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BOOK 1592 PAGE 584

NORTH CAROLINA
DURHAM COUNTY

PROTECTIVE COVENANTS FOR HEATHERWOOD
SUBDIVISION, HOPE VALLEY FARMS, DURHAM
COUNTY, NORTH CAROLINA, RECORDED IN
BOOK OF MAPS 123, PAGE 25.

THESE PROTECTIVE COVENANTS, made this 26 day of
April, 1991, by HOPE VALLEY VENTURE, a North Carolina
Joint Venture, (hereinafter "Declarant").

W I T N E S S E T H:

Declarant hereby declares that the following described
real property, of which it is owner, located in Durham County,
North Carolina, is and shall be held, transferred, sold
and conveyed, subject to the protective covenants hereinafter
set forth:

All of the property shown on map entitled
Heatherwood, Hope Valley Farms, Durham, North
Carolina, as recorded in Book of Maps 123, Page
25, Durham County Registry.

The above lands are also subject to that certain Declaration
of Covenants, Conditions, and Restrictions of Hope Valley
Farms, recorded with the Register of Deeds in Durham County,
North Carolina in Book 1462, Page 912.

1. Preamble. The above described lands, which are
subject to these Protective Covenants, and any other lands,
which hereafter may be subjected to these Protective
Covenants, (collectively called "the Subdivision"), are
being developed by Declarant.

2. Purpose. The Subdivision is hereby made subject
to these Protective Covenants for the purpose of insuring
appropriate development and improvement of the Subdivision
and each building site therein, as reflected upon any
map of a portion of the Subdivision duly recorded in the
Durham County Registry ("Site"), for the mutual benefit
of Declarant and all future owners of Sites.

3. Resubdivision. No Site may be resubdivided so
as to produce a greater number of Sites than as shown
on any recorded map of a portion of the Subdivision. More
than one Site may be used as one building site, provided
that Declarant shall have the right, as specifically
reserved in Paragraph 18 hereof, to make such reloca-
tion of easements as it determines necessary by reason
of such use.

*2nd Amend
BK 1638
PG 38
2-5-91*

*Decl.
BK 1648
PG 50
4-9-91*

*Declarant
1604-755
17-18-90*

*Admendment
BK 1615
PG 984
9/13/90*

08943

1800

4. Erosion Control and Lot Maintenance. During land development and throughout construction, the owner of each Site ("Owner") and all persons engaged in the development of and construction upon a Site shall take such action as may be reasonably required; (a) to control, inhibit, or prevent land erosion, the sedimentation of streams, and impoundments resulting from erosion; (b) to keep such site in a neat and sightly condition free from trash and debris. Each Owner shall maintain his Site in such manner as to prevent the erosion of soil into any other area. If an Owner does not maintain his site as herein provided, then Declarant may have the required work done, and the costs thus incurred by Declarant shall be paid by the Owner of the Site upon demand. Declarant shall have the right of entry upon each Site as necessary to perform such work or cause such work to be performed.

5. Grading and Filling. No grading, filling or other alteration to the topography or elevation of any Site shall be undertaken without the prior written approval of Declarant.

6. Removal of Trees. No tree having a trunk diameter exceeding six (6) inches at four (4) feet above ground level, or other vegetation, except weeds, deadwood, underbrush or grass may be cut or removed from any Site, without the prior written approval of Declarant, unless the tree is dead or diseased or poses an imminent threat or danger to persons or property, or is in the actual building site or areas that may be required by the Builder to be cleared for utilities, access or drainage.

7. Removal of Vegetation from Common Area. No Owner, other than Declarant, shall injure, cut or remove, or suffer or cause to be injured, cut or removed, any trees, shrubs, flowers, or other vegetation from any Community Common Property (as defined in the Declaration of Covenants of Hope Valley Farms recorded in the Durham County Registry, in Book 1462, Page 912, ("Hope Valley Farms Declaration"), or area which may be defined as "natural roadway buffer" or "buffer" on the overall site plan of Hope Valley Farms which plan is on file in Declarant's office, unless with the prior written permission of Declarant.

8. Architectural Approval. No Site preparation, construction, erection or installation of any structures, facilities, or other improvements shall be undertaken on any Site, until the plans and specification therefor have been submitted to Declarant, and Declarant has given written approval of the work to be performed thereunder.

9. Existing and Additional Improvements. Following the initial construction and installation of improvements, no exterior alteration or modification thereof, (other than normal maintenance and repairs), and no construction, erection, or installation of any additional structures, facilities, or other improvements shall be undertaken without the prior written consent of Declarant.

10. When Approval Implied. Prior approval of Declarant must be obtained pursuant to these Protective Covenants before undertaking any activity, and a request for such approval must be submitted in writing to Declarant, together with all information necessary for Declarant to arrive at a decision. The failure of Declarant to give or deny approval within thirty (30) days following receipt of such written request and necessary information shall be deemed to constitute approval; provided, however, that any plans and specifications submitted shall not be deemed to have been received by the Declarant if they contain erroneous data or fail to present adequate information; or unless legal action has been instituted prior to the expiration of such period to enjoin the proposed activity.

11. Signs. No sign, billboard, or poster shall be erected, placed, exhibited or maintained on any Site except with the prior approval of Declarant, unless in conformity with the then current size, design and format as may be established from time to time by Declarant, and in compliance with local ordinances.

12. Setbacks. Except with the prior approval of Declarant, no building, including garages, shall be located on any Site less than 25 feet from the front lot line, less than 12½ feet from any side lot line, or less than 25 feet from the rear lot line. On Lots 1 through 9, the rear lot setback shall be 30 feet.

13. Minimum Size of Residence, etc. No two-story or split-level residential structure having a minimum area of less than 1625 square feet of finished, heated, living area, and no one-story residential structure having a minimum area of less than 1500 square feet of finished, heated, living area, both exclusive of subsurface areas, porches, basements and garages, shall be erected on any Site. No building shall exceed two and one-half stories or thirty (30) feet in height. In the event of any question of interpretation of this Paragraph, the interpretation placed thereon by Declarant shall be binding upon all parties.

14. Vehicles. No truck, mobile home, recreational vehicle, tractor, commercial vehicle, trailer, boat trailer or camper may be stored or parked upon any Site overnight, except in garages or otherwise concealed from view from all other Sites, streets and other portions of the Subdivision.

15. Fences and Driveways. No fence, wall, hedge, or mass planting shall be permitted, except with the prior approval of Declarant. All driveways must be paved with asphalt or concrete.

16. Parking. Adequate off-street parking shall be provided by each Owner for the parking of automobiles and other vehicles owned or controlled by such Owner, members of the Owner's family and employees of the Owner. No vehicle may be parked on any street in the Subdivision overnight.

17. Utility Connections. All telephone, electric, cable television, and other utility lines and connections located on a Site shall be located underground. No communication tower, television tower or satellite dish shall be erected on any house or lot.

18. Easement Reserved. Declarant, for itself and its successors and assigns, hereby reserves a perpetual easement, privilege, and right, including the right of entry, for utility, community or cable television antenna systems, and drainage purposes; (a) on, in, and under a ten (10) foot strip along the rear lot line of each Site, (b) on, in and under a five (5) foot strip along the side lot lines of each Site and (c) as otherwise shown on each recorded map of a portion of the Subdivision. In the event that more than one Site is used as a building site, as provided in Paragraph 3 hereof, or in the event Declarant in its sole discretion deems it necessary and appropriate, Declarant shall have the right unto itself and its designated successors and assigns, to relocate, remove and/or reestablish the easements provided for herein and the easements provided on any recorded map of a portion of the Subdivision, which easements may be located on, in and under a Site or combination of Sites utilized as one building site, provided such relocation does not materially interfere with the use thereof.

19. Rights Exclusive. All rights herein created for, held by, or reserved to Declarant shall belong exclusively to Declarant and to such persons, firms or corporations to whom they are expressly assigned by Declarant, including the Homeowners Association described in the Hope Valley Farms Declaration, and none of them shall be deemed transferred to the purchaser of any portion of the Subdivision, unless the instrument effecting such transfer expressly recites the assignment of such rights.

20. Conflict. If any provisions hereof are in conflict with those of the Hope Valley Farms Declaration, as the same may be amended, the provisions of the Hope Valley Farms Declaration shall control.

21. Terms of Covenants. These Protective Covenants shall run with the Subdivision, and each Site therein, and shall be binding upon all Owners thereof and all other persons having any interest therein until January 1, 2010, at which time, these Protective Covenants shall be automatically extended for successive periods of ten (10) years each, unless terminated by vote of a majority of the then Owners of the Sites.

22. Enforcement. If any Owner shall violate or attempt to violate any of these Protective Covenants, Declarant, or any Owner, may bring any appropriate proceeding at law or in equity against the person or persons violating or attempting to violate these Protective Covenants, either to prevent the violation thereof, or to recover damages resulting from such violation.

23. Invalidity. The invalidity of any of these Protective Covenants, or any part hereof, shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

24. Additional Lands. Declarant, or its designated successors and assigns may subject additional lands, which are subject to the Hope Valley Farms Declaration to these Protective Covenants, by recording an amendment hereto, describing such lands, with the Register of Deeds of Durham County, North Carolina.

25. Permitted Uses. No Site shall be used for other than residential purposes. No business or other commercial use of a Site is permitted.

26. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for unlimited successive periods of ten (10) years each, unless terminated by an instrument executed by sixty-six and two-thirds percent (66 2/3%) of the Owners. Except for an Admendment whose sole purpose is to subject additional lands to the lien hereof, as described in Article II hereof ("Article II Amendments"), this Declaration may be amended by an instrument signed by not less than sixty-six and two-thirds percent (66 2/3%) of the Owners; provided that prior to the conveyance by Declarant of any portion of the Property, this Declaration may be amended solely by the Declarant.

No amendment which would change or delete any provision herein required by any governmental authority shall become effective, until submitted to and approved by that authority; provided, however, if that authority fails to approve or disapprove such amendment within thirty (30) days after the same has been submitted to it, it will conclusively be deemed that the matter submitted for approval has been approved by such authority. Any termination or amendment hereof must be evidenced by a written instrument recorded in the Office of the Register of Deeds of Durham County, North Carolina.

27. Amendment of Declaration Without Approval of Owners. The Declarant, without the consent or approval of any other Owner, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property, or to qualify the Subdivision or any Sites and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency, or to comply with the requirements of law or regulations of

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any corporation or agency belonging to, sponsored by, or under the substantial control of the United States Government or the State of North Carolina, regarding the purchase or sale of such Sites and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration, U. S. Department of Housing and Urban Development, Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, Home Mortgage Access Corporation, Governmental National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such requests or suggestion. When the Declaration, By-laws and Articles of Incorporation have been approved by the above-referenced entities, then this Section shall terminate.

No amendment made pursuant to this Section shall be effective until duly recorded in the Register of Deeds of Durham County.

IN WITNESS WHEREOF, Declarant has caused this Agreement to be executed, all as of the day and year first above written.

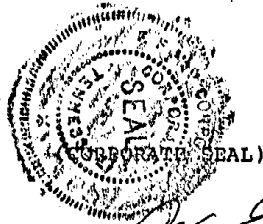


HOPE VALLEY VENTURE (L.S.)
a North Carolina Joint Venture,
By: American General Realty
Investment Corporation

Attest Peter C. Joughon
Assistant Secretary

By: [Signature]
Vice President

and



By: HV Associates Limited Partnership
By: FFHV Corporation

Attest [Signature]
Assistant Secretary

By: [Signature]
Vice President

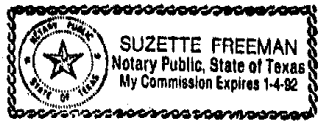
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STATE OF TEXAS:

COUNTY OF Harris

I, Suzette Freeman a Notary Public, certify that W.S. Carr personally came before me this day and W.S. Carr acknowledged that he is Vice President of American General Realty Investment Corporation, a Texas corporation, a general partner of Hope Valley Venture, a North Carolina general partnership, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by W.S. Carr its Asst. Secretary as an act of, and for and on behalf of, said partnership.

Witness my hand and official stamp or seal, this 26th day of April, 1990.



Suzette Freeman
Notary Public

My Commission Expires: 11/1/92

STATE OF CALIFORNIA:

COUNTY OF Los Angeles

I, a Notary Public of the County and State aforesaid, certify that Werner F. Wolfen personally came before me this day and acknowledged that he is Assistant Secretary of FFHV Corporation, a Tennessee corporation, a general partner of HV Associates Limited Partnership, a North Carolina limited partnership, a general partner of Hope Valley Venture, a North Carolina general partnership, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by Werner F. Wolfen as its Assistant Secretary, as an act of, and for and on behalf of, said partnership.

Witness my hand and official stamp or seal this 2 day of May, 1990.

My Commission Expires: 11-30-90

FILED
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RUTH C. GARRETT
REGISTER OF DEEDS
DURHAM COUNTY, N.C.

State of North Carolina-Durham County
The foregoing certificate(s) of Linda Ann Alonge Notary Public

A Notary (Notaries) Public for the Designated Governments unite is (are) certified to be correct.

This the 16th day of May, A.D. 1990
Ruth C. Garrett Morocco A. Stone
Register of Deeds By: Assistant, Deputy Register of Deeds

