

Madison P/M

STATE NO 277566 BK 4891 PG 1458

Prepared By: William P. Aycock, II
Schell Bray Aycock Abel & Livingston P.L.L.C.
Post Office Box 21847
Greensboro, North Carolina 27420

NORTH CAROLINA
GUILFORD COUNTY

DECLARATION
OF
COVENANTS, CONDITIONS AND
RESTRICTIONS
FOR
WATER'S EDGE AT LAKE JEANETTE

THIS DECLARATION, made on the date hereinafter set forth by KAVANAGH ASSOCIATES, INC., a North Carolina corporation, hereinafter referred to as "Kavanagh" and WOLFE CONSTRUCTION, INC., a North Carolina corporation, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Kavanagh Associates, Inc. is the owner of certain property in Guilford County, North Carolina, which is more particularly described as:

All of that certain parcel of land (the "Property") shown on the plat entitled "Water's Edge at Lake Jeanette, Phase II" which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 133, Page 116 (the "Plat"); and

WHEREAS, the Property is subject to a Declaration of Covenants, Conditions and Restrictions for Lake Jeanette Development, recorded in Book 4891, Page 1437, Guilford County Registry, as it may be amended from time to time (the "Master Declaration"); and

WHEREAS, Wolfe Construction, Inc. plans to purchase the Property from Kavanagh and to build residences thereon; and

WHEREAS, Kavanagh and Declarant desire to impose upon the Property additional conditions, easements, covenants and agreements under a general plan or scheme of improvement for the benefit of the Property and the future owners thereof and to create thereon a Planned Community, as defined in the North Carolina Planned Community Act;

H:\DOCS\SPHWOLF\WATER'S\10.07.99

North Carolina - Guilford County
The certificate (s) of _____

277566

Julian J. Pappas
James A. Johnson
Donald F. Watkinson

RECORDED
KATHERINE LEE PAYNE
REGISTER OF DEEDS
GUILFORD COUNTY, NC

1 MISC DOCUMENTS 277566 \$6.00
21 MISC DOC ADDN PGS \$42.00

A Notary (Notaries) Public is (are) certified to be duly qualified. This instrument and this certificate are duly registered at the date and time shown herein.

BOOK: 4891
PAGE(S): 1458 TO 1479

1 PROBATE FEE \$2.00

KATHERINE LEE PAYNE, REGISTER OF DEEDS
Katherine Lee Payne
Assistant/Deputy Register of Deeds

07/26/1999 15:01:20

NOW, THEREFORE. Kavanagh and Declarant hereby declare that the Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

SECTION 1. "Section Association" shall mean and refer to Water's Edge at Lake Jeanette Association, Inc., its successors and assigns.

SECTION 2. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 3. "Property" shall mean and refer to that certain real property hereinabove described, and such additions thereto as may hereafter be brought within the jurisdiction of the Section Association.

SECTION 4. "Section Common Elements" shall mean all real property and interests in real property (including easements and open spaces) owned by the Section Association for the common use and enjoyment of the Owners. The Section Common Elements at the time of the conveyance of the first Lot are described as follows:

All that land designated "Section Common Area" as shown on the plat entitled "Water's Edge at Lake Jeanette, Phase II" which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 133, Page 116.

SECTION 5. "Dwelling" shall mean and refer to any single-family residence constructed on a Lot in the Property.

SECTION 6. "Master Association" shall mean and refer to Lake Jeanette Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

SECTION 7. "Master Common Area" shall mean all real property and interests in real property (including easements and open spaces) owned by the Master Association for the common use and enjoyment of all members of the Master Association.

SECTION 8. "Section Member" shall mean and refer to every person or entity who holds membership with voting rights in the Section Association.

SECTION 9. "Declarant" shall mean and refer to Wolfe Construction, Inc., its successors and assigns, if such successors or assigns (i) should acquire more than one undeveloped Lot from Declarant or from Kavanagh for the purpose of development; and (ii) are designated as a Declarant in a recorded instrument of transfer executed by the transferors, whether Kavanagh or Declarant, and by such transferee.

SECTION 10. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Property, which is designated for separate ownership or occupancy by a Lot Owner, with the exception of Section Common Elements and Master Common Area.

SECTION 11. "Lake Tract" shall mean and refer to that parcel of land upon which Lake Jeanette (Richland Dam Lake) is located and which is more particularly described on Exhibit "B" to the Lease Agreement between Cone Mills Corporation, as Lessor, and the Master Association, as Lessee, dated March 1, 1994, as amended May 6, 1997.

SECTION 12. "Allocated Interest" shall mean and refer to a Lot's allocation of Section Common Expense liability and vote in the Section Association. Except as noted in Section 2 of Article III, a Lot shall have the same Allocated Interest as every other Lot in the Property.

SECTION 13. "Section Common Expenses" shall mean and refer to expenditures made by or financial liabilities of the Section Association.

ARTICLE II

PROPERTY RIGHTS

SECTION 1. OWNERS' EASEMENTS OF ENJOYMENT.

Every Owner shall have a right and easement of enjoyment in and to the Section Common Elements which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Section Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Section Common Elements;

(b) the right of the Section Association to suspend the voting rights and the right to the use of any recreational facilities and the Section Common Elements (provided, however, that no Owner shall be denied access to such

Owner's Lot) by an Owner for any period during which any assessment, fine or other charge against his Lot remains unpaid;

(c) the right of the Section Association to grant easements and rights-of-way, to dedicate or transfer all or any part of the Section Common Elements to any public agency, authority or utility (including any entity authorized by the City of Greensboro to supply cable television service) for such purposes and subject to such conditions as may be agreed to by the Executive Board of the Section Association. No such dedication or transfer shall be effective unless an instrument signed by a majority of the Executive Board of the Section Association, agreeing to such dedication or transfer, has been recorded;

(d) the right of the Section Association to impose regulations for the use and enjoyment of the Section Common Elements and improvements thereon, which regulations may impose fines for the violation thereof and may further restrict the use of the Section Common Elements, and specifically including the right to establish parking regulations; and

(e) the right of the Section Association to exchange portions of Section Common Elements with Kavanagh, with the Declarant and/or with any other property owners' association for substantially equal areas of property for the purpose of eliminating potential or unintentional encroachments of Dwellings or other improvements onto portions of the Section Common Elements.

(f) the right of any other property owners association for ingress, egress and regress over the Section Common Elements for the purpose of maintaining any storm water drainage facilities on the Section Common Elements.

SECTION 2. DELEGATION OF USE. Any Owner may delegate his right of enjoyment to the Section Common Elements and recreational facilities to the members of his "immediate family" (as that term is hereinafter defined), to his guests, and to other persons permitted under the terms of Article VIII, Section 1, hereof, subject to such rules and regulations as may be established from time to time by the Section Association.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. MEMBERSHIP. Every Owner of a Lot which is subject to a lien for assessments shall be a member of the Section Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

SECTION 2. CLASSES OF MEMBERSHIP. The Section Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners other than the Declarant. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Section Members. The vote or votes for such Lot shall be exercised as they among themselves determine.

Class B. The Class B Member shall be the Declarant and shall be entitled to four (4) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership, as the case may be, on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership, provided, however, that the Class B Membership shall be reinstated if after such conversion and before the time stated in subparagraph (b) below, additional lands are annexed to the Property pursuant to the provisions of Article XII, Section 4, herein, containing a sufficient number of Lots to give the Class B Member a total number of votes in excess of the Class A Members; or,

(b) on December 31, 2007.

SECTION 3. RIGHT OF DECLARANT TO APPOINT MEMBERS OF THE EXECUTIVE BOARD OF THE SECTION ASSOCIATION. Declarant shall have the right to designate and select all of the members of the Executive Board of the Section Association until the earlier of (i) the initial sale as Dwellings of all Lots within the Property (including Lots added pursuant to Article XII, Section 4 of this Declaration), or (ii) December 31, 2007. Whenever Declarant shall be entitled to designate and select the members of the Executive Board of the Section Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Section Association. Declarant shall have the right to remove any person or persons selected by it to act and serve on said Executive Board and to replace such person or persons with another person or other persons to act and serve in the place of any Director or Directors so removed for the remainder of the unexpired term of any Director or Directors so removed. Any Director designated and selected by Declarant need not be an Owner. Any representative of Declarant serving on the Executive Board of the Section Association shall not be required to disqualify himself from any vote upon any contract or matter between Declarant and the Section Association where Declarant may have a pecuniary or other interest.

ARTICLE IV

COVENANT FOR MAINTENANCE AND ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay: (i) to the Section Association (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and (ii) to the appropriate governmental taxing authority: (1) a pro rata share of ad valorem taxes levied against the Section Common Elements, and (2) a pro rata share of assessments for public improvements to or for the benefit of the Section Common Elements if the Section Association shall default in the payment of either or both for a period of six (6) months. The annual and special assessments, and any late charge, fine or other charge imposed by the Section Association, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment and charge, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment or charge fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

SECTION 2. PURPOSE OF ASSESSMENTS.

(a) The assessments levied by the Section Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Section Common Elements or related to the maintenance, use and enjoyment of those improvements and areas outside of the Section Common Elements but which benefit the Property, including but not limited to (i) any portions of a storm water drainage system located within the Property which carries storm water from Lots and/or Section Common Elements; (ii) any grass-lined swales and rock check dams which the Section Association maintains or repairs pursuant to Section 3 of Article V; and (iii) any storm water retention or detention ponds located outside the Property which are maintained and repaired by a separate property owners association (collectively hereinafter referred to as "Other Maintained Improvements"). Expenditures may include, but are not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Section Common Elements, the procurement and maintenance of insurance in accordance with the Bylaws, the employment of attorneys to represent the Section Association when necessary, and such other needs as may arise.

0111653

(b) All monies collected by the Section Association shall be treated as the separate property of the Section Association, and such monies may be applied by the Section Association to the payment of any expense of operating and managing the Property, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the Bylaws of the Section Association. As monies for any assessment are paid unto the Section Association by any Lot Owner, the same may be commingled with monies paid to the Section Association by the other Lot Owners. Although all funds and common surplus, including other assets of the Section Association, and any increments thereto or profits derived therefrom shall be held for the benefit of the Members of the Section Association, no Member of the Section Association shall have the right to assign, hypothecate, pledge or in any manner transfer his Membership interest therein, except as an appurtenance to his Lot. When a Lot Owner shall cease to be a Member of the Section Association by reason of his divestment of ownership of his Lot, by whatever means, the Section Association shall not be required to account to such Owner for any share of the funds or assets of the Section Association; or which may have been paid to the Section Association by such Owner, as all monies which any Owner has paid to the Section Association shall be and constitute an asset of the Section Association which may be used in the operation and management of the Property.

SECTION 3. MAXIMUM ANNUAL ASSESSMENT.

(a) Until January 1 of the year immediately following the year of conveyance of the first Lot to an Owner, the maximum annual assessment shall be as follows:

For each Lot, One Hundred Eighty and 00/100 Dollars (\$180.00) per year, which shall be deemed to be a rate of maximum annual assessment of Fifteen and 00/100 Dollars (\$15.00) per Lot per month.

(b) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall be established by the Executive Board and may be increased by the Executive Board without approval by the Membership by an amount not to exceed twenty percent (20%) of the maximum annual assessment of the previous year.

(c) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter may be increased without limit by a vote of two-thirds (2/3) of each class of Section Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(d) The Executive Board may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

SECTION 4. SPECIAL ASSESSMENTS.

(a) In addition to the annual assessments authorized above, the Section Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Section Common Elements or Other Maintained Improvements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Section Members who are voting in person or by proxy at a meeting duly called for this purpose. Except as provided in subparagraph (b) of this Section, all special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly or annual basis.

(b) If any Common Expense is caused by the negligence or misconduct of a Lot Owner, a member of his or her immediate family, an occupant of the Owner's Dwelling, or any guest, invitee or agent of any such person, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircrafts, vehicles and smoke, as the foregoing are defined in North Carolina Standard Fire and Extended Coverage insurance policies, the Section Association may assess such expense exclusively against such Owner and his or her Lot, without any requirement of approval by any Lot Owners.

SECTION 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 and 4(a). Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4(a) shall be sent to all Section Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Section Members or of proxies entitled to cast ten percent (10%) of all the votes of each class of Membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 6. RATE OF ANNUAL ASSESSMENT.

(a) Annual assessments must be fixed at a uniform rate for all Lots, as all Lots' Allocated Interests are equal.

(b) The Declarant shall pay annual assessments on Lots owned by it on the same basis as other Lot Owners.

SECTION 7. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATES. The annual assessments provided for herein shall be collected on a monthly or quarterly basis as required by the Executive Board and shall commence for each Lot on the first day of the month following the first to occur of the following:

(i) the conveyance by Declarant of a Lot on which a Dwelling has been constructed; or
(ii) the occupancy as a residence of a Dwelling on a Lot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year after the assessment commences.

At least thirty (30) days in advance of each annual assessment period, the Executive Board shall fix the amount of the annual assessment and shall send written notice thereof to every Owner subject thereto. The due dates shall be established by the Executive Board. The Section Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Section Association setting forth whether the assessments on a specified Lot have been paid.

SECTION 8. EFFECT OF NONPAYMENT OF ASSESSMENTS:
REMEDIES OF THE SECTION ASSOCIATION. Assessments authorized by this Declaration shall be due and payable on the dates established by the Executive Board from time to time. Fees, fines and penalties authorized by this Declaration shall be due and payable thirty (30) days after written notice thereof from the Section Association to the Owner. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum (or such other rate as set from time to time under N. C. General Statutes Section 47F-3-115). The Section Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosures of deeds of trust, and interest, late charges, costs and reasonable attorney's fees for representation of the Section Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Section Common Elements or abandonment of his Lot.

SECTION 9. EFFECT OF DEFAULT IN PAYMENT OF AD VALOREM TAXES OR ASSESSMENTS FOR PUBLIC IMPROVEMENTS BY SECTION ASSOCIATION. Upon default by the Section Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Section Common Elements or assessments for public improvements to the Section Common Elements, which default shall continue for a period of six (6) months, each Owner of a Lot in the development 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 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 first mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding Section. However, the sale or transfer of any Lot which is subject to any such first 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 become 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 first mortgage or deed of trust.

SECTION 11. EXEMPT PROPERTY. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements intended for or devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

MAINTENANCE OF SECTION COMMON ELEMENTS, OTHER MAINTAINED IMPROVEMENTS AND LOTS

SECTION 1. MAINTENANCE BY SECTION ASSOCIATION. The Section Association shall maintain the Section Common Elements. If a Lot Owner fails to maintain storm water drainage components located on his or her Lot and any grass-lined swales or rock check dams located on such Lot, the Section Association shall perform such maintenance and charge the cost thereof to the Lot Owner.

SECTION 2. ASSOCIATION'S STANDARD OF MAINTENANCE. The Section Association shall perform its maintenance obligations under this Declaration in a reasonable manner and on a reasonable basis as shall be determined by the Executive Board, in the exercise of its discretion.

SECTION 3. OWNERS' MAINTENANCE OF LOTS AND DWELLINGS. Unless otherwise provided in separate restrictions or a separate declaration, each Owner shall be responsible for the repair, maintenance and upkeep of his or her Lot and the Dwelling on such Lot, including but not limited to any and all vegetation, driveways and walks, patios, wooden decks or any part thereof. Each Owner whose Lot contains a part of the storm water drainage system consisting of grass-lined swales and rock check dams shall be responsible for the repair, maintenance and upkeep of such components. ✓

SECTION 4. OWNERS' STANDARD OF MAINTENANCE. Lot Owners shall perform their repair, maintenance and upkeep obligations under this Declaration in accordance with Architectural Guidelines and/or Community Standards for Lake Jeanette, as they may be promulgated from time to time, and in a reasonable and

prudent manner to a standard harmonious with other Lots in Lake Jeanette. If any Owner should fail to discharge the above-described obligations to such a standard, the Executive Board of the Section Association may, in its sole discretion, give written notice of such failure to the Owner who shall have a period of time determined by the Board (not less than forty-eight (48) hours or more than fifteen (15) days) to cure such failure. If the Owner fails to take the necessary action to discharge the Owner's obligation within the time period designated by the Executive Board, the Section Association shall have the right to take, at the Owner's expense, any action necessary to cure the failure and charge the Owner with the cost thereof. If the Owner does not pay such cost within fifteen (15) days after written notice thereof from the Section Association, then the amount so owed, together with interest, cost and attorney's fees, shall become a lien on the Owner's Lot, payment of which may be enforced in accordance with the provisions of Article IV.

ARTICLE VI

ARCHITECTURAL CONTROL

SECTION 1. THE ARCHITECTURAL CONTROL COMMITTEE. An Architectural Control Committee consisting of three (3) or more persons shall be appointed by Declarant so long as it has the right to appoint the members of the Executive Board of the Section Association. At such time as Declarant no longer has the right to appoint the members of the Executive Board of the Section Association, the Committee shall be appointed by the Executive Board of the Section Association.

SECTION 2. PURPOSE. The Architectural Control Committee shall regulate the external design, appearance, use, location and maintenance of the Property and of improvements thereon in such a manner so as to preserve and enhance values and to maintain an harmonious relationship among structures and the natural vegetation and topography.

SECTION 3. CONDITIONS. After the completion of construction of a Dwelling on a Lot, and its occupancy as a residence, except as expressly provided herein, no improvements, alterations, repairs, change of paint colors, plantings, excavations, changes in grade or other work which in any way alters the exterior of any Dwelling, Lot or improvements located thereon from its natural or improved state existing on the date the Dwelling on such Lot was first occupied as a residence/completed shall be made or done without the prior written approval of the Architectural Control Committee. After the completion of construction of a Dwelling on a Lot and its occupancy as a residence, no building, residence or other structure shall be commenced, erected, maintained or improved, altered, removed, made or done without the prior written approval of the Architectural Control Committee.

SECTION 4. GUIDELINES. Subject to the approval of the Executive Board, the Architectural Control Committee may, from time to time, promulgate architectural guidelines ("Guidelines") for the Property.

SECTION 5. PROCEDURES. Any owner or person desiring to make any improvement, alteration or change described in Section 3 above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Architectural Control Committee which shall evaluate such plans and specifications in light of the purpose of this Article as set forth in Section 2 above and the Guidelines as set forth in Section 4 above. In the event the Committee fails to approve, modify or disapprove in writing an application within sixty (60) days after plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. The applicant may appeal an adverse Architectural Control Committee decision to the Executive Board of the Section Association which may reverse or modify such decision by a two-thirds (2/3) vote of the Executive Board members.

ARTICLE VII

TRAFFIC REGULATIONS AND MAINTENANCE OF RIGHT-OF-WAY

SECTION 1. TRAFFIC AND PARKING REGULATIONS. All Section Members, their family members, guests, invitees and tenants shall abide by all state and local traffic regulations and other laws and ordinances regulating motor vehicles while on the Property.

SECTION 2. PROHIBITED PARKING. Parking on all streets within the Property shall be subject to such rules and regulations as the Section Association may promulgate from time to time. Parking on driveways shall be subject to such rules and regulations as the Section Association may promulgate from time to time.

SECTION 3. ENFORCEMENT. Violations of Sections 1 and 2 above shall constitute a nuisance and, in addition to all other remedies available to it at law and in equity, the Section Association shall have the authority to: (i) remove the offending vehicle upon the commission of a second offense by an Owner or his/her family member, guest, invitee or tenant (the costs of such removal and any storage fees shall be the responsibility of the Owner); and (ii) assess reasonable fines against an Owner for violations by him/her or by his/her family member, guest, invitee or tenant. Such fines shall be deemed to be assessments as set forth in this Declaration and, if not paid within thirty (30) days after notice and demand therefor, the Section Association shall be entitled to the remedies set forth in Article IV, Section 9.

ARTICLE VIII

USE RESTRICTIONS

SECTION 1. LAND USE AND BUILDING TYPE. No Lot shall be used except for single-family residential purposes and such use shall be limited to:

(a) The Owner;

(b) Members of the Owner's immediate family or members of the immediate family of the Owner's spouse. For purposes of this Declaration "immediate family" shall mean lineal ancestors or descendants of the Owner or the Owner's spouse;

(c) A tenant of an Owner holding a leasehold estate of at least one (1) year under a written lease agreement, which lease agreement shall have the prior written approval of the Executive Board before the tenant takes possession;

(d) Such other occupancies as may be approved from time to time by the Executive Board upon prior written application therefor 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 may require; and

(e) Temporary use of a Lot or Lots by Declarant or its designees as a sales office and/or model.

SECTION 2. NUISANCE. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. Owners of Lots with garages shall keep the interior of such garages in a neat and orderly condition and shall keep garage doors closed as much as practical.

SECTION 3. ANIMALS. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any Dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and further provided that they are kept and maintained in compliance with all laws and ordinances of the City of Greensboro and the County of Guilford relating thereto.

SECTION 4. SECTION COMMON ELEMENTS. No improvements or structures of any type may be placed, constructed or erected on any part of the Section Common Elements without the prior written consent of the Executive Board, including but not limited to any communication transmittal or reception devices.

SECTION 5. BOATS, TRAILERS AND CERTAIN MOTOR VEHICLES. No boats, buses, trailers, campers or recreational vehicles shall be parked on the Section Common Elements or any Lot unless such boat or vehicle is parked in a garage with the garage door fully closed.

ARTICLE IX

EASEMENTS

SECTION 1. UTILITIES. Easements for installation and maintenance of utilities (including cable television service) and drainage facilities are reserved as shown on the recorded Plat. Within these easements no structures, planting or other material shall be placed or permitted to remain, nor will the alteration or removal of any berms, swales or ditches be permitted, which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. An easement is hereby established for the benefit of the City of Greensboro over all Section Common Elements as may be reasonably necessary for the setting, removal and reading of water meters, the maintenance and replacement of water, sewer and drainage facilities, for affording police protection, and for the fighting of fires and collection of garbage.

SECTION 2. UNINTENTIONAL ENCROACHMENTS. In the event that any improvements on a Lot shall encroach upon any Section Common Elements for any reason not caused by the purposeful or negligent act of the Owner or agents of such Owner, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the Section Common Elements for so long as such encroachment shall naturally exist; and, in the event that any portion of the Section Common Elements shall encroach upon any Lot, then an easement shall exist for the continuance of such encroachment of the Section Common Elements into any such Lot for so long as such encroachment shall naturally exist.

ARTICLE X

MASTER ASSOCIATION

SECTION 1. MEMBERSHIP. In addition to membership in the Section Association, every record Owner of a Lot in the Property shall also be a Member of the Master Association. Membership in the Master Association is appurtenant to, and may not be separated from, ownership of a Lot. Each Owner shall have the voting rights in the Master Association as set forth in Article III of the Master Declaration.

SECTION 2. MASTER ASSOCIATION ASSESSMENTS. In addition to the covenant for assessments to the Section Association set out in Article IV of this Declaration, every Owner of a Lot within the Property, by acceptance of a deed therefor, whether or not so expressed in such deed, is deemed to covenant and agree to pay to the Master Association all assessments imposed upon its Members by the Master Association under Article IV of the Master Declaration. The lien rights created under Article IV of the Master Declaration shall apply to the Property.

SECTION 3. PROPERTY RIGHTS. In addition to property rights in the Section Common Elements, every record Owner of a Lot within the Property shall have the property rights in the Lake Jeanette Development Common Area as set out in the Master Declaration.

ARTICLE XI

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

SECTION 1. ENTITIES CONSTITUTING INSTITUTIONAL LENDERS.

"Institutional Lender" as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies or other firms or entities customarily affording loans secured by first liens on Dwellings, the Federal National Mortgage Association and eligible insurers and governmental guarantors.

SECTION 2. OBLIGATION OF SECTION ASSOCIATION TO INSTITUTIONAL LENDERS. So long as any Institutional Lender shall hold any first lien upon any Lot, or shall be the Owner of any Lot, such Institutional Lender shall have the following rights:

(a) To inspect the books and records of the Section Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Section Association prepared by a certified public accountant designated by the Executive Board of the Section Association, such financial statement or report to be furnished by April 15 of each calendar year.

(b) To be given notice by the Section Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or By-laws of the Section Association or of any proposed abandonment or termination of the Section Association or the effectuation of any decision to terminate professional management of the Section Association and assume self management by the Section Association.

(c) To receive notice of any condemnation of the Section Common Elements or any portion thereof.

(d) To receive notice of any substantial damage to the Section Common Elements.

(e) To have the right to approve of any alienation, release, transfer, hypothecation or other encumbrance of the Section Common Elements, other than those specific rights vested in the Section Association under Article II hereof.

SECTION 3. REQUIREMENTS OF INSTITUTIONAL LENDER. Whenever any Institutional Lender desires to avail itself of the provisions of this Article, it shall

furnish written notice thereof to the Section Association by CERTIFIED MAIL at the address shown in the Articles of Incorporation identifying the Lot or Lots upon which any such Institutional Lender holds any first lien or identifying any Lot or Lots owned by such Institutional Lender and such notice shall designate the place to which notices, reports or information are to be given by the Section Association to such Institutional Lender.

ARTICLE XII

GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. The Section Association, Declarant or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration.

As more fully set out in Article 4(j)(xiii) of the Bylaws, the Executive Board shall have the authority to establish an adjudicatory panel to provide a hearing to determine if an Owner should be fined or if Section Association privileges or services (other than access to the Owner's Lot) should be suspended for violation of the Declaration, the Bylaws or any Section Association rules and regulations. Any fine established by the panel shall be an assessment against the Owner charged with the violation and a lien against the Owner's Lot, subject to all provisions of Article IV of this Declaration.

In any enforcement action, the prevailing party shall be entitled to seek recovery of its attorneys' fees as allowed by law. Failure by the Section Association, Declarant or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Section Association shall have the right to request that law enforcement, public safety and animal control officers come on the Property to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

SECTION 2. SEVERABILITY. Invalidation of any one of the covenants or restrictions by judgment or court order shall in no wise affect any other provision which shall remain in full force and effect.

SECTION 3. 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 successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by a vote of not less than ninety percent (90%) of the Lot Owners, and thereafter by a vote of not less than seventy-five percent (75%) of the Lot Owners, provided (i) that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for

the payment thereof established herein; or (ii) no amendment which shall abridge, amend or alter the right of Declarant to designate and select members of the Executive Board of the Section Association, as provided in Article III hereof, may become effective without the prior written consent of Declarant. Any amendment must be signed by the proper officers of the Section Association or by the required percentage of Lot Owners and be properly recorded.

SECTION 4. ADDITIONAL PROPERTY. Additional land within the area described in the metes and bounds description attached hereto as **Exhibit "A"** and incorporated herein by reference may be added to the Property by the Declarant without the consent of Section Members.

IN WITNESS WHEREOF, the undersigned, Kavanagh and Declarant, have caused this instrument to be executed by their respective duly authorized officers and their corporate seals to be hereunto affixed, this the 25th day of June, 1999.

KAVANAGH ASSOCIATES, INC.

BY: Paula D. McCoy
Vice-President

ATTEST:

Lisa L. Harker
Secretary



WOLFE CONSTRUCTION, INC.

BY: James B. Wolfe
President

ATTEST:

Judith L. Durr
Assistant Secretary

(CORPORATE SEAL)



STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

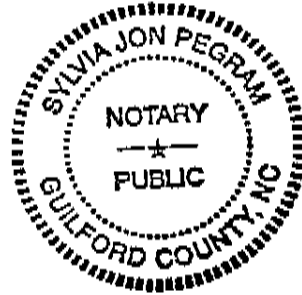
I, Sylvia Jon Pegram, a Notary Public, do hereby certify that Lisa Whitaker personally appeared before me this day and acknowledged that he/she is the Ass't Secretary of KAVANAGH ASSOCIATES, INC., a corporation, and that by authority duly given, and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal, and attested by him/her as its Ass't Secretary.

WITNESS my hand and official seal this the 26 day of July, 1999.

Sylvia Jon Pegram
Notary Public

My commission expires:

19 April 2002



STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

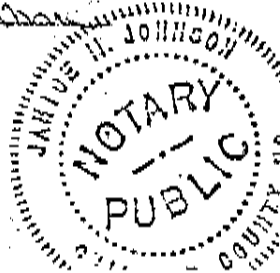
I, Jamie M. Johnson, a Notary Public, do hereby certify that John L. Dixon personally appeared before me this day and acknowledged that he/she is the Asst. Secretary of WOLFE CONSTRUCTION, INC., a corporation, and that by authority duly given, and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by him/her as its President Asst Secretary.

WITNESS my hand and official seal this the 26 day of July, 1999.

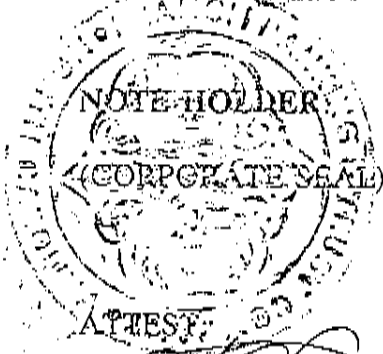
Jamie M. Johnson
Notary Public

My commission expires:

8-16-99



BRANCH BANKING AND TRUST COMPANY, a North Carolina state banking corporation, as holder of a promissory note secured by a deed of trust on the property described in this Declaration of Covenants, Conditions and Restrictions for Lake Jeanette Development, said deed of trust being recorded in Book 4720, Page 1785, Guilford County Registry, and LARS C. ANDERSON, appointed as Substitute Trustee under said deed of trust by instrument recorded in Book 4811, Page 1011, Guilford County Registry, join in the execution hereof for the purpose of subjecting the aforesaid deed of trust to the terms and provisions of this Declaration of Covenants, Conditions and Restrictions.



BRANCH BANKING AND TRUST COMPANY

BY: *J. M. M... Jr.*
VICE President

[Signature]
Asst Secretary

TRUSTEE:

[Signature]
Lars C. Anderson, Substitute Trustee

01011111

STATE OF NC
Guilford

COUNTY OF Guilford

I, Kimberly E. Watterson, a Notary Public, do hereby certify that Stanley P. Gunter personally appeared before me this day and acknowledged that he/she is the Asst. Secretary of BRANCH BANKING AND TRUST COMPANY, a corporation, 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 him/her as its Asst. Secretary.

WITNESS my hand and official seal this the 26th day of July.

Kimberly E. Watterson
Notary Public



My commission expires:
11-9-99

(NOTARY SEAL/STAMP)

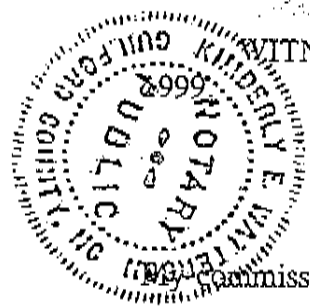
NORTH CAROLINA

GUILFORD COUNTY

I, Kimberly E. Watterson, a Notary Public, do hereby certify that LARS C. ANDERSON, Substitute Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this the 26th day of July.

Kimberly E. Watterson
Notary Public



My commission expires:
11-9-99

EXHIBIT "A"

BEGINNING at a NIP, said NIP being located in the western margin of the right-of-way of Bass Chapel Road, S.R. #2348 (60-foot right-of-way), and said NIP being located the three following bearing brakes from N.C.G.S. Monument "GULF" (N=868,637.5999 and E=1,766,846.4510) located on property now or formerly owned by Tyson Raynor, Sr. as recorded in Book 4072, at Page 180; North 54° 27' 16" West 8521.84 feet to an EIP control corner (Grid Coordinates: N=873,591.7713 and E=1,759,912.6250), South 60° 17' 52" East 206.11 feet to an EIP, and North 89° 44' 56" East 407.55 feet to a NIP in the western margin of the right-of-way of Bass Chapel Road, the point and place of BEGINNING, thence from said TRUE POINT AND PLACE OF BEGINNING, South 89° 44' 56" West 407.55 feet to an EIP; thence North 60° 17' 52" West 206.11 feet to an EIP control corner (Grid Coordinates: N=873,591.7713 and E=1,759,912.6250); thence South 89° 39' 12" West 1032 (±) feet to a point; thence North 36° 42' 29" West 77.88 feet to a point; thence North 01° 11' 03" West 118.33 feet to a point; thence North 14° 10' 35" West 105.58 feet to a point; thence North 28° 08' 12" West 222.44 feet to a point; thence North 44° 05' 35" East 112 (±) feet to an EIP; thence North 00° 29' 23" West 36.80 feet to an EIP; thence North 33° 21' 17" East 88.81 feet to an EIP; thence North 06° 35' 58" East 130.08 feet to a NIP; thence North 07° 40' 47" West 44.13 feet to an EIP; thence North 05° 56' 39" West 81.71 feet to an EIP; thence North 19° 12' 55" West 52.88 feet to an EIP; thence North 66° 42' 06" East 16.15 feet to an EIP; thence South 25° 37' 45" East 87.22 feet to a NIP; thence South 33° 29' 40" East 121.86 feet to an EIP; thence South 16° 07' 54" East 71.44 feet to a NIP; thence South 27° 21' 35" East 82.90 feet to an EIP; thence South 36° 19' 06" East 69.12 feet to an EIP; thence South 76° 28' 29" East 49.18 feet to an EIP; thence South 81° 00' 49" East 93.67 feet to an EIP; thence South 64° 14' 39" East 44.34 feet to an EIP; thence North 87° 19' 09" East 74.28 feet to an EIP; thence North 75° 10' 56" East 123.73 feet to an EIP; thence South 84° 01' 05" East 29.74 feet to an EIP; thence North 76° 03' 02" East 59.94 feet to an EIP; thence South 07° 32' 23" East 25.54 feet to an EIP; thence South 44° 53' 41" West 113.80 feet to an EIP; thence South 27° 46' 10" East 59.67 feet to an EIP; thence South 50° 12' 14" East 45.23 feet to an EIP; thence South 01° 39' 52" East 47.29 feet to an EIP; thence South 68° 14' 40" East 132.15 feet to an EIP; thence North 03° 09' 55" West 97.21 feet to an EIP; thence North 59° 36' 09" East 111.97 feet to an EIP; thence North 35° 24' 12" East 71.67 feet to an EIP; thence North 57° 56' 52" East 24.73 feet to an EIP; thence South 16° 52' 42" East 34.57 feet to an EIP; thence South 11° 32' 54" East 69.72 feet to an EIP; thence South 23° 01' 00" West 36.22 feet to an EIP; thence South 17° 15' 52" East 59.88 feet to an EIP; thence South 41° 52' 29" East 54.45 feet to an EIP; thence South 56° 09' 15" East 31.83 feet to an EIP; thence South 84° 13' 25" East 28.60 feet to an EIP; thence South 51° 05' 27" East 35.44 feet to an EIP; thence North 65° 30' 37" East 107.21 feet to a NIP; thence North 11° 09' 21" West 65.53 feet to a NIP; thence North 17° 48' 13" West 75.47 feet to an EIP; thence North 00° 00' 51" West 134.89 feet to an EIP; thence North 44° 00' 44" East 74.42 feet to an EIP; thence North 84° 26' 31" East 38.84 feet to an EIP; thence North 51° 50' 06" East 86.73 feet to a NIP in the western margin of the right-of-way of Bass Chapel Road; thence with the western margin of the right-of-way

RECORDED

of Bass Chapel Road along a curve to the left having a radius of 980.00 feet and a chord bearing and distance of South 19° 08' 13" East 393.45 feet to a NIP; thence continuing with the western margin of the right-of-way of Bass Chapel Road South 30° 43' 02" East 485.85 feet to a NIP, the point and place of BEGINNING.

011675