

Del to:
J. D. Humphrey, Jr. Attorney



STATE OF NORTH CAROLINA)
)
COUNTY OF FORSYTH)

DEED AND DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS INDENTURE, Made this 31 day of May, 19 68,
from QUALITY REALTY COMPANY, a North Carolina corporation having an office
or place of business in Forsyth County, to MALLARD LAKES ASSOCIATION, a non-
profit corporation organized under the laws of the State of North Carolina
and having its principal office in Forsyth County.

WHEREAS, Quality Realty Company is the owner of all of that pro-
perty shown on the plat of Mallard Lakes, recorded in Plat Book 23 , Page
138 , in the Office of the Register of Deeds of Forsyth County;

WHEREAS, Mallard Lakes Association has been organized for the pur-
pose of acquiring title to the Common Area shown on said plat and managing
the said Common Area for the benefit of the members of the Association; and

WHEREAS, Quality Realty Company and Mallard Lakes Association have
agreed upon a method of assessment for the purpose of raising revenues for
the maintenance and management of the Common Area and also for the annexation
and assessment of additional area shown or referred to on said plat.


ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean Mallard Lakes Association.

Section 2. "Common Area" shall mean all real property owned by
the Association for the common use and enjoyment of the members of the Asso-
ciation and all property shown on the recorded plat of Mallard Lakes except
numbered lots and property delineated as being "Reserved for Future Develop-
ment."

Section 3. "Properties" shall mean and refer to that real estate

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owned by Quality Realty Company and shown on the plat of Mallard Lakes, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Lot" shall mean and refer to any plot of land used for single-family residential purposes and located within a subdivision brought 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.

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

Section 7. "Reserved for Future Development" shall mean and refer to that property shown as such on the recorded map of Mallard Lakes; said areas may be brought within the jurisdiction of the Association as herein provided.

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 Quality Realty Company, the receipt of which is hereby acknowledged, Quality Realty Company 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 Mallard Lakes, recorded in Plat Book 23 , Page 138 , 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 Quality Realty Company 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 Quality Realty Company 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 Quality 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 the Lien and Personal Obligation of Assessments. Quality Realty Company, for each lot owned within the properties, hereby covenants, and each owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, 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 hereinafter

provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorneys' fee 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.

Section 3. Basis and Maximum of Annual Assessments. Until January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment shall be TEN AND NO/100 (\$10.00)-----
-----Dollars per lot. From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the annual 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 any 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.

Section 5. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all lots and 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 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 attorney's 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 non-use of the Common Area or abandonment of his lot.

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 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 within the 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 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 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. Sale or transfer of any lot shall not affect the assessment lien or lien providing for in the preceding section. However, the sale or transfer of any lot which is subject to any mortgage or deed of trust, 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 becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust.

ARTICLE IV

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Quality Realty Company shall have the right to annex any of the property shown upon the plat of Mallard Lakes as "Reserved for Future Development" and any property adjacent to Mallard Lakes now owned or hereafter acquired by Quality Realty Company by filing a statement of such annexation with the Board of Directors of the Association and causing a copy thereof to be recorded in the Office of the Register of Deeds of Forsyth County. Upon the filing and recording of the statement of annexation, area described therein shall be subject to the jurisdiction of the Association, the lots shown thereupon shall become subject to the covenant for maintenance assessments and the owners of lots within said area shall be entitled to membership in the Association and the use of the Common Area as provided in

the Bylaws of the Association for other members of the same class.

ARTICLE V

AMENDMENT

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

IN WITNESS WHEREOF, Quality Realty Company has caused this indenture to be executed under seal by its proper officers pursuant to the resolution of its Board of Directors and Mallard Lakes 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.

QUALITY REALTY COMPANY

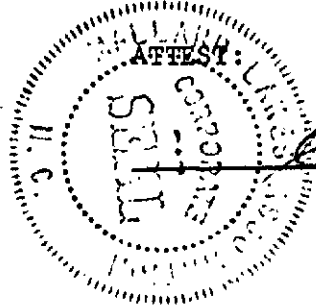
By [Signature]
President



Secretary

MALLARD LAKES ASSOCIATION

By [Signature]
President



Secretary

Prepared By

HUDSON, FERRELL, PETREE, STOCKTON, STOCKTON & ROBINSON
P. O. BOX 2860, WINSTON-SALEM, N. C.

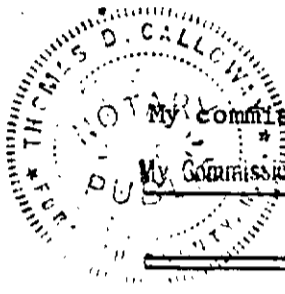
By: [Signature]

STATE OF NORTH CAROLINA)
)
COUNTY OF FORSYTH)

On the 31st day of May, 1968, personally came before me, a Notary Public of said County and State, J. K. GLENN who being by me duly sworn, says that he knows the common seal of QUALITY REALTY COMPANY and is acquainted with BERT BENNETT who is President of said corporation; that he, the said J. K. GLENN is the Secretary of said corporation; and saw the said President sign the foregoing Deed and Declaration of Covenants, Conditions and Restrictions, and saw the said common seal of said corporation affixed to said instrument by said President, and that he, the said J. K. GLENN 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 31st day of May, 1968.

Thomas D. Calloway
Notary Public



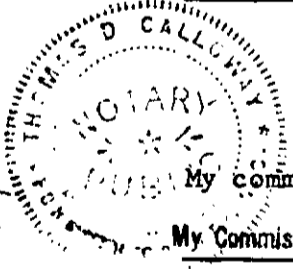
My commission expires:
My Commission Expires February 14, 1970.

STATE OF NORTH CAROLINA)
)
COUNTY OF FORSYTH)

On the 31st day of May, 1968, personally came before me, a Notary Public of said County and State, A. E. SPILLMAN who being by me duly sworn, says that he knows the common seal of MALLARD LAKES ASSOCIATION and is acquainted with W. H. BRYANT who is President of said corporation; that he, the said A. E. SPILLMAN is the Secretary of said corporation; and saw the said President sign the foregoing Deed and Declaration of Covenants, Conditions and Restrictions, and saw the said common seal of said corporation affixed to said instrument by said President, and that he, the said A. E. SPILLMAN 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 31st day of May, 1968.

Thomas D. Calloway
Notary Public



My commission expires:
My Commission Expires February 14, 1970.

STATE OF NORTH CAROLINA—Forsyth County

The foregoing (or annexed) certificate S of Thomas D. Calloway
(here give name and official title of the officer signing the certificate—passed upon)
n.e., Forsyth Co., N.C.

is (are) certified to be correct. This the 31st day of May A.D. 1968.

Eunice Ayers, Register of Deeds

Probate fee 25c paid.

By Frankie Todd Deputy Assistant

PRESENTED FOR
REGISTRATION
AND RECORDED
MAY 31 1 16 PM '68
EUNICE AYERS
REGISTER OF DEEDS
FORSYTH CO., N.C.
C7.

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