. The Association or its agents or representatives, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot to which the assessment relates, and interest, costs and reasonable attorneys' fees for such action or foreclosure shall be added to the amount of such assessment to the extent allowed by law. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of any of the Common Areas or abandonment of his Lot.

**Section 9. Subordination of the Lien to Mortgages.** The liens provided for herein shall be subordinate to the lien of any first lien deed of trust (sometimes hereinafter called "mortgage" or "first mortgage" and the holder thereof being sometimes hereinafter referred to as a "first

mortgagee") on any Lot if, but only if, all such assessments with respect to such Lot having a due date on or prior to the date such mortgage is filed of record have been paid. The lien and date on or prior to the date such mortgage is filed of record have been paid. The lien and permanent charge hereby subordinated is only a lien and charge as relates to assessments authorized hereunder having a due date subsequent to the date such mortgage is filed of record and prior to the satisfaction, cancellation or foreclosure of such mortgage or the sale or transfer of the mortgaged property pursuant to any proceeding in lieu of foreclosure or the sale or transfer of the mortgaged property pursuant to a sale under power contained in such mortgage. Sale or transfer of any Lot shall not affect any assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage pursuant to a foreclosure thereof or under a power of sale or any proceeding in lieu of foreclosure thereof shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer, but the Association shall have a lien upon the proceeds from foreclosure or of sale, junior only to the said foreclosed first mortgage and the equity of redemption of the mortgagor or trustor. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof, except as provided in Section 4 of this Article V.

Section 10. Collection of Assessments. The Association shall promptly collect all assessments due from Owners pursuant to the terms and provisions hereof.

## ARTICLE VI

### Architectural Control, Inspection and Use Restriction

Declarant shall have the responsibility of enforcing the restrictions set forth in this Article prior to the formation of the Committee, which, upon appointment by the Board of Directors, shall assume and be responsible for enforcement. References in this Article to "Committee" shall mean Declarant until the Committee is appointed and references to Declarant shall include the Committee once it is appointed. The following architectural restrictions shall apply to each and every Lot now or hereafter subject to this Declaration.

**Section 1. Approval of Plans and Architectural Committee.**

(a) No site preparation or initial construction, erection, or installation of any improvements, including, but not limited to, residences, outbuildings, landscaping, fences, walls, signs, antennas and other structures, shall be undertaken upon the Lots unless the plans and specifications therefor, showing the nature, kind, shape, height, materials, and location of the proposed improvements on the Lot, including but not limited to, the house, garage, driveway, parking areas, plants, shrubs, trees, and any other permanent structures, shall have been submitted to the Committee and expressly approved in writing. No subsequent alteration or modification which will result in an exterior, structural change to the residence, outbuilding, or significant changes to the landscaping may be undertaken on any of the Lots without the prior review and express written approval of the Committee.

(b) In the event that the Committee fails to approve or disapprove the site or design of any proposed improvements within sixty (60) days after plans and specifications therefor have been submitted and received, approval will not be required, and the requirements of this Article will be deemed to have been fully met; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Committee if they contain erroneous data or fail to present adequate information upon which the Committee can arrive at a decision.

(c) The Committee shall have the right, at its election, to enter upon any of the Lots during site preparation or construction, erection or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved methods and good quality materials.

(d) The approval of any such plans, specifications or other items submitted to the Committee pursuant to this Article VI shall not impose any liability or responsibility on the

Committee or the Association with respect to either the compliance or non-compliance of any such plans, specifications or other items (including any improvements or structures erected in accordance therewith) with applicable zoning ordinances, building codes or other governmental or quasi-governmental laws, ordinances, rules and regulations or defects in or arising from such plans, specifications or other items (including, without limitation, defects relating to engineering matters, structural and design matters and the quality or suitability of materials).

(e) Until such time as Declarant divests itself of all Lots within the Property, or until such time as the Declarant notifies the Board of Directors of its desire to have the Association to elect the members of the Committee, Declarant shall appoint from time to time the members of the Committee to consist of not less than two (2) nor more than seven (7) members which shall exercise authority to approve plans and other matters set forth in this Article. After Declarant divests itself of all Lots within the Property, or so notifies the Association, members of the Committee shall be elected by a majority of the votes of the Members, cast in person or by proxy at a meeting duly called for this purpose, but provided that the members of the Committee originally appointed may serve until their successors are so elected.

**Section 2. 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 Common Areas. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors shall be recorded in a Book of Resolutions, which shall be maintained in a place convenient to the Owners and available to them for inspection during normal business hours.

**Section 3. Use Restrictions.**

**LAND USE AND BUILDING TYPE:** No lot shall be used except for residential purposes and for purposes incidental or accessory thereto and except for model homes or construction trailers while lots in the Pinecrest Village subdivision are being constructed.

**DWELLING SIZE:** The ground floor area of the main structure, exclusive of one-story open porches and garages shall be no less than 650 square feet for a one and one-half story, nor story open porches and garages shall be no less than 650 square feet for a one and one-half story, nor less than 600 square feet for a two story structure, but in no event shall any dwelling be constructed with less than a total of 1000 square feet of conditioned space.

**BUILDING SETBACK AND DWELLING PLACEMENT:** No building shall be located on any lot nearer than 15' feet to the front line, not nearer than 10 feet to any street right-of-line. No dwelling shall be located on any interior lot nearer than 15 feet to the rear lot line. For the purposes of this covenant, eaves, steps, and open porches shall not be construed to permit any portion of a building, provided, however that this shall not be construed to permit any portion of a building on a lot to encroach upon another lot. No open carport shall be built on any lot.

**TEMPORARY STRUCTURES:** No structure of a temporary character, trailer, basement, tin structure, garage, barn or other out-building shall be used on any lot at any time as a residence either temporary or permanently. No masonry block may be left exposed on any building exterior at any time.

**STREET, FENCES, WALLS, AND SIGNS:** No street shall be laid out or opened across or through said property, no chain link or woven wire fences shall be erected or allowed to remain on said property, nor any fence erected without written consent of Keystone Group, Inc. Fences are not permitted in front yards except with the written consent of Keystone Group, Inc. No fence shall be over six feet in height. No satellite dish over 24" in diameter shall be erected or allowed to remain on any lot, except with the written consent of Keystone Group, Inc. Except for signs erected by the builder in developing the property and in advertising the same for the sale, there shall not be erected on said property herein at any time thereafter, more than one sign upon any lot, which shall not be larger than three feet in width and two feet in height, and the only sign that shall be located on any lot shall be for the purpose of advertising the property for sale or for rent.

**NUISANCES:** No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No animal, livestock, or poultry of any kind shall be raised, bred, or kept on any lot, except dogs, cats or other household pets may be kept provided that they are not kept, bred or maintained for any commercial purposes. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in clean and sanitary conditions.

**OUTBUILDING:** No metal storage or accessory buildings are allowed on lots. Any outbuildings must have prior approval from Keystone Group, Inc. before placing on lot and must be in harmony with existing structures. All playhouses and tree houses are considered accessory buildings and require approval.

**EXTERIOR MAINTENANCE, INOPERABLE VEHICLES, PARKING AND MISCELLANEOUS:** Each Owner shall be responsible for the exterior maintenance of his or her dwelling and lot, as follows: Painting, replacement and care of roofs, gutters, down spouts, exterior building surfaces, lawn, trees, shrubs, driveways, walk and other exterior improvements. All vehicles must be in operating condition, maintain a current license tag and maintain a current inspection sticker. In operable vehicles are not permitted and this rule is enforced by the County of Forsyth. Vehicle major repair shall be performed in garages only. Porches and decks are not to be used as storage space. All homes must have paved parking for at least two cars and a concrete driveway to street. No automobiles, motorcycles, recreational vehicles, or boats shall be parked on any street within the properties. Boats, large commercial trucks, trailers, recreational vehicles, campers, and other equipment or vehicles, except for operative automobiles, shall not be parked or stored in any area on a Lot except inside an enclosed building or behind screening approved by the Architectural Control Committee and/or Keystone Group, Inc.

**LANDSCAPING:** Lawn ornaments made of ceramic, concrete or iron are not to exceed 12" high x 12" wide and must be kept inside natural landscaping borders around home. Plastic exceed 12" high x 12" wide and must be kept inside natural landscaping borders around home. Plastic lawn ornaments are not permitted. No more than 2 allowable lawn ornaments per yard are permitted. Natural areas may be edged with logs or concrete edger that are designed specifically for landscaping purposes only.

## **ARTICLE VII**

### **Easements**

**Section 1. Walks, Drives, Parking Areas and Utilities.** All of the properties, including Lots and Common Areas, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines, and other public utilities as shall be established prior to subjecting the properties to this Declaration by the Declarant or its predecessors in title. The Association shall have the power and authority to grant and to establish in, over, upon, and across the Common Areas conveyed to it such further easements as are requisite for the convenient use and enjoyment of the properties.

**Section 2. Utilities and Drainage.** All utility lines of every type, including but not limited to water, electricity, natural gas, telephone, sewage and television cables, running from the main truck line or service locations must be underground. The Developer reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, across, over and under the ground to erect, maintain, replace and use water, sewer, electric and telephone systems, wires, cables, and conduits for the purpose of bringing public services to the Lots and Common Areas, said easement to be within (i) twenty (20) feet of each lot line fronting on a street, (ii) ten (10) feet along the side lines of each lot, (iii) twenty (20) feet along the rear line of each lot, (iv) the rights of way of any street or road shown on any recorded plat(s) of the Property, and (v) such other areas as are shown on any recorded plats of the Property; provided

further, that the Declarant or Association may cut, at its own expense, drainways for surface water ~~wherever and whenever~~ such action is required by applicable health or sanitation authorities in ~~wherever and whenever~~ such action is required by applicable health or sanitation authorities in order to maintain reasonable standards of health, safety and appearance. In the event of any additions to the Property, as provided in Article III, by the Declarant or others with the consent of the Declarant, the easements created hereby shall exist on the Lots in such additions to the Property. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, take or add any soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation or to maintain reasonable standards of health, safety and appearance.

Section 3. Emergency. There is hereby reserved without further assent or permit, a general easement to all policemen and security guards employed by Declarant or the Association, firemen, ambulance personnel and all similar persons to enter upon the Property, or any property or portion thereof which is now or hereafter made subject to this Declaration, in the performance of their respective duties.

## ARTICLE VIII

### Insurance

Section 1. Fidelity Insurance Coverage. The Association may provide for fidelity coverage against dishonest acts on the part of the officers, directors, management, contractor, employees or volunteers responsible for handling funds belonging to or administered by the Association at the discretion of the Board of Directors of the Association. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount set by the Association. In connection with such coverage, an appropriate endorsement to the policy to cover any person or persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. If requested by an Owner or first mortgagee, such policies shall

additionally provide that the policies cannot be canceled by either the insured or the insurance company until after ten (10) days' prior written notice to all who have requested such notice.

**Section 2. Other Insurance.** The Board of Directors of the Association may purchase and maintain in force as a common expense, liability insurance, debris removal insurance, plate or other glass insurance, fidelity bonds and other insurance or bonds that it deems necessary. The Board of Directors of the Association shall purchase and maintain workmen's compensation insurance to the extent that the same shall be required by law respecting employees of the Association.

## ARTICLE IX

### Rights of Institutional Lenders

**Section 1. Amendments.** The prior written approval of each institutional holder of a first deed of trust on Lots will be required for any material amendment to the Declaration or to the Bylaws of the Association which affects the rights of such holders.

**Section 2. Professional Management.** Declarant reserves the right to select professional management of the Association for the period during which Declarant maintains voting control of the Association. Declarant is not required to engage professional management, but may, if Declarant so desires. Following the transfer of voting control to the Owners pursuant to Article III, the Owners may vote either to engage professional management for the Association, or to self manage the Association. Any contract for professional management shall provide that the Association may terminate said contract on the giving of not less than ninety (90) days' notice.

**Section 3. Inspection and Notice.** Upon written request, any institution holder of a first lien on a lot will be entitled to:

(a) inspect the books and records of the Association during normal business hours and hours; and

(b) receive an annual financial statement of the Association within ninety (90) days following the end of any fiscal year; and

(c) written notice of all meetings of the Association and shall be permitted to designate a representative to attend all such meetings; and

(d) written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

(e) written notice of any proposed action that requires the consent of a specified percentage of mortgage holders; and

(f) written notice of any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot on which it holds the mortgage.

**Section 4. Condemnation or Default.**

(a) If any Lot or portion thereof or the Common Area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage on a Lot will be entitled to timely written notice of any such proceeding or proposed acquisition.

(b) The holder of a first mortgage on any Lot shall be given prompt written notice of any default in the mortgagor's obligations hereunder which are not cured within thirty (30) days of said default, provided that the holder shall have given written notice to the

Association that it is a holder as to the Lot of such mortgagor and shall have requested the notice of default as herein set forth of default as herein set forth.

## ARTICLE X

### General Provisions

Section 1. Duration. The foregoing restrictions shall be construed to be covenants running with the land and shall be binding and effective for thirty (30) years from the date of recording, at which time they shall be automatically extended for successive periods of ten (10) years each unless it is agreed by the vote of a majority in interest of the then Owners of the above-described property to change, amend or revoke the restrictions in whole or in part. Every purchaser, owner or subsequent grantee of any interest in any property now or hereafter made subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that the covenants and restrictions of this Declaration may be extended as provided in this Article.

Section 2. Amendment. This Declaration may be amended unilaterally at any time and from time to time by Declarant (i) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (iii) if such amendment is required by an institutional or governmental lender or purchaser or mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots subject to this Declaration; or (iv) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Lot unless any such Lot Owner shall consent thereto in writing. Further, so long as Declarant has the right unilaterally to subject

additional property to this Declaration as provided in Article II hereof, Declarant may unilaterally amend this Declaration for any other purpose so long as said amendment is not inconsistent with the common plan or scheme of development; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Lot Owner hereunder, nor shall it adversely affect title to any Lot without the consent of the affected Lot Owner.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of at least sixty percent (60%) of the Owners during the first twenty (20) year period and of at least sixty percent (60%) of the Owners thereafter, and with the consent of the Declarant, so long as Declarant owns a Lot in the Property.

Every purchaser or subsequent grantee of any interest in any property now or hereafter made subject to this Declaration by acceptance of a deed or other conveyance therefor, hereby agrees that the covenants and restrictions of this Declaration may be amended as provided in this Article. Amendments as used in this Article X shall not mean the addition of properties as provided in Article II.

Section 3. Procedure for Certification and Recordation of Amendment. Any instrument amending these covenants, conditions, and restrictions other than a permitted unilateral amendment by the Declarant, or an amendment by the Board of Directors to correct an error or inconsistency in drafting, typing or reproduction) shall be delivered, following approval by the owners, to the Board of Directors of this Association. Thereupon, the Board of Directors shall, within thirty (30) days after delivery, do the following:

(a) Reasonably assure itself that the amendment has been approved by the Owners of the required number of Lots as provided in Section 2 of this Article. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any Lot to be examined).

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed shall be executed by the Association in the same manner that deeds are executed.

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be executed by the Association's officers in the same manner that deeds are executed, and recorded in the Forsyth County Registry.

All amendments shall be effective from the date of recordation in the Forsyth County Registry, unless a later effective date is specified therein. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors, recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to the Owners of all Lots in this development.

**Section 4. Enforcement.** If any person, firm or corporation shall violate or attempt to violate any of these Restrictions, it shall be lawful for the Association or for any other person, firm or corporation owning any property to bring an action against the violating party at law or in equity for any claim which these restrictions may create in such other Owner or interested party either to prevent said person, firm or corporation from so doing such acts or to recover damages for such violation. The violating party shall be responsible for all costs and attorneys' fees incurred by the Association or such other Owner in such action. Any failure by the Association or any Owner to enforce any of said covenants and restrictions or other provisions shall in no event be deemed a waiver of the right to do so thereafter. Invalidation of any one or more of these Restrictions by judgment or court order shall neither affect any of the provisions not expressly held to be void nor the provisions so voided in circumstances or application other than those expressly invalidated, and all such remaining provisions shall remain in full force and effect together with the provisions ruled upon as they apply to circumstances other than those expressly invalidated.

**Section 5. Delegation and Assignability.** Declarant shall at all times and from time to time have the right to delegate any and all functions herein reserved to Declarant. Further, time have the right to delegate any and all functions herein reserved to Declarant. Further, notwithstanding any other provision contained herein to the contrary, Declarant shall have the right at all times and from time to time to fully transfer, convey and assign all or any part of its right, title and interest (whether real or personal) in and to Common Areas; provided, however, that any transferee, grantee or assignee shall be deemed to have assumed the same, in the event of any such sale, transfer or conveyance. Declarant shall not, however, be liable to any person for any injury or loss resulting from failure of performance or negligent performance of Declarant's obligations under these covenants arising after such sale, transfer or conveyance.

**Section 6. FHA/VA Approval.** This paragraph shall apply only in the event Declarant desires FHA or VA approval for any development, phase or portion thereof, in Pinecrest. As long as there is a Class B membership, the following actions will require the prior written approval of the Federal Housing Administration or the Department of Veterans Affairs: annexation of additional properties, dedication of common area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

**Section 7. Conflicts.** In the event of any irreconcilable conflict between the Declaration and the Bylaws of the Association, the provisions of this declaration shall control. In the event of any irreconcilable conflict between this Declaration or the Bylaws of the Association and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

**Section 8. Headings and Binding Effect.** Headings are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying the particular sections to which they refer. The covenants, agreements and rights set forth herein shall be binding upon and inure to the benefit of the respective heirs, executors, successors and assigns of the Declarant and all persons claiming by, through and/or under Declarant.

**Section 9. Unintentional Violation of Restrictions.** In the event of an unintentional or minor violation of any of the foregoing restrictions with respect to any Lot, the Declarant or its successors reserves the right (by and with the mutual written consent of the Owner or Owners for the time being of such Lot and of the Board of Directors of the Association) to change, amend, or release any of the foregoing restrictions as the same may apply to that particular Lot.

**ARTICLE XI**

**Dissolution or Insolvency of the Association**

In the event that the Association becomes insolvent or for any reason whatsoever loses the ownership of any of the private streets, if any, or Common Areas, the Owners of Lots having an interest in such Common Areas and private streets may, at their election as determined by majority vote of those affected, form a nonprofit corporation as provided in the Articles and Bylaws of the Association and assign to it the duty and authority to assess on a per-Lot basis all Lots having an interest in such Common Areas and private streets whereupon such corporation shall maintain such Common Areas and private streets in the same manner that the Association is empowered to do by this instrument with the same right of lien for assessments provided for herein.

IN WITNESS WHEREOF, the Declarant has caused this Declaration of Covenants, Conditions and Restrictions to be duly signed this 27<sup>th</sup> day of February, 2001.



