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 Alamance, NC
 DAVID J.P. BARBER REGISTER OF DEEDS

BK **2674** PG **935-962**

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**STATE OF NORTH CAROLINA
 COUNTY OF ALAMANCE**

**FIRST AMENDED AND RESTATED
 DECLARATION OF COVENANTS, RESTRICTIONS, AND CONDITIONS
 FOR THE DUCHY AIRPARK OF CHAPEL HILL:**

This First Amended and Restated Declaration of Covenants, Restrictions and Conditions is made the 13th day of February, 2008 by **Haw River Development, LLC**, a North Carolina limited liability company (hereinafter "Haw River"), and **Duchy Development Company**, a North Carolina corporation (hereinafter "Duchy Development"). Hereinafter Haw River and Duchy Development shall be collectively referred to as the "Declarer".

Whereas, Haw River initially adopted the Declaration of Covenants, Restrictions, and Conditions for the Duchy Airpark of Chapel Hill on the 5th day of September, 2006, which original Declaration was thereafter recorded in the Alamance County Register of Deeds Office on September 14, 2006 in Deed Book 2465, at Pages 815 to 840; and

Whereas, Haw River subsequently transferred its ownership of the subject property to Duchy Development via deeds recorded in the Alamance County Register of Deeds Office in Deed Book 2465, Page 841, in Deed Book 2497, Page 869, and in Deed Book 2573, Page 660; and

Whereas, Paragraph 11.4 of the said original Declaration gave Declarer the right to correct scrivener's errors at any time within 5 years from the date of the original Declaration; and

Whereas, Declarer thus currently has the right to correct scrivener's errors since 5 years have not yet passed since the date of the original Declaration; and

Whereas, Paragraph 11.2 of the said original Declaration also gave Declarer the right and authority to modify or amend the Declaration from time to time provided that any such amendments or modifications so made do not establish covenants, restrictions and conditions which are less restrictive than those set forth in the original Declaration; and

Whereas, Declarer therefore currently has the right to modify and amend the Declaration as provided hereinbelow in accordance with the terms of Paragraph 11.2 of the original Declaration; and

Whereas, Declarer, by its adoption of this First Amended and Restated Declaration of Covenants, Restrictions, and Conditions in accordance with its rights under Paragraphs 11.2 and 11.4 of the original Declaration, does hereby amend the said Declaration by making certain typographical corrections and other changes and amendments to Paragraphs 1.3, 1.10, 1.17, 1.19, 1.20, 4.2, 6.9, and 7.1 of the Declaration and by restating the said Declaration as so amended in its entirety as follows:

The Declarer is the owner of real property located in Thompson Township, Haw River, North Carolina, as fully described in a plat and survey prepared by Simmons Engineering and Surveying, Inc. dated June 14, 2006 (and revised on August 9, 21, and 23, 2006), and entitled "Final Plat Duchy Air Park", which plat was recorded in the Alamance County Register of Deeds Office on August 31, 2006 in Deed Book 71, on pages 133, 134, and 135, and is herein referred to as the "Plat".

The Declarer desires to create on a portion of the land shown on the Plat a residential airpark community, to be known as The Duchy Airpark of Chapel Hill, herein the "Airpark" to provide persons interested in and supportive of general aviation the opportunity to build homes and hangars on Duchy Airpark lots, and thus to obtain the privilege of access to the private, controlled airstrip facilities constructed adjacent to the subdivision. The Declarer desires to maintain the amenities and values in this community including all of the Common Areas, and to prevent any diminution of these values by subjecting the real property shown on Plat to the covenants, conditions, liens, restrictions, and easements hereinafter set forth.

To preserve these amenities and values, the Declarer will create a corporate entity which will have the power to maintain and administer the Airpark, to make and enforce covenants, rules and restrictions, and in that regard to enforce the same by litigation and/or restriction of privileges, to levy and collect fines, penalties and damages to the extent allowed by law, and to collect and disburse assessments and charges necessary for the maintenance and operation of the Airpark. This entity will be a non-profit corporation under the laws of North Carolina called "The Duchy Property Owners Association, Inc."

NOW, THEREFORE, Declarer by this Declaration of Covenants, Restrictions and Conditions does hereby declare that all of the property described in this declaration and shown as the DUCHY AIR PARK on the Plat shall hereafter be held, sold, transferred, occupied and conveyed subject to and in accordance with the covenants, benefits, restrictions, conditions, assessments, charges, easements and liens set forth in this Declaration, all of which shall run with the real property and be binding on all parties owning any title, rights, or interest in the real property or any part thereof, including their heirs, assigns, and successors, and shall inure to the benefit of each Owner thereof.

SECTION 1 (Definitions):

1.1 Architectural Committee shall mean a committee constituted to maintain the quality and the architectural harmony of The Duchy Airpark of Chapel Hill.

1.2 Architectural guidelines shall mean the rules and guidelines established and supplemented from time to time by the Architectural Committee.

1.3 Assessments shall mean the annual, special and default assessments found to be necessary and levied by the Board of Directors of The Duchy Property Owners Association, Inc. to meet the expenses of operation, insurance, maintenance and replacement of the common facilities and improvements available for the enjoyment of The Duchy Lot Owners, and for operation of programs found by the Board of Directors to be beneficial to The Duchy Lot Owners.

1.4 Association shall mean The Duchy Property Owners Association, Inc., a non-profit North Carolina corporation, its successors and assigns.

1.5 Articles of Incorporation shall mean the Articles of Incorporation of The Duchy Property Owners Association, Inc., filed with the Secretary of State of North Carolina to form the Association, as the same may be amended from time to time.

1.6 Board of Directors shall mean the Board of Directors which is the governing body of the Association.

1.7 By-Laws shall mean the by-laws of The Duchy Property Owners Association, Inc., as the same may be amended from time to time.

1.8 Common Area shall mean all of the real and personal property, easements, and other interests together with the facilities and improvements located thereon, now and hereafter, owned by the Association for the common enjoyment and use

by the Owners as shown and identified on the Plat, or as later acquired by the Association.

1.9 Declarer shall mean and refer to Haw River Development, LLC, a North Carolina limited liability company and/or Duchy Development Company, a North Carolina corporation, to the extent Duchy Development Company becomes successor-in-title. It is expressly understood that no other legal entity shall be entitled to hold and exercise the rights and power of the "Declarer".

1.10 Duchy Documents shall mean the documents creating and governing The Duchy Airpark of Chapel Hill, including but not limited to this Declaration, the Articles of Incorporation of the Association, the By-Laws of the Association, and any rules, regulations, procedures or policies adopted under such documents by the Association or the Architectural Committee.

1.11 Improvements shall mean all buildings, residences, garages, hangars, structures, parking areas, fences, walls, hedges, plantings, pools, driveways, ponds, lakes, recreational facilities, signs, changes in any exterior color or shape, excavation, and all other site work including, without limitation, grading, road construction, utility improvement, planting or removal of trees, and any new exterior improvement or construction which may be included in the foregoing. "Improvements" does not mean turf, ornamental shrubs, or tree repair, or replacement of a magnitude which does not change exterior colors or appearance. "Improvements" does include original improvements and later changes.

1.12 Lot shall mean any plot of land within The Duchy Airpark of Chapel Hill whether or not improvements have been constructed thereon, where a single family home with hangar may be constructed. The ownership of each of the Lots within the subdivision, as shown on the Plat, shall include an undivided and indivisible privilege to enjoy the Common Area improvements and access to the adjacent airstrip for owned aircraft in transit to and from the Lots, in accordance with rules to be prescribed therefore by the Board of Directors.

1.13 Maintenance Fund shall mean the fund created by assessments and fees levied pursuant to this Declaration to provide the Association with the funds required to insure, operate, maintain, and replace the Common Areas and facilities available to Lot Owners.

1.14 Member shall mean any person, group of persons, or entity owning a Lot in the Duchy Airpark of Chapel Hill and thereby holding membership in the Association.

1.15 Mortgage shall mean any mortgage, deed to secure debt, deed of trust, and any and all similar instruments used encumbering real property in this Property as security for the satisfaction of an obligation.

1.16 Owner shall mean the owner of record, whether one or more persons, of the fee simple title to a Lot located in the Property; each such Owner shall be entitled therefore to one vote per Lot as a member of the Association. The total number of votes that may be cast by all the Lot owners shall be equal to the number of Lots in the subdivision. Persons or entities owning an interest in any Lot merely as security for the performance of an obligation shall not be deemed Members.

1.17 Property shall mean the Property initially subject to this Declaration and any and all other real estate that may hereafter be annexed into this Declaration by the Declarer.

1.18 Recreational Facilities shall mean the recreational facilities and/or amenities to be owned by the Association and located within the Property from time to time.

1.19 Runway shall mean that property located within the subdivision, approximately 80 feet wide and 3,500 feet long, as shown on the Plat, designated and restricted exclusively and in perpetuity for use for the purpose of aircraft takeoffs and landings. The Runway is subject to a perpetual easement assuring that Declarer and its successors, grantees, and assigns, incident to its ownership of any adjacent property it may now or hereafter own, and the Owners of each Lot in the subdivision, incident to their ownership of such Lots, shall always and in perpetuity have access, ingress, egress, and regress to and from the runway, and the right to the use thereof for takeoffs and landings, and taxiing incident thereto. It is especially noted that Declarer reserves for itself and its successors, grantees and assigns, the right to grant access to the Taxiway/Roadways and Runway to other properties adjacent to the subdivision itself that it may develop. The Runway will be conveyed to the Association no later than the sale by Declarer of twenty-one Lots to persons for construction and occupancy, and thereafter the Association will be responsible for its operation and maintenance in accordance with rules to be adopted and provided for such use. The Declarer will provide for and perform all maintenance of the Runway until the Runway is conveyed to the Association, and the expense thereof shall be divided among and collected from the Lot owners by way of assessment both before and after that conveyance. The Runway will be conveyed to the Association subject to the easements provided for herein.

1.20 Taxiway/Roadway shall mean those right of ways radiating from the Runway or otherwise shown on the Plat used to provide access for aircraft to and from the Runway, and to provide access for aircraft and motor vehicles to and from the residences in the Property, and to provide access for motor vehicles to and from the Duchy Airpark of Chapel Hill entrance on Thom Road. The Taxiway/Runways shall include, but are not limited to, Duchy Drive, Osprey Drive, Pegasus Court, and Brownstone Drive, all as shown on the Plat.

SECTION 2 (The Association):

2.1 The Duchy Property Owners Association will be created and incorporated not later than the sale of the first Lot.

2.2 Dedication of the Common Area. Declarer may convey to the Association hereafter certain parts of the Property shown on the Plat as Common Areas, and intended for common use by the Owners. Upon conveyance, such areas shall be dedicated to the common use and enjoyment of the Owners and their families and guests.

2.3 Responsibility for the Common Area. Subject to the right of the Owners set forth in this Declaration, the Association shall be responsible for the control and management of the Common Area including equipment related to this area, and shall maintain it in usable, clean, functional and attractive condition, consistent with the requirements of an exclusive residential airpark community, pursuant to the terms and conditions of this Declaration.

2.4 Membership. Every Owner by virtue of being an Owner for as long as he is an Owner shall be a Member of the Association. Membership cannot be separated from ownership of any lot. No Owner whether more than one person, shall have more than one membership or one vote per Lot owned, but all persons owning a Lot shall be entitled to the rights of membership and of use and enjoyment because of that ownership. Any combination of two or more of the original Lots for the purpose of building one residence will be considered a single Lot for purposes of membership, voting, and assessment purposes.

2.5 Rights of Tenants. An Owner of a Lot on which the house is leased to someone else for not less than one year may assign his voting rights to the tenant in possession, provided that such legal assignment is given to the Association prior to any meeting in which the tenant desires to exercise his right to vote, and provided that the tenant acknowledges receipt of a copy of this Declaration.

2.6 Ownership of Real and Personal Property for Common Use. Pursuant to this Declaration, the Association may acquire, hold, and dispose of real and personal property for the common use of its members and may accept any real or personal property conveyed to the Association by the Declarer.

2.7 Assisting the Architectural Committee. The Association shall in all respects cooperate, assist, and support the Architectural Committee in the attainment of the Architectural Committee's functions and the enforcement of its rules, guidelines, policies, and decisions.

2.8 Rights and Obligations. The Association shall perform all of the duties and obligations imposed on it expressly by the Duchy Documents as well as every other duty and obligation reasonably to be implied from the express provisions of the Duchy Documents where reasonably necessary to satisfy any such duty or obligation. The Association must also perform all of the duties and obligations imposed by law.

SECTION 3 (Architectural Committee)

3.1 Focus and Membership. The Duchy Airpark of Chapel Hill has been designed as a private residential community for aircraft owners and pilots with strict architectural controls to insure that the property will be developed attractively, harmoniously and consistently. To that end, the initial Architectural Committee will consist of three members: Mr. Robert Epting, Mr. Ted Wagoner, and Dr. Richard I. Levin. In the event of failure or inability of a member of this committee to act or in the event of a member's resignation, the vacancy created shall be filled by vote of the remaining members, or if no members then remain, the vacancy or vacancies shall be filled by appointment by Declarer. Action in this committee shall be by majority vote.

3.2 Duties. The Architectural Committee shall regulate the external design appearance and location of the Properties and Lots and any improvements thereon. It shall adopt and enforce architectural guidelines consistent with the concept, goals, covenants, and restrictions of the Duchy Airpark of Chapel Hill. It shall conduct inspections to insure compliance with these guidelines. It shall adopt procedures required to carry out its duties.

3.3 Variances. Notwithstanding anything to the contrary contained herein, the Architectural Committee shall be authorized to grant individual variances from any of the provisions of this Declaration, and any rule, regulation, or restriction promulgated in accordance therewith, if in its judgment, waiver of application of enforcement would not be inconsistent with the overall development of the project.

SECTION 4 (Architectural Guidelines and Rules)

4.1 Land Use. All Lots shall be used for single-family residential purposes only. No Lot shall be used as a right-of-way or street or as access to any land not included in the Property except lots 22 and 23, on which there exists a 20' access easement. Only one family may occupy a Lot as a principal residence at one time. No structure, except as provided herein shall be erected, altered, placed or permitted to remain on any Lot other than a single family dwelling and such garage and hangar used in connection with the dwelling. Such garage and hangar cannot be constructed prior to the completion of the dwelling, and must

comply with the restrictions contained herein for the residential dwelling including but not limited to: exterior requirements, setback lines, and permanent foundations. A guest suite without a kitchen may be included as part of the main dwelling, but such suite may not be rented or leased except as part of the entire premises including the main dwelling. No airplane hangar or part thereof shall be used as a primary residence in any way whatsoever.

4.2 Partition or Combination of Lots. No Lot shall be subdivided or its boundary lines changed without prior written approval of the Declarer. Declarer however reserves the right to re-plat any Lot or Lots owned by it. Every agreement and recorded instrument for combining Lots into one dwelling site shall make provisions for adjusting the membership and voting rights according to Section 2.4 herein. Any Lot conveyed, transferred, gifted, devised, bequeathed, encumbered or otherwise disposed of shall be done so, as the case may be, with all appurtenant rights and interests created by this Declaration, including the membership in the Association and the rights thereof.

4.3 Prohibition of Commercial Businesses. No commercial businesses of any type shall be permitted on Lots. This does not exclude a home office, but no customers, clients, or patients can be seen on residential premises. Nothing herein contained shall be construed as preventing the Declarer from erecting and maintaining facilities of a commercial, recreational or community nature or facilities incident to the use of the Runway.

4.4 Common Areas. The Common Areas shall be owned by the Declarer until the same are conveyed to the Association. No Owner shall have any right to divide or partition any Lot, or any rights therein, nor shall he bring any action or partition or division of the Common Areas, either by acceptance of a deed or other instrument of conveyance or assignment, or otherwise. Each Owner shall be deemed to have specifically waived such Owner's rights to institute or maintain a partition action or any other action designed to cause a division of the Common Area, and this section may be pleaded as a bar to such action. Any Owner who shall institute or maintain any such action shall be liable to the Declarer for its costs, expenses, and reasonable attorney's fees in defending any such action.

4.5 Architectural Approval. No dwelling unit, hangar or garage shall be erected, placed or altered on any Lot before the plans for such construction have been submitted to and approved in writing by the Architectural Committee. Such plans shall be reviewed by the Architectural Committee for quality of materials and workmanship, harmony of external design with existing dwelling units, garages and hangars, and as to location with attention to topography and finish grade elevation. House, garage and hangar shall be of similar architectural design. No house, garage or hangar may be constructed on any Lot unless such construction meets all Alamance County North Carolina Codes then in existence. A copy of the contractor's or builder's license must be submitted with

construction plans to the Architectural Committee. No contractor, builder or other agent shall have access to the Duchy Airpark of Chapel Hill without prior written approval of the Architectural Committee. Access to the roads within the Property may be conditioned upon provision of a bond satisfactory to the Committee to provide indemnity against any damage to the roads or other common areas of the Property by any contractor, agent or employee of a Lot Owner.

4.6 Dwelling Size. Each single family dwelling on a Lot shall have a minimum heated area of 1700 square feet, except lots 10, 11, 12 and 13, where the minimum heated area shall be 1500 square feet. No dwelling unit shall be permitted on any Lot if that dwelling has a ground floor area of the main structure, exclusive of porches, patios, garage and hangar, of less than 1500 square feet. If a dwelling includes a basement, such basement shall not be considered a "level" or "story" and the level of the dwelling immediately above the basement shall be considered the "first level" or "first story" of the dwelling. Each dwelling shall include space for parking at least two automobiles within a covered garage approved by the Architectural Committee.

4.7 Location of Dwelling. To insure that all structures will be located with sensitivity to the topography of each individual Lot and will take into consideration the elevation contours of the Lot and the location of adjoining dwellings, the Declarer or the Architectural Committee reserves unto itself the right to control absolutely and decide solely the precise site and location of any structure, improvements, and utilities upon all Lots, provided that such location shall be determined only after reasonable opportunity is afforded the Owner to recommend a specific site. In any event all buildings (including eaves, decks, patios, and steps) shall be constructed in accordance with the minimum setback lines contained in section 8.3 herein.

4.8 Structural Materials. Unless specifically approved in writing by the Architectural Committee, all construction shall be built of new materials and no used structures shall be located or placed on any Lot. No dwelling shall have an exterior surface comprised of asbestos or vinyl siding, exposed concrete block, cinder block, aluminum siding or similar material.

4.9 Type of Construction. No mobile or manufactured homes of any kind, or any homes having the same general appearance as a mobile or manufactured home are permitted. No building or structure of a temporary nature: trailer, tent, shack, garage, or other outbuilding shall be erected or maintained on any Lot at any time, except as provided for in section 5.6 herein. Furthermore, no building shall be permitted on any Lot unless it is erected on a solid foundation of brick or masonry from the ground level to the first floor level. The maximum height of any residence erected on a Lot cannot exceed 24 feet measured from the highest point of the ground under the lowest floor of the residence unless a variance is granted by the Architectural Committee in advance of construction.

4.10 Driveways and on-Lot Taxiways. Driveways and on-Lot taxiways shall be constructed of concrete, asphalt, brick or other suitable hard-top surface with a minimum thickness of four inches. If any driveway is to cross a drainage ditch, the Owner will be required to install, at his expense, all necessary culverts and coverings prior to commencement of any other construction on the Lot. The installation of the driveway, culvert and any covering must be approved by the Architectural Committee.

4.11 Construction Schedule. All structures approved by the Architectural Committee must be completed, at least as far as the exterior finish, within twelve months of the date the building permit was issued. The Architectural Committee may waive this requirement if in their judgment construction delays have been caused by war, fire, strikes, or acts of God which render completion in the twelve month period impossible. All construction on the Property shall be prosecuted diligently. If construction is begun, then abandoned for more than sixty days, or if construction has not been completed within the twelve month period, then after notice, the Architectural Committee may impose a fine on the Owner of the Lot of not more than one hundred dollars a day until construction is completed. Furthermore, prior to occupying the dwelling or within one year from issuance of a building permit, the Lot Owner shall sow the disturbed earth portions of his Lot in grass and have planted foundation landscaping around the dwelling in accordance with landscaping plans previously submitted and approved.

4.12 Drainage. No Owner shall do or permit to be done any work, construct any improvements, locate any landscaping or permit any condition which can alter the drainage pattern of the Property, except to the extent that the planned improvements have been approved in writing by the Architectural Committee.

4.13 Rebuilding. If a building on a Lot is destroyed in part or in whole by fire, windstorm, flood, or other act of God, it must be rebuilt, or all debris from the building removed and the Lot restored to the condition it was in prior to commencing construction with reasonable promptness, provided however that such reconstruction must commence within three months from the date of the destruction or the Lot must be restored to its original condition within two months from the date of destruction.

4.14 Construction traffic. Construction traffic is prohibited on the Runway. If a Lot Owner fails to prevent construction traffic on this area, he shall be liable for any necessary repairs to this area. No construction equipment may be parked on any Taxiway/Roadway or the Runway. Lot Owners shall be responsible for any damage done to any Taxiway/Roadway or Runway by them or by their contractors, agents or employees, and indemnity bonds assuring compliance with this provision may be required of Lot Owners and their contractors prior to beginning construction on any Lot.

4.15 Size and Style of Hangars. Each Lot on which an airplane is to be kept must have a hangar for the storage of that aircraft. Except for Lot 35, such hangar must be attached to the adjoining dwelling. Each hangar must be compatible in appearance with the adjoining dwelling unit and its design and location on the Lot will both be subject to the approval of the Architectural Committee. No hangar shall be erected in the front yard taken to mean nearer to the taxiway than the front of the dwelling unit. No hangar shall be erected closer than 25 feet from a side Lot line. All hangars built shall be fully enclosed, permanent structures with doors and shall not exceed 1800 square feet in size, except that hangars on Lots 2, 3, 5, 8, 9, 10, 11, 12, 13, 14, and 40 can be larger than 1800 square feet at the discretion of the Architectural Committee. Hangars cannot be constructed before the dwelling unit is constructed. All hangar plans must be approved by the Architectural Committee before construction begins. In no case can hangars be used as residential quarters.

4.16 Fencing and hedges: The erection or installation of fencing or hedges can only be undertaken with the written approval of the Architectural Committee. All fencing shall be located behind the rear building line of the main dwelling and shall not be constructed of metal, except that wrought iron and vinyl coated chain link fencing may be allowed by the Architectural Committee if it is not visible from any taxiway. Fences cannot be more than 5 feet high. Wooden decorative fencing (split rail fencing with holes in the posts and rails running from post to post no more than three feet high) may be permitted in front and side yards by the Architectural Committee. No fencing can be built or maintained in any place that may interfere with the use of any Taxiway/Roadway.

4.17 On-site Waste Water Disposal for Lots 1, 2, 3, 5, 10, 11, 12, 14, 15, 16, 17, 37, 38, and 40 has been approved by the Alamance County Health Department. For the remaining Lots, off-site wastewater disposal has been approved by the Alamance County Health Department. With each Lot using an off-site disposal system, an off-site sub-lot previously approved by the Alamance County Health Department will be conveyed along with the principal building Lot. The Lots and sub-lots are shown on the plat. The sub-lot to be conveyed with each Lot is designated by its principal building Lot number and the letter A. The off-site sub-lots so designated shall be owned by their respective Lot owners, and the Owner thereof shall have the right in perpetuity to access and use that site for subsurface wastewater disposal. However, the surface areas of each sub-lot shall be maintained by the Association, not the Lot owners, and access thereto and the use thereof shall be subject to the rules of the Association. Every sub-lot shall be impressed with an easement allowing access across that sub-lot as necessary for other Lot owners to have access to their sub-lots and to use, maintain and replace such lines to and from their sub-lots, as well as the system installed on that sub-lot. The Declarer, and, after the twenty-first Lot has been sold for construction and use, the Association, shall have the right of access to and use of all of the common areas and roads within the subdivision for any purposes necessary to assure the proper operation of the waste-water lines to

and from the Lots to the area of the sub-lots. Lot owners using off-site septic systems shall be responsible for all costs associated with maintaining and operating each off-site waste-water system, including the lines running from their Lots to their sub-lots. For purposes of voting by Members in accordance with the terms hereof, any Lot and its corresponding sub-lot shall be treated as just one Lot and not as two Lots.

4.18 Water Wells have been approved for every Lot other than Lots 9, 10, 16, and 17. For these Lots, a common water well will be located on Lot 9, and the expense of construction, maintenance, and operation of that well will be shared by the owners of those Lots. Each of those Lots shall be impressed with an easement burdening and in favor of the other Lots in that group, to provide for access to the water well, water lines, and the water system serving each of those Lots in perpetuity.

SECTION 5 (Restrictions):

5.1 Maintaining Property. All Owners shall keep their Lots, whether occupied or not, free of tall grass, weeds, dead or decaying trees, trash, rubbish and debris at all times. All buildings erected on the Lot shall be kept in a neat, attractive condition and in a good state of physical repair. The Association shall maintain the appearance of the surface areas of the off-site septic system drain fields but shall have no responsibility for the operation or repair of those systems.

5.2 Prohibition of Toxic Disposal. No substance which is considered toxic or environmentally sensitive shall be disposed of or allowed to escape from any Lot. Such substances include but are not limited to: gasoline, solvents, cleaning fluids, paint, stain, paint strippers, and oil.

5.3 Prohibition of Unsightly Materials. No garbage, rubbish, junk, debris, inoperative or junk vehicles, used aircraft parts, or other unsightly substances shall be deposited or left on any Lot or in any Common Area at any time. All garbage and household waste shall be kept in sanitary, closed containers and shall be removed from the Lot at least weekly. Under no circumstances shall incinerators or burning be allowed on any Lot.

5.4 Hazardous Materials Prohibited. No material shall be kept on any Lot or any part of the Common Area which would increase the insurance rate on the Common Areas or on any other Lot, or which would be a violation of the law.

5.5 Nuisance. No offensive, annoying, or noxious activity shall be conducted on any Lot or Common Area or in any dwelling, garage or hangar.

5.6 Privies. Outside toilets are expressly prohibited in any Lot except where law requires them temporarily during construction.

5.7 Children and Guests. Each Lot Owner shall be responsible for the conduct of their children and guests and shall indemnify and hold harmless Declarer and all other Lot Owners for any claim for injuries or damage to persons or property arising out of the conduct of their children or guests at or to the Property. Children shall be fully supervised while on the Property and shall be in full compliance with this and any other rule of the Association. In order not to adversely affect the appearance of the Property, swing sets, play sets, sandboxes, tree houses, basketball backboards, animal houses and animal pens shall be erected so that they are not visible from the Taxiway/Roadways or adjoining property unless they are approved in advance by the Architectural Committee. Parents shall be responsible and shall compensate the Owner against and for any damage caused by children and guests to any Taxiway/Roadway, the Runway or other real or personal property within the Property.

5.8 Pets. Pets shall be limited to birds, cats, dogs, and fish, and be limited to three total for any Lot. Pets must be restrained by fence or other effective restraint at the farthest point from any adjoining property. Dogs that become a nuisance by barking must be controlled by their Owners. All appropriate measures must be taken by Owners to avoid odors and immediately remove unsightly animal waste from any pet outside of its Owner's Lot. No pet shall be permitted outside of its Owner's Lot without being on a leash and being accompanied by an adult or a child more than 10 years old. Unattended pets are expressly forbidden on Taxiway/Roadways or the Runway.

5.9 Excessive Noise. No Owner shall make or permit disturbing noises except aircraft noises on his Lot by himself or his family, his guests, servants, workmen, employees, agents or visitors, nor shall he permit any kind of behavior that will interfere with the rights, pleasure, convenience or comfort of any other Owner.

5.10 Electronic Interference. No electronic equipment that interferes with television, radio, or aircraft radio reception is permitted on any Lot.

5.11 Satellite Reception Dishes and Antennas. No shutter, lean-to, enclosure, satellite dish, radio or television antenna, or other such projection shall be attached to or placed on an outside wall or on a roof or in any Lot without the approval of the Architectural Committee. Satellite dishes shall be small, inconspicuous, and not more than 24" in diameter. Any antenna shall be subject also to FCC and FAA regulations concerning obstructions placed near airports. No tower shall be more than fifteen feet tall. All telephone, electrical, and other utility lines must be placed underground.

5.12 Parking Vehicles. Each dwelling shall include a covered garage attached to the dwelling or an attached carport large enough to accommodate two standard automobiles. Such garage or carport must be completed before

occupancy of the dwelling. Boats, boat trailers, motor homes, travel trailers, and other recreational vehicles cannot be stored on any Lot unless they are inside an enclosed garage or under a carport, except that motor homes belonging to persons visiting Duchy Lot owners can be parked on the Owner's Lot for not more than a total of 30 days per year. No wrecked, inoperative, or junk vehicles or vehicles without a current license plate can be stored outside an enclosed garage. No motor vehicle or aircraft of any kind shall be parked on a Taxiway/Roadway or any part of the Common Area.

5.13 Fuel Storage. Bulk storage of flammable, explosive, or combustible liquids is prohibited in any dwelling or on any Lot, except that small quantities of fuels used for lawn-mowing, leaf-blowing, and grilling may be kept when stored in a way that protects against fire or explosion. Aviation fuel, except that as may be contained in the fuel tanks of a parked aircraft, is not permitted on any Lot under any circumstances.

5.14 Outside Clothes Lines and Flag Poles. No clothing, wash, laundry or rugs shall be aired or dried on any portion of any Lot which is in direct view from any other Lot. Such clothes lines are permitted only when substantially screened from view by other Lots by screening methods approved by the Architectural Committee. Flag poles less than 15 feet high are permitted.

5.15 Fences and Hedges. The installation of fences and hedges can only be undertaken with the written approval of the Architectural Committee which shall have the sole authority to approve the fence site, materials and height.

5.16 Signs. Other than temporary "for sale" or "for rent" signs less than 20" by 24" and street signs, no signs or banners shall be erected on the Property. The Architectural Committee shall have the authority to remove all unauthorized signs.

5.17 Outdoor Lighting. Exterior walkway lights approved by the Architectural Committee may be erected within an Owner's Lot. No mercury vapor lights or pole lamps visible from adjoining Lots may be used. Any light erected under this provision, must be placed and shaded so as not to create a nuisance to any other Lot Owners.

5.18 Window air conditioners. Window air conditioners are not permitted. Permanently-installed, through-the-wall heat pumps may be used in Hangars, with the permission of the Architectural Committee.

5.19 Swimming Pools. Above-ground or non-permanent swimming pools are not permitted. In-ground pools must be surrounded by a fence approved by the Architectural Committee.

5.20 Removing Trees. Trees of more than 4" diameter measured two feet from the ground shall not be cut down or otherwise destroyed unless necessary for construction or disease control and then only with the prior consent of the Architectural Committee.

5.21 Access to Lots. No access shall be provided or used to any Lot except from designated Taxiway/Roadways. The Declarer, its agents and employees shall have access to each Lot from time to time during reasonable working hours, upon oral notice to the Owner as may be necessary to maintain drainage ditches, taxiways or facilities situated upon such Lots which serve another Owner's Lot, and to make repairs to prevent damage to the Common Areas or another Lot.

5.22 Failure to Comply. If the Owner of any Lot fails to comply with any of the requirements in Section 5.1 through 5.21 above, the Declarer, through its agents and employees shall have the right to enter upon such premises and to maintain, repair, restore and rehabilitate any improvement situated on that Lot, and to take any necessary steps to remove litter and debris from the Lot to meet reasonable fire prevention regulations, provided however that the Declarer or its agents shall first give 30 days written notice to the Owner of said Lot of its intentions to do this remedial work. Any cost incurred by the Declarer or its agents shall be charged against the Owner of said Lot, and a lien may be created on said Lot until the Declarer or its agents have been paid in full for all of the costs incurred. Nothing contained herein shall be construed to give the Declarer or its agents the right to enter into or inside any building located on the Lot involved without the consent of the Owner.

5.23 Easement for Noise and Low-flying Aircraft: The Owner(s) of each Lot shall be deemed by acceptance of their Lot, to have agreed to and conveyed an easement for aircraft noise and low-flying aircraft over and within hearing distance of their Lot. Every Lot is sold subject to this easement and every Lot Owner, by acceptance of the deed, agrees not to bring any suit against aircraft noise and low-flying aircraft. In the event any lot Owner brings such a suit contrary to this agreement, he agrees to indemnify all defendants therein against any costs of defense and any judgment entered, as well as for any resulting reduction in the value of any Lot arising out of any injunctive relief allowed.

SECTION 6 (Aircraft Operation, Hangars, and Runway):

6.1 Runway use. No person shall have the right of access to or make any use of the Runway except for purposes related to taxiing, take-off and landing of their aircraft. The Runway shall not be used as a playground or recreation facility. All persons shall remain clear of the Runway except Declarer and, after conveyance of the Runway to the Association, the Association, their employees and agents.

6.2 Hangars and Tie-Down Space. The hangar and tie-down space on each Lot is limited to use only by the Owner and temporary guests. Only persons who are Members of the Association are permitted to store, hangar, operate, or tie-down aircraft on a Lot.

6.3 Hangars. The placement and construction of all hangars are subject to the Architectural Committee approval and must be architecturally compatible with the dwelling on the Lot. All hangars must be constructed in conjunction with or subsequent to the construction of the dwelling on the Lot.

6.4 More Than One Aircraft. No Lot Owner can operate, tie down, or hangar more than two aircraft unless permitted to do so by the Declarer. If a Lot Owner owns more than one aircraft, one may be securely tied down outside of the hangar. No aircraft is permitted on any Lot until the dwelling and hangar are completed.

6.5 Run-ups and Engine Testing. Run-ups and testing of engines within the residential area shall be limited to the hours of 7:30 a.m. to dusk but in any event shall not be done in a way that causes inconvenience or damage to the property of others. Run-ups on the Runway may be conducted during daylight hours.

6.6 Unattended Aircraft. No aircraft shall be parked on any part of the Runway or on any Taxiway/Roadway or Common Area. Aircraft left for more than one hour on a Lot must be securely tied-down.

6.7 Speed Limit. Aircraft shall taxi at less than 15 miles per hour. Pilots shall be sensitive to the noise level they create and shall minimize that noise and any dust and debris their aircraft shall blow on aircraft and vehicles following them on the Taxiway/Roadways, as well as onto Lots.

6.8 Flying Safety. No Lot Owner shall engage in aerobatic flight maneuvers within 10 miles of the Property. Each aircraft Owner is required to observe strictly all Federal, State and Local statutes concerning aircraft operation. The traffic pattern altitude is 1600' MSL on the downwind leg and traffic is left hand on both runways. No person shall fly over the Property below traffic pattern altitude except when taking off or landing. Moving aircraft shall have the right of way on the Taxiway/Roadways and the Runway at all times. Careless, reckless, unprofessional, dangerous or illegal flying will not be tolerated and the Declarer, on the recommendation of the Association or at its discretion, has the right to revoke an Owner's access to and privilege to use the Runway for such conduct.

6.9 Weight and Type of aircraft. No aircraft with gross weight above 5250 pounds is permitted to use the Runway or be based at the Duchy Airpark of Chapel Hill. Turbine aircraft, jet aircraft, powered parachutes and gliders are not permitted. Experimental aircraft will be evaluated by the Declarer on a case by case basis, and permitted only at the discretion of the Declarer. Helicopters shall

be operated only on the Runway, cannot be operated on any Taxiway/Roadway at any time, and must be towed to their respective Lots.

6.10 Runway and Pilot Restrictions. The Runway is for VFR daylight traffic only. The definitions of "VFR" and "daylight" are those adopted by the FAA. Pilots are required to have a current FAA license for the type of aircraft they operate, a current biannual flight review, and, except for light sport licensed pilots, a current medical certificate. Each of their aircraft must have a current FAA license. All aircraft operating from the Property shall carry not less than one million dollars of liability insurance and a copy of that insurance certificate shall be furnished to the Association each year. Knowingly failing to comply with any of the provisions in this section (6.10) will result in an automatic suspension of that Owner's landing rights on the Property. In the event of any claim arising or asserted as a result of the negligent operation of any aircraft or vehicle by any Lot Owner, that Owner shall be deemed to have agreed to indemnify and hold harmless the Association and all other individual Lot Owners from any costs, claims or judgments incurred as a result thereof.

6.11 Waiver of Complaints. Since The Duchy Airpark of Chapel Hill is an aviation community, Lot Owners understand and agree that they, their heirs or assigns relinquish any right to complain, object, or take any legal remedies to stop aviation-related activities on the Property.

6.12 Control of Airport Operations. Upon the recommendation of the Association or at its discretion, the Declarer or its designated grantees, successors or assigns shall have the right to make rules and regulations about the easements, Taxiway/Roadways, Runway, air traffic patterns around the airport, grounds, and related facilities affecting the use of said premises, and all Lot Owners agree to comply with said rules and regulations and are subject thereto, including any such rules and regulations that may be added from time to time. Declarer may suspend or revoke access to the Runway for violations of these rules upon the recommendation of the Association or at its discretion.

6.13 Withholding of Use. Upon the recommendation of the Association or at its discretion, the Declarer shall have the right to withhold from or restrict the use of the Runway from any Owner who is in default of any assessment fee, or who in the judgment of the Declarer uses the Common Areas or his aircraft in a negligent manner or in a manner harmful to the rights of others, or who in general violates the published rules and regulations of the Association.

6.14 Limitation of Declarer's Obligations. It is expressly understood and agreed that the establishment of the Common Areas or the declaration of these restrictions herein in no way places any burden of affirmative action on the Declarer to make any of the improvements noted herein, or extend to the grantee any service of any kind.

6.15 Declarer, its grantees, successors and assigns shall have the right to operate the Runway as an airport in perpetuity regardless of whether these Covenants, Restrictions, and Conditions may ever be modified or discontinued.

SECTION 7 (Use of Common Areas, Taxiway/Roadways, Water Area, and Other Recreational Amenities):

7.1 The Common Area. The Common Area at The Duchy Airpark of Chapel Hill shall include any and all real and personal property, easements, and other interests, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common enjoyment and use by the Owners. The Common Area shall include the Taxiway/Roadways and the South Lake, and/or any and all easements or other interests therein, and such other recreational or other amenities as the Association shall determine to provide from time to time.

7.2 Use of Taxiway/Roadways. Use of the Taxiway/Roadways within The Duchy Airpark of Chapel Hill shall be restricted to Lot Owners and their family members, and guests going to and from Lots with the express permission or invitation of Lot Owners. No vehicle may be operated upon the Taxiway/Roadways except by a person being duly licensed to operate motor vehicles on North Carolina public roads. Use of Taxiway/Roadways shall be restricted to Lot Owners operating aircraft to and from the Runway, and operating motor vehicles to and from the residences in the Property and to and from the Property entrance on Thom Road. Lot Owners and their duly licensed family members may operate bicycles and electric powered vehicles upon the Taxiway/Roadways to and from the recreation areas, provided each such operator shall be solely and exclusively liable for any injury or damage arising out of such use, and shall indemnify and hold harmless the Association from and against any cost, claim, or expense of defense of same, arising out of any accident or injury caused to the operator or any person accompanying or injured by the conduct of any such operator upon the Taxiway/Roadways of the Project.

7.3 Operation of Vehicles. No vehicle shall be operated upon the Taxiway/Roadways of the Property at a speed greater than 20 miles per hour, or while the operator or any passenger is incapacitated from the use of alcohol or any other impairing substance, or otherwise in a careless or reckless manner. Aircraft shall have the right-of-way over all other vehicles at all times. Every vehicle shall be operated so as to respect the right-of-way of any aircraft over every other vehicular operation. Every Taxiway/Roadway shall be kept clear of all stationary objects. The Association or its designee or agent shall have the right to remove any vehicle, object, or thing left in or near any Taxiway/Roadway which may create a hazard to safe passage of aircraft or vehicles, and the Association may recover, from any person, the cost of keeping Taxiway/Roadways clear from that person's property or activities which cause obstructions thereto. Every

vehicle shall be operated so as to offer and respect the right-of-way to any other vehicle already proceeding on any Taxiway/Roadway, and in the event of any conflict, each vehicle shall pause and offer the other the right-of-way before proceeding in a manner which would create a conflict as to which vehicle should have the right-of-way. Courtesy and patience shall always be practiced; haste shall always be avoided.

7.4 Use of the South Lake. The Property contains a four acre lake on the south side, hereinafter known as the South Lake. The South Lake shall be available for passive recreation during daylight hours by Lot owners and members of their families, and guests living with or visiting Lot Owners, all in accordance with rules that may be adopted by the Association. Children under the age of fourteen may not use the South Lake unless accompanied by their parent, who shall be solely responsible for the supervision and safety of such children. No swimming or body contact with the waters of the South Lake will be permitted. The Association shall not be responsible for any accident or injury arising out of any use of the South Lake. The South Lake shall otherwise be available for fishing and boating in accordance with fish and game law, and in accordance with Rules that may be adopted by the Association. Boats used on the South Lake may not employ gasoline engines for propulsion.

7.5 Violations and Enforcement. Persons violating any of the operational rules established herein or hereafter provided by the Association may be restricted or barred from further use of the Taxiway/Roadways, the South Lake, or other amenities of the Property. If it becomes necessary to enforce this provision, or any of the rules that may be adopted by the Association, by way of litigation, the Association shall be entitled to recover of the violating party, in addition to any other relief available, all of the Association's costs and expenses incurred in the pursuit of relief from such violations.

SECTION 8 (Easements):

8.1 Entrance for Maintenance of Unimproved Lots. To implement effective insect and woods fire control, the Declarer reserves the right for itself and its agents to enter upon any Lot on which a residence has not been constructed and upon which no landscaping plan has been implemented. Such entry is to be made by personnel with tractors or other suitable machinery for purposes of mowing, clearing, removing, clearing, cutting and pruning underbrush, weeds and other unsightly growth, which in the opinion of the Declarer, detracts from the overall beauty, setting and safety of the Property. Such entry shall not be judged a trespass, and the provisions in this section shall not be construed as an obligation on the part of the Declarer to mow, clear, seed, or prune any Lot or to provide garbage, trash or yard material removal.

8.2 Entrance During Construction. During construction of Roadway/Taxiways, or any time prior to the conveyance of the Common Areas to the Association, the Declarer or its agents reserves a blanket easement on, over, and under the ground within the Property to maintain and correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any required grading of the soil, or take any other similar action reasonably necessary, after which action the Declarer or its agents shall restore the affected property to its original condition insofar as possible. The Declarer or its agents shall give reasonable notice to the Owner or Owners of their intent to take such action, unless in the opinion of the Declarer, an emergency exists which precludes such notice. However, in the exercise of such easement rights, the Declarer shall not disturb any dwelling or other substantial improvement upon any Lot.

8.3 Setbacks. No house or building may be constructed within 50 feet from the centerline of any Taxiway/Roadway or within 100 feet from the center line of the Runway. For all Lots, the side setback is 20 feet, and along the rear line of all Lots (the line opposite the front entrance of the dwelling) the setback is 50 feet. A 40 foot clear zone easement shall be established along all Lot lines facing Taxiway/Roadways or the Runway in which no aircraft can be parked and in which no trees or other obstacles higher than 18" are permitted. An 8 foot easement along all sides of all Lots and along all Taxiway/Roadways is reserved for underground utilities, and a 25 foot easement around the entire perimeter of the South Lake is reserved for the benefit of members of the Association. The established setbacks can be varied by the Architectural Committee on a case by case basis.

SECTION 9 (Right of First Refusal):

9.1 Compliance. No unimproved Lot may be sold by any Owner except subject to the provisions of this section.

9.2 Right of First Refusal. In the event an Owner receives a bona fide written offer from a third party to purchase his unimproved Lot, such Owner shall immediately notify the Declarer of this offer and shall forward a copy of the offer to the Declarer. Upon receipt of the copy of the offer, the Declarer shall have 15 days to notify the Owner that it desires to purchase his Lot under the same terms and conditions set forth in the offer. Upon receipt of such notification, the Owner shall convey the Lot to the Declarer under the provisions of section 9.3 below. In the event the Declarer elects not to purchase the Lot or fails to notify the Owner within the 15 day period, the Owner may sell the Lot to the third party offeror on terms and conditions no less favorable to the Owner than those set forth in the original offer, provided however that if closing and transfer does not take place

within 120 days after the Declarer's failure to exercise his right of first refusal, the Lot may be sold free of the requirement of this section.

9.3 Transferring Title to the Declarer. In the event that the Declarer exercises his right of first refusal under section 9.2 herein, the closing of the conveyance of such Lot shall occur as provided in the third party offer. At closing the Declarer shall make payment to the Owner in cash, by a promissory note, or otherwise as described in the third party offer. Owner then shall deliver to the Declarer a general warranty deed conveying the Lot free and clear of all exceptions and encumbrances except as may be set forth in the written offer and set forth in this Declaration. Declarer may, at its discretion, require the Owner to post such bonds or other assurances as the Declarer deems reasonable in order to protect the Declarer from any loss which might be caused by the failure to pay federal or state inheritance taxes or failure to pay the claims of any creditors who may have a lien on the Lot superior to the Declarer's rights as a purchaser of such Lot.

SECTION 10 (Assessments):

10.1 Personal Obligation and Lien for Assessments. Each Owner of any Lot sold by acceptance of a deed, whether or not it shall be so stated in any deed, is deemed to covenant and agree to pay to the Association an annual assessment or charges as provided in this Declaration to fund the maintenance operations, any special assessments for capital improvements and other purposes as stated in this Declaration, such assessments to be fixed, established and collected from time to time as provided below, and any default assessments which may be assessed against an Owner's Lot pursuant to the Duchy Documents for failure to perform an obligation under the Duchy Documents or because the Association has incurred an expense on behalf of the Owner under the Duchy Documents. The annual, special and default assessments shall be a charge upon the land and shall be a continuing lien upon the Lot against which such assessment is made until paid. Each such assessment, together with interest, costs, and reasonable attorney's fees shall also be the personal obligation of the Owner of such Lot at the time the assessment fell due.

10.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, welfare, and pleasure of the Owners and for improvement and maintenance of the Common Areas, including but not limited to: keeping the Common Areas clean and free from debris and in a neat and orderly condition, maintaining the landscaping thereon, repairing and maintaining Common Area equipment, paying taxes levied against the Common Areas, installing and maintaining light fixtures along Taxiway/Roadways, maintaining an entrance sign for the Property, paying the premium on hazard and liability insurance carried by the Association, providing such security services as may be deemed reasonably necessary, and providing

garbage removal services if such may be approved by the Association for all Lots.

10.3 Date of Annual Assessment. Upon the sale of a Lot by the Declarer to a new Owner, the annual assessment for that Lot shall commence on the first day of the next month following the conveyance of the Lot to the new Owner. For sales other than those on first day of the new year, the first annual assessment shall be prorated using the number of days remaining from the conveyance date until the following January 1st. The initial annual assessment shall be \$ 1,000 per Lot.

10.4 Annual Assessment Determination. The Board of Directors of the Association shall prepare a budget for the coming year by October 15th of the previous year. It shall estimate its cash requirements for the coming year, its cash on hand, and the funds it needs to raise through assessments for the coming year. The budget shall also include an amount to provide for periodic repairs, repair and replacement of equipment in the Common Areas, property taxes on the Common Areas, capital improvements, and deficiencies in the previous year's budget.

10.5 Levying Special Assessments. In addition to the annual assessment in section 10.4 of this Declaration, the Board of Directors of the Association may levy in any year one or more special assessments applicable to that year, for construction or reconstruction on the Common Areas, repair or replacement of a piece of equipment used on the Common Areas, or to make up any unforeseen shortfall in the current year's budget. Notice of the amount of this special assessment and the due date must be sent to each Owner at least 30 days before payment is due.

10.6 Rate of Assessment for All Lots Sold. Annual and special assessments will be fixed at the same rate for all Lots sold whether improved or not.

10.7 Owner's Liability for Assessments. Owners of Lots sold cannot waive or exempt themselves from paying assessments provided for herein even if the Owner abandons the Lot. No reduction or abatement of any assessment shall be claimed or allowed because of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from repairs or improvements which are the responsibility of the Association, or because the Owner does not avail himself of any of the privileges or rights available to Owners.

10.8 Assessments in Default. All monies assessed against an Owner pursuant to the Association's policies, or any expense of the Association which is an obligation of the Owner or which is incurred by the Association on behalf of the Owner shall be a default assessment and shall become a lien against such

Owner's Lot which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such default assessment shall be sent to the affected Owner 30 days before the due date.

10.9 Cost of Non-payment of an Assessment. Any assessment whether annual, special or default which is not paid within 30 days of its due date shall be delinquent. In the event that an assessment becomes delinquent, the Association at its sole discretion may take one or more of these actions: assess an interest charge of 8 ½ % per annum, assess a late charge of 10 % of the assessment, suspend the voting rights of the Owner during any period of delinquency, bring legal action against any Owner personally obligated to pay the delinquent assessment, and file a statement of the lien with respect to the lot as described in section 10.10 below.

10.10 Statement of Lien. The Association may file a statement of lien by recording with the Register of Deeds of Alamance County North Carolina a written statement with respect to the Lot setting forth the name of the Owner, the legal description of the Lot, the name of the Association, and the amount of the delinquency, which statement shall be duly signed and acknowledged by the President of the Association and which shall be served upon the Owner by mail at the address of the Lot. Thirty days following the mailing of such notice, the Association may proceed to foreclose the statement of lien the same way provided for the foreclosure of mortgages by the state of North Carolina. Such lien shall be in favor of the Association and shall be for the benefit of all Owners. In a foreclosure action, the Association shall be entitled to recover as a part of the action the interest, costs, and reasonable attorney's fees with respect to the action. The remedies herein shall not be exclusive and the Association may enforce any other legal remedies to collect delinquent assessments.

10.11 Liability of Successors for Liens. Beyond the personal obligation of each Owner to pay all assessments and the Association's perpetual lien for such assessments, all successors to the fee simple title of a Lot shall be jointly and severally liable with the prior Owner or Owners for any and all unpaid assessments against that Lot, including interest, late fees, and reasonable attorney's fees, without prejudice to any successor's rights to recover from any prior Owner any amounts paid by such successor.

10.12 Subordination of the Lien. The lien of an assessment provided for in this Declaration shall be subordinate to the lien of any prior mortgage, but shall be superior to and prior to any homestead exemption provided now or in the future by laws of the state of North Carolina. No sale or transfer of any Lot pursuant to a decree of foreclosure or by a Public Trustee's foreclosure or any other proceeding, or deed in lieu of foreclosure for the purpose of enforcing a first mortgage shall extinguish the lien of such assessments as to installments which become due prior to such sale or transfer. No sale or transfer shall relieve the

purchaser or transferee of a Lot from liability for, nor the Lot from lien of any assessment made after the sale or transfer.

10.13 Prior Written Request From a First Mortgagor. Any prior mortgagor that makes a prior written request to the Secretary of the Association and which furnishes its name and address and legal description of the Lot in which it has an interest, shall be entitled to timely written notice of any delinquency in payment of annual, special or default assessment levied against the Lot encumbered by its first mortgage. Any such first mortgagor shall be entitled to cure such delinquency and obtain a release from the lien imposed or perfected by reason of such delinquency.

10.14 Property Exempt From Assessments, Charges and Liens Under This Declaration. Property exempt from the assessments, charges, and liens created in this Declaration includes all utility easements and Common Areas.

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

10.16 Assessments shall not accrue against undeveloped, developer-owned Lots.

SECTION 11 (Amendments and Duration):

11.1 Term. The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns for a period of 25 years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of 10 years unless an instrument in writing, signed by a two-thirds majority of the Owners has been recorded within the year preceding the beginning of each successive period of 10 years, agreeing to change covenants and restrictions, in whole or in part, or to terminate the same.

11.2 Declarer's Rights to Amend Covenants, Restrictions and Conditions. As long as Declarer or its successor Duchy Development Company own a majority of the Lots, Declarer or its successor Duchy Development Company shall have the right to appoint a majority of the Board of Directors of the

Association. Declarer or its successor Duchy Development Company shall have the right and authority to modify these Covenants, Restrictions and Conditions without liability or notice or enjoinder of any other party provided that such amendments do not establish covenants, restrictions and conditions which are less restrictive than the original. No house, hangar, garage, or pool which is complete or substantially complete at the time of an amendment and which conforms to the Covenants, Restrictions and Conditions prior to such amendment shall be rendered non-conforming by the adoption of an amendment. Any amendment adopted shall become effective when a certificate with the formality of a deed is recorded in the public records of Alamance County, North Carolina.

11.3 Association's Rights to Amend Covenants, Restrictions and Conditions. When a majority of the Lots have been sold for development to parties other than the Declarer or Duchy Development Company, the Declarer's right to appoint a majority of the Board of Directors of the Association terminates. The Association may adopt amendments to this Declaration only by the affirmative vote or written consent of 75 % of the members of the Association. No amendment may remove, revoke or modify any right or privilege of the Declarer as specifically provided in this Declaration or amendments thereto without the written consent of the Declarer or the assignee of such right or privilege.

11.4 Scrivener's Errors. The Declarer shall have the right any time within 5 years from the date hereof to amend this Declaration to correct scrivener's errors and to clarify any ambiguities determined to exist herein, and to change or add provisions to meet the requirements of governmental agencies including the Federal Housing Administration and the Veterans Administration. Such amendments need to be acknowledged by the Declarer only, and need not be approved by the Association. No amendment shall alter the subordination provisions of this Declaration without prior approval of any mortgagee enjoying such protection.

11.5 Revocation. This Declaration shall not be revoked without the consent of all of the Owners in a written instrument duly recorded in the public records of Alamance County, North Carolina.

SECTION 12 (Enforcing Covenants):

12.1 Nuisances. Every violation of this Declaration or any other Duchy Documents is considered to be a nuisance and is subject to all of the remedies provided for the abatement of the violation. Additionally, all public and private remedies allowed at law or in equity against anyone in violation of these Covenants, Restrictions and Conditions shall be available.

12.2 Compliance and Failure to Comply. Owners or other occupants of any part of the Property shall comply with the provisions of the Duchy Documents as the same may be amended from time to time. Failure to comply with the Duchy Documents shall be grounds for an action to recover damages or for the injunctive relief to cause any such violation to be remedied, or both. Reasonable notice and an opportunity to be heard shall be given to the delinquent party prior to commencing any legal proceedings.

12.3 Enforcement. Any action to enforce Duchy Documents may be brought by the Declarer or the Association on behalf of the Owners. If, after a written request from an aggrieved Owner, neither the Declarer nor the Association commences an action to enforce the Duchy Documents, then the Owner may bring such action.

12.4 Remedies. In addition to the remedies set forth in this section, any violation of the Duchy Documents shall give the Declarer or the Association, on behalf of the Owners the right, after giving the notice required in Section 5.22, to enter upon the offending premises or take appropriate peaceful action to abate, remove, modify, or replace, at the expense of the offending Owner, any structure, thing, or condition that may exist thereon contrary to the interest and meaning of the Duchy Documents. If the offense occurs on any easement, walkway, Runway, or Common Area, the cure shall be at the expense of the Owner or other person responsible for the offending condition and shall require only reasonable notice. All of the remedies set forth herein are cumulative and not exclusive.

12.5 No Waiver. The failure of the Association, the Declarer, or the Architectural Committee or any aggrieved Owner to enforce the Duchy Documents shall not be deemed a waiver of the right to do so for any subsequent violations or of the right to enforce any other part of the Duchy Documents.

12.6 No Liability. No member of the Board of Directors of the Association, Declarer, the Architectural Committee or any Owner shall be liable to any other Owner for the failure to enforce any of the provisions of the Duchy Documents.

12.7 Recovering Costs. If legal counsel is obtained to enforce any provisions of the Duchy Documents, or in any legal proceedings whether or not suit is brought, for damages or for the enforcement of the Duchy Documents or the restraint of violations of the Duchy Documents, the prevailing party shall be entitled to recover all costs incurred by it in such action, including reasonable attorney's fees as may be incurred, or if suit is brought, as may be determined by the Court.

12.8 Interpreting This Declaration. This Declaration, to the extent possible, shall be construed or reformed so as to give validity to all of its provisions. Any provision of this Declaration found to be prohibited by law or unenforceable shall

be ineffective to the extent of such prohibition or unenforceability without invalidating any other part hereof.

IN WITNESS WHEREOF, the Declarer hereby executes the foregoing as of the day and year first above written.

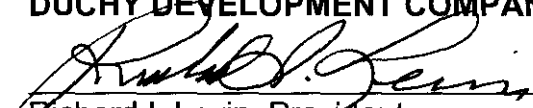
HAW RIVER DEVELOPMENT, LLC

BY:


Richard I. Levin, Manager

DUCHY DEVELOPMENT COMPANY

By:


Richard I. Levin, President

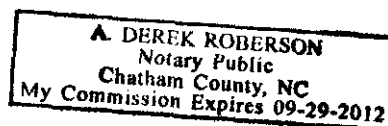
STATE OF NORTH CAROLINA
COUNTY OF ORANGE

I, the undersigned Notary Public, certify that Richard I. Levin personally appeared before me this day and acknowledged that he is Manager of Haw River Development, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of the entity, he signed the foregoing instrument in its name as its act and deed for the uses and purposes declared therein.

This is the 13th day of February, 2008.


A. Derek Roberson, NOTARY PUBLIC

MY COMMISSION EXPIRES: 9-29-2012



STATE OF NORTH CAROLINA
COUNTY OF ORANGE

I, the undersigned Notary Public, certify that Richard I. Levin personally appeared before me this day and acknowledged that he is the President of Duchy Development Company, a North Carolina corporation, and that by authority duly given and as the act of the entity, he signed the foregoing instrument in its name as its act and deed for the uses and purposes declared therein.

This is the 13th day of February, 2008.

A. Derek Roberson
A. Derek Roberson, NOTARY PUBLIC

MY COMMISSION EXPIRES: 9-29-2012

