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STATE OF NORTH CAROLINA)
COUNTY OF FORSYTH)

DEED AND DECLARATION
OF
2 COVENANTS, CONDITIONS AND RESTRICTIONS

THIS INDENTURE, Made this 6th day of June, 1973,
from REYNSAL VILLAGE PARTNERSHIP, a North Carolina partnership having an
office or place of business in Forsyth County, herein called the Owner, with
SALEM VILLAGE ASSOCIATION, a non-profit corporation organized under the
laws of the State of North Carolina and having its principal office in Forsyth
County, herein called the Association.

WHEREAS, Reynsal Village Partnership is the owner of all of that
property shown on the plat of Salem Village Townhouses, recorded in Plat
Book 25 , Page 64 , in the Office of the Register of Deeds of Forsyth
County;

WHEREAS, the Owner and the Association have agreed upon a method of
assessment for the purpose of raising revenues for the maintenance of the Common
Area shown on said plat.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean Salem Village Association.

Section 2. "Common Area" shall mean all property owned by the Asso-
ciation for the common use and enjoyment of the members of the Association.

Section 3. "Properties" shall mean and refer to that real estate
owned by Reynsal Village Partnership and shown on the plat of Salem Village
Association.

Section 4. "Lot" shall mean and refer to any plot of land used for
residential purposes and located within a subdivision within the jurisdiction
of the Association.

Section 5. "Member" shall mean and refer to a person designated on
the membership certificate and records of the Association as a member.

Prepared By
HUDSON, BETREE, STOCKTON, STOCKTON & ROBINSON
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By *Richard L. Glaze*

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Section 6. "Owner" shall mean and refer to record owner of the fee simple title to any lot or dwelling unit within the jurisdiction of the Association, excluding, however, those holding such interest merely as security for the performance of an obligation.

Section 7. "Dwelling Unit" shall mean and refer to an area approved by law for occupancy by a single family notwithstanding whether one or more such units may be located in a single building or group of buildings.

ARTICLE II

CONVEYANCE OF COMMON AREA

In consideration of these presents and the mutual covenants and conditions herein contained and upon the further considerations of Ten Dollars (\$10.00) in hand paid by the Association to the Owner, the receipt of which is hereby acknowledged, the Owner has bargained and sold and by these presents does bargain, sell and convey unto the Association, its successors and assigns that property known as the Common Area on the plat of Salem Village Townhouses, recorded in Plat Book 25 , at Page 64 , in the Office of the Register of Deeds of Forsyth County; to have and to hold unto the Association, its successors and assigns for the purposes set forth in the Association's Charter and Bylaws together with the privilege of assessment as herein provided and the Owner does hereby covenant that it is seized of the Common Area in fee and has the right to convey the same in fee simple; that the Common Area is free from encumbrances; and that the Owner will warrant and defend the title to the same against the claims of all persons whatsoever; except for easements for the purpose of installation and maintenance of utilities heretofore granted by the Owner to Duke Power Company and Southern Bell Telephone & Telegraph Company and rights granted to the public by virtue of the subdivision laws of the State of North Carolina and the requirements of the City-County Planning Board of the City of Winston-Salem and Forsyth County.

ARTICLE III

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation of Assessments.

The Owner, for each lot owned within the properties or dwelling unit hereafter located thereupon, hereby covenants, and each owner of any lot or dwelling unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay:

(1) to the Association, annual or special assessments or charges for upkeep, maintenance and repair, including the funding of a replacement reserve for the Common Area and the facilities located thereupon, such assessments to be fixed, established, and collected from time to time as hereinafter provided, and, (2) to the appropriate governmental taxing authority, a pro rata share of any ad valorem taxes levied against the Common Area and a pro rata share of any assessments for public improvements to the Common Area if the Association shall default in the payment thereof for a period of six (6) months, all as herein-after provided. The annual and special assessments, together with such interest, costs and reasonable attorneys' fees shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the members of the Association as described in the Bylaws of the Association and its Charter and in particular for the payment of property taxes assessed against the Common Area and the maintenance of the Common Area, services and facilities devoted to these purposes and related to the use and enjoyment of the Common Area, and the Association shall be responsible for performing the foregoing.

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Section 3. Basis of Maximum of Annual Assessments. Until January 1 of the year immediately following the conveyance of the first lot or dwelling unit to an owner, the maximum monthly assessment shall be Thirty Dollars (\$30.00) per dwelling unit. From and after July 1 of the year of the conveyance of the first lot or dwelling unit to an owner, the monthly assessment shall be fixed by the Board of Directors of the Association after consideration of the current maintenance costs, additions, if any, to reserves and the future needs of the Association and as further provided by the Articles of Association and Bylaws of the Association.

Section 4. Special Assessments for Extraordinary Repairs to or Replacement of Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in an assessment year a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any reconstruction, unexpected repair or replacement of a capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto; provided that in the case of any capital improvement made by the Association any such assessment shall be made only against the owners or their successors in interest who were originally assessed therefor. Special assessments shall be allocated to each unit on the proportionate basis herein provided.

Section 5. Proportionate Rate of Assessment. Both annual and special assessments must be fixed in the proportion which the floor area of each unit bears to the total floor area of all of the units within the jurisdiction of the Association, and said assessment may be collected on a monthly basis.

Section 6. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount

of annual assessment against each lot as provided by the Bylaws of the Association. The Association shall upon demand at any time furnish a certificate in writing signed by an officer of the Association or its agent setting forth whether assessments on a specified lot or dwelling unit have been paid. A reasonable charge may be made by the Board of Directors for the issuance of such certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six per cent (6%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by none use of the Common Area or abandonment of his lot or dwelling unit.

Section 8. Association to Act as Agent of Owner for Collection and Payment of Ad Valorem Taxes. Notwithstanding any other provision herein, the Association shall act as the agent for the owner of each lot and dwelling unit for the collection and payment of any ad valorem taxes levied against the Common Area and shall specify the amount of each assessment, if any, devoted to the payment of such taxes as agent for such owner.

Section 9. Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association. It shall be further provided that upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each owner of a lot or dwelling unit within the

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jurisdiction of the Association shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of lots and dwelling units in the development. If such sum is not paid by the owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the lot or dwelling unit of the then owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law against the owner personally obligated to pay the same or may elect to foreclose the lien against the lot of the owner.

Section 10. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust to which consent shall be given by the Association. The Association shall consent to any mortgage or deed of trust given by a member so long as the amount secured by such mortgage or deed of trust together with all other liens against such unit shall not exceed ninety-five percent (95%) of the value of such unit as determined by an appraisal made by a reputable lender. If governmentally assisted or insured financing is available to a member at a ratio of loan to value in excess of ninety-five percent (95%), the Association shall subordinate the lien of the assessment as provided by the regulations of the federal agency. Sale or transfer of any lot shall not affect the assessment lien or lien provided for in the preceding section. However, the sale or transfer of any lot which is subject to any mortgage or deed of trust given with the consent of the Association pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such lot from liability for any assessments thereafter

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becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of such mortgage, mortgages, deed of trust or deeds of trust.

ARTICLE IV

COVENANTS OF OWNER TO KEEP UNITS INSURED AGAINST LOSS, TO REBUILD AND TO KEEP IN GOOD REPAIR

The Owner covenants with the Association on behalf of itself and each subsequent purchaser of a lot or dwelling unit:

- (1) To keep each dwelling unit insured against loss by fire with what is commonly called extended coverage in an amount equal to at least ninety percent (90%) of the replacement value of each dwelling unit;
- (2) To name the Association as an insured "as its interest may appear" so that the Association shall be entitled to receive notice of cancellation of such insurance policies which shall be issued by companies acceptable to the Association;
- (3) To apply the full amount of any insurance proceeds to the rebuilding or repair of any dwelling unit (subject to the rights of any mortgagee in such proceeds);
- (4) To rebuild or restore the dwelling unit in the event of damage thereto; and
- (5) To keep the dwelling unit in good repair as provided by the Bylaws of the Association.

ARTICLE V

ADDITIONAL PROPERTY OF THE OWNER

It is within the contemplation of the Owner and the Association that the Owner will add additional properties to that property conveyed by virtue of this indenture. The Association shall accept such additional properties of the Owner upon such terms and conditions as the Owner shall prescribe; provided, however, that the addition of such properties shall not increase the

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assessment per dwelling unit of those dwelling units subject to this indenture at the time of such addition by the Owner.

The provisions of this Article shall not be interpreted as imposing upon the Owner a duty or obligation to bring other property of the Owner within the terms of this indenture; and, the Owner expressly reserves the right to develop any of its property adjacent to the property covered by this indenture or otherwise in such manner as it in the exercise of its sole discretion may determine.

ARTICLE VI

AMENDMENT

This indenture may be amended only by written instrument executed by the Owner, its successors or assigns and by the Association, its successors or assigns filed of record in the Office of the Register of Deeds of Forsyth County, North Carolina.

IN WITNESS WHEREOF, Reynsal Village Partnership has caused this indenture to be executed under seal by one of its General Partners and Salem Village Association has also caused this indenture to be executed under seal by its proper officers pursuant to authority of its Board of Directors; both the day and year first above written.

REYNSAL VILLAGE PARTNERSHIP

By *Stacy A. Rush* (SEAL)
General Partner



SALEM VILLAGE ASSOCIATION

By *Allen Holt* (SEAL)
President

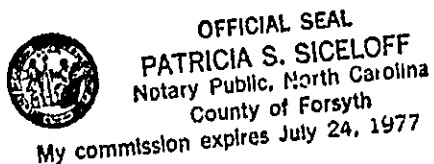
ATTEST:

Jefferson T. McMahon
Assistant Secretary

STATE OF NORTH CAROLINA)
COUNTY OF FORSYTH)

I, Patricia S. Siceloff, a Notary Public of Forsyth County, North Carolina, do hereby certify that George A. Bush, Jr., General Partner of REYNSAL VILLAGE PARTNERSHIP, personally appeared before me this day and acknowledged the execution of the foregoing instrument on behalf of REYNSAL VILLAGE PARTNERSHIP.

Witness my hand and notarial seal, this the 6th day of June, 1973.



Patricia S. Siceloff
Notary Public

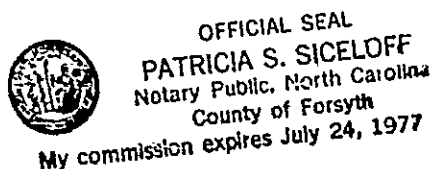
My commission expires:

July 24, 1977

STATE OF NORTH CAROLINA)
COUNTY OF FORSYTH)

This 6th day of June, 1973, personally came before me, Patricia S. Siceloff, a notary public, Jefferson T. McMahon who, being by me duly sworn, says that he knows the Common Seal of SALEM VILLAGE ASSOCIATION and is acquainted with Allen Holt Gwyn who is the President of said Corporation, and that he, the said Jefferson T. McMahon is the Assistant Secretary of the said Corporation, and saw the said President sign the foregoing instrument, and saw the Common Seal of said Corporation affixed to said instrument by said President, and that he, the said Jefferson T. McMahon signed his name in attestation of the execution of said instrument in the presence of said President of said Corporation.

Witness my hand and notarial seal, this the 6th day of June, 1973.



Patricia S. Siceloff
Notary Public

My commission expires:

July 24, 1977

STATE OF NORTH CAROLINA—Forsyth County

The foregoing (or annexed) certificate of Patricia S. Siceloff, N.P.
(here give name and official title of the officer signing the certificate, passed upon)

Forsyth Co., N.C.

is (are) certified to be correct. This the 7 day of June 19 73.

Probate fee 50¢ paid.

PRESENTED FOR
REGISTRATION
AND RECORDED

JUN 7 8 38 AM '73
EUNICE AYERS
REGISTER OF DEEDS
FORSYTH CO., N.C.

Eunice Ayers, Register of Deeds

By Ruth Barrow

Deputy-Assistant

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