

EXHIBIT H
Residential Unit Use Restrictions

Proposed sections of the Lot 5 Condominium Declaration

ARTICLE I
Residential Use Restrictions Applicable to Condominium Units

Each Condominium Unit is hereby restricted to single-family residential use. No Owner of any Condominium Unit shall permit the use of such Unit for transient, hotel or commercial purposes. In no event shall any Condominium Unit be occupied as a permanent residence by more than four persons.

No Condominium Unit shall be used except for single-family residential purposes, and such use and occupancy shall be limited to the following persons:

- A. The Owner, if the Condominium Unit is owned by one or more individuals, and;
- B. The Owner's spouse or domestic partner and members of the Owner's immediate family or members of the immediate family of the Owner's spouse or domestic partner. For purposes of this Declaration, "immediate family" shall mean lineal ancestors and descendants (including adopted children) and brothers or sisters of the Owner or the Owner's spouse or domestic partner;
- C. Individuals who are shareholders, members, officers, directors, partners, limited partners or trust beneficiaries of an entity (e.g., a corporation, partnership, limited partnership, limited liability company, unincorporated association, trust or estate) which holds legal title to the Unit being occupied;
- D. A "single tenant" (as hereinafter defined) of an Owner holding a leasehold estate of at least ninety (90) days under a written lease agreement, which lease shall incorporate by reference this Declaration and any rules and regulations promulgated from time to time by the Condominium Association; provided, however, no Owner may enter into more than one (1) lease agreement (whether for ninety (90) days or longer) in any calendar year. For purposes of this subsection D, the term "single tenant" shall include: (i) two (ii) or more individuals, related by blood, marriage or adoption, or that are domestic partners; and (ii) one (1) person who is a friend or associate of the single tenant. Prior to taking occupancy, the Owner shall furnish to the Executive Board of the Association a copy of the lease agreement meeting the requirements set forth herein;
- E. Such other occupancies as may be required by law and approved from time to time by the Executive Board and the Ground Lessor (the Town of Chapel Hill) upon prior written application therefore by the Owner. Such application shall set forth the type, nature and duration of the proposed occupancy arrangement, the name and relationship of the proposed occupant and such other pertinent information as the Executive Board and the Ground Lessor may require; and

F. Temporary use of a Unit or Units by Declarant or its designees as a sales office and/or model unit.

Enforcement of the use and occupancy restrictions set forth in this Article I shall be by proceedings at law or in equity against any person or persons and or entities violating or attempting to violate any of these requirements, either to restrain violation or to recover damages. Any Condominium Unit Owner, the Association, the Declarant and the Ground Lessor (the Town of Chapel Hill) shall be entitled to bring enforcement proceedings under this Article I. Failure by any Owner, the Association, the Declarant or the Ground Lessor to enforce any covenant or restriction contained in this Article I shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE II
The Condominium To Be Used For Lawful Purposes;
Restriction Against Nuisances

The Condominium Declaration shall also include a section containing essentially the following language: No immoral, improper, offensive or unlawful use shall be made of any Condominium Unit or of the Common Elements, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No Owner of any Condominium Unit shall permit or suffer anything to be done or kept in such Owner's Condominium Unit or on the Common Elements which will increase the rate of insurance on the Condominium or which will obstruct or interfere with the rights of other occupants of the Condominium or annoy them by unreasonable noises, nor shall any such Owner undertake any use or practice which shall create and constitute a nuisance to any other Owner of a Condominium Unit, or which shall interfere with the peaceful possession and proper use of any other Condominium Unit or the Common Elements.

Proposed Restriction to be included in each Condominium Unit Deed from the Developer (Declarant) to the first purchaser thereof:

In the event the Grantee is exempt from the requirement to pay ad valorem property taxes, the Grantee shall make payments to the Town of Chapel Hill on an annual basis which are equal to the amount of ad valorem real property taxes that would be payable if the Grantee were not exempt from property taxes. In the event the property hereinabove described is conveyed to any entity exempt from ad valorem real property taxes, a covenant will be placed in the deed of conveyance requiring the tax exempt purchaser to make payments to the Town of Chapel Hill on an annual basis which are equal to the amount of ad valorem real property taxes that would be payable if the entity were not exempt from ad valorem real property taxes. This covenant may be enforced in equity through injunction, specific performance or otherwise, and at law, with the damaged party receiving its damages plus attorney's fees. By acceptance and recording of this deed, the Grantee hereby covenants and agrees that it and its successors and assigns and the property hereinabove described are and shall be encumbered by the covenant described above.