

Mail: BR Clodfelter 2616 Burkett Dr. Archdale, NC 27263

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Mail to: ROBERSON HANOWEN & REESE, P.O. Box 1550, High Point, NC

27261

NORTH CAROLINA

RANDOLPH COUNTY

RESTRICTIVE COVENANTS

THE GADDY PLACE, PHASE 3, SECTION 1

PLAT BOOK 43, PAGE 31

KNOW ALL MEN BY THESE PRESENTS THAT B D C ASSOCIATES, INC. (the "Developer"), which is the owner and developer of Phase 3, Section 1 of The Gaddy Place (the "Subdivision"), a plat of which is recorded at the Book and Page shown above, hereby declares each lot in the Subdivision to be subject to the restrictive covenants contained herein. The Developer has previously declared the above-described property to be subject to certain restrictions, said declaration having been recorded in Book 1435, page 530, Randolph County Registry. The restrictions contained herein shall supersede and replace in their entirety those restrictions previously recorded in Book 1435, page 530, Randolph County Registry.

1. No lot in the Subdivision may be used for any purpose other than the construction and occupancy of one single family residence, and other permitted structures, in accordance with all requirements contained in these covenants.

2. No lot, or part of a lot, may be used as a street except as shown on the plat of the Subdivision without the prior written consent of the Developer.

3. Each residence built in the Subdivision must contain at least 1,550 square feet of heated floor space, exclusive of carports, porches and garages. The ground level floor of each residence of more than one level must contain a minimum of 850 square feet.

4. No structure may be built leaving cement or concrete blocks visible from any side of the structure which faces a street without the prior written consent of the Developer.

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5. No imitation brick siding, nor asbestos shingles may be used in the construction of any structure.

6. No fences or other structures of any kind (including, without limitation, satellite dishes) may be erected or permitted to remain in the front yard of any house or within the front setback area of any lot, or closer to the street than the front wall of any house constructed on the lot, except with the prior written approval of the Developer. All satellite dishes must be less than 18 inches in diameter, unless otherwise approved in writing by the Developer.

7. All sewage disposal must be by septic tank or other sewage treatment facility approved by the Randolph County Health Department, or by public sewage disposal system.

8. No construction, grading or excavation (including alterations affecting exterior appearance) may commence or proceed on any lot unless the following plans have been submitted to and approved by the Developer:

- a. site plan showing front and side setbacks for each structure;
- b. floor plan showing square footage for ground level and total square footage; and
- c. elevations for each wall facing a street.

9. Concrete or asphalt paving must be installed on all driveways within six (6) months after completion of construction and occupancy of a house as a residence. Alternative paving materials may be used with the prior written consent of the Developer.

10. No mobile homes or house trailers or other temporary structures (other than construction trailers during construction of a residence) may be placed or permitted to remain on any lot in the Subdivision, but recreational vehicles owned by the occupant of a complying residence upon any lot may be parked on the lot upon which such residence is located, provided such vehicles are not visible from any street adjoining the lot. No such recreational vehicle may be used as living quarters in the Subdivision.

11. No home of a temporary character such as a tent shall be permitted upon any lot, and no structure the exterior of which has

not been completed, such as a basement only residence, may be occupied as a residence or permitted to remain on a lot except during the process of completion of construction.

12. No animals or livestock may be kept on any lot, except that domestic or household pets may be kept provided they are not raised or kept for commercial use or breeding. All permitted domestic pets must be kept on the property and must not be allowed to run loose unless accompanied by the owner.

13. No portion of any lot may be used as a vegetable garden, except that after a residence has been built on a lot, a small garden for growing vegetables for non commercial use may be maintained upon that lot. No commercial gardens of any type may be placed or permitted to remain on any lot.

14. No illegal, noxious or offensive activities or materials, including any that might become a nuisance, safety hazard or an annoyance to the neighborhood shall be permitted upon any lot.

15. No lot may be used for outside storage purposes, except that building materials to be used in the construction of a residence or other building upon a particular lot may be kept thereon for a period not to exceed six (6) months.

16. No junk or disassembled automobiles may be stored or permitted to remain on any lot.

17. The Developer may waive any violation of, or grant a variance from, these restrictive covenants by written instrument in recordable form. A waiver or variance of a restriction by the Developer shall be conclusive upon all parties bound by these covenants. No waiver or variance of a violation by the Developer may be construed to be a waiver of any other or subsequent violation of the same or any other restriction.

18. The Developer, without limitation of its other remedies, shall be entitled to injunctive relief and specific performance as remedies for the enforcement of these covenants, and each owner agrees that such remedies are appropriate and that in the event of a breach, the Developer will have no adequate remedy at law. If the Developer seeks enforcement of these covenants, and a breach is established, the Developer shall also be entitled to recover all costs incurred in enforcing the covenants, including, without limitation, its reasonable attorney fees and expenses of

litigation.

19. Notwithstanding any other provision of these covenants, the Developer shall not be liable for any act or omission in connection with the enforcement of, or failure to enforce or take any action permitted or required by, these covenants, and each lot owner, as a material part of the consideration for the acquisition of such owner's lot, releases the Developer and its agents and employees from all such claims and liabilities.

20. Invalidation of any one or more of the provisions of these covenants shall not affect any of the other provisions, which shall remain in full force and effect.

21. These covenants bind and inure to the benefit of the Developer, its successors and assigns, and all owners acquiring lots in the Subdivision from the Developer and its successors in title, and are covenants which run with the land.

22. These covenants, subject only to amendments executed by the Developer and all lot owners, or waivers permitted under their terms, will remain in effect for a period of 20 years after the date they are recorded, after which time they will automatically be extended for an additional periods of 10 years, unless at any time after expiration of the initial 20 year term, an instrument terminating or modifying them is executed and filed of record in the office of the Register of Deeds for Randolph County by a majority of the owners of lots in the Subdivision, each lot being entitled to one vote.

23. These covenants are not to be construed strictly against the Developer, but fairly in accordance with their intent, which is to provide a uniform scheme for the orderly and attractive development of the Subdivision, and to preserve and protect the neighborhood, for benefit of the Developer and all future owners of lots in the Subdivision.

24. Covenant for Payment of Assessments.

a. The Developer, for each Lot owned by it within the property described herein, hereby covenants and each owner of any Lot, by acceptance of a deed therefor (whether or not it shall be so expressed in any such deed or other conveyance) shall be deemed to and does hereby covenant and agree to pay monthly assessments as provided herein for the maintenance and operation of the street lights in the development as provided herein.

b. The assessments and any liquidated damages or summary charges as herein provided, together with such interest thereon and costs of collection thereof as herein provided shall be a charge on the land and shall be a continuing lien upon the lot against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as herein provided, shall also be the personal obligation of the person who or entity which is the owner of such lot at the time when the assessment fell due.

c. The assessments levied hereby shall be for the purpose of operating and maintaining the street lights located on the streets in the development and specifically the payment of the expenses associated therewith.

d. The maximum assessment and the timetable for payment thereof (including the commencement of said assessments) shall be established by the Developer.

e. Any assessment not paid within thirty (30) days after the due date thereof shall bear interest from the due date at the highest rate permitted by law. The Developer or its successor may bring an action at law against the owner of the particular lot personally obligated to pay the same or foreclose the lien against the lot and any improvements thereon, and interest, costs and reasonable attorney fees of such action or foreclosure shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for any of the assessments provided for herein by non-use of the facilities provided for herein or abandonment of his lot.

f. The liens provided for herein shall be subordinate to the lien of any deed of trust on said lot. The sale or transfer of any lot shall not affect the assessment liability or lien provided for herein. However, the sale or transfer of any lot which is subject to any deed of trust pursuant to a foreclosure thereof shall extinguish the lien of such assessments which became due prior to such sale or transfer. No such sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any deed of trust.

g. Upon the sale of a total of ONE HUNDRED per cent (100%) of the lots in this phase of the above development, the Developer shall transfer the duties of collecting the assessments provided for herein and of maintaining the street lights described herein and of establishing the method and amount of the payment of the said assessments to those certain persons or entities as it sees fit which persons or entities may or may not include a Homeowners' Association formed for this specific purpose.

IN WITNESS WHEREOF, the Developer has caused these covenants

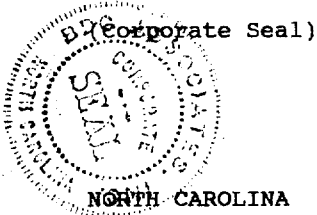
to be executed and sealed in its name by its duly authorized officers, this 17th day of October, 1995.

B D C Associates, Inc.

ATTEST:

Harold D. Cecil
Secretary

By: [Signature]
President



GUILFORD COUNTY
Randolph

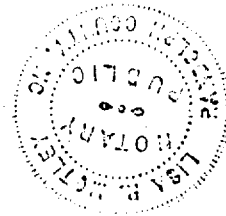
I, Lisa R. Matley, a Notary Public of said county and state, hereby certify that Harold D. Cecil personally came before me this day and acknowledged that he is Secretary of B D C ASSOCIATES, INC., a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by him self as its Secretary.

WITNESS my hand and notarial seal this the 17 day of October, 1995.

Lisa R. Matley
Notary Public

My Commission Expires:

December 4, 1999



NORTH CAROLINA — Randolph County

The foregoing certificate(s) of Lisa R. Matley, NP

is (are) certified to be correct. This instrument was presented for registration and recorded in this office at Book 1436, Page 210, This 17 day of October, 1995 at 9:11 o'clock A. M.

Ann Shaw, Register of Deeds
By Cookie Baynes Deputy Register of Deeds