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DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

AKELA COVE

THIS DECLARATION, made on the date hereinafter set forth, by AKELA TRAIL PROPERTIES, INC., a North Carolina corporation having its principal office in Guilford County, North Carolina, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the City of High Point, County of Guilford, State of North Carolina, which is more particularly described as follows:

See Exhibit A attached hereto and incorporated herein by reference (hereinafter referred to as "Akela Cove").

WHEREAS, it is the intent of the Declarant hereby to cause Akela Cove to be subjected to this Declaration of Covenants, Conditions and Restrictions.

NOW, THEREFORE, Declarant hereby declares that all of Akela Cove 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, such real property and be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

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SECTION 3. "Association" shall mean and refer to Akela Cove Homeowner's Association, a North Carolina nonprofit corporation, its successors and assigns.

SECTION 4. "Declarant" shall mean and refer to Akela Trail Properties, Inc., as well as its successors and assigns, if Declarant shall make an express conveyance of its rights as developer hereunder to such successor or assign.

SECTION 5. "Lot" shall mean and refer to any separately numbered plat of land shown upon any recorded subdivision map of the Akela Cove.

SECTION 6. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

SECTION 7. "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 Akela Cove, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

ARTICLE II

JAMES LANDING PROPERTY OWNER'S ASSOCIATION

This Declaration is independent of and in addition to the Declaration of Covenants, Conditions and Restrictions of James Landing Property Owner's Association recorded in the Guilford County Registry at Book 4098, Page 604 (the "James Landing Declaration"). Accordingly, each Owner acknowledges and agrees that each Lot subject to the covenants, conditions, restrictions, assessments and other provisions in this Declaration shall also be subject to additional covenants, conditions, restrictions and assessments as set forth in the James Landing Declaration.

ARTICLE III

LEASE OF LOTS

Any lease agreement between an Owner and a lessee for the lease of such Owner's Lot shall expressly provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration of Covenants, Conditions and Restrictions, and the Articles of Incorporation and Bylaws of the Association, and that any failure by the lessee to comply with the terms of such document shall be a default under the terms of the lease. All leases of Lots shall be in writing. Other than the foregoing, there is no restriction on the right of any Owner to lease his Lot.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

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

SECTION 2. The Association shall have two classes of voting membership:

Class A. Class A Member(s) shall be (i) the Declarant, its successors, and assigns as to Lots retained by the Declarant upon the termination of the Class B membership, and (ii) all Owners other than the Declarant. Class A Members shall be entitled to cast one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members; however, the vote for such Lot shall be exercised as such Members among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot, and no fractional votes may be cast.

Class B. The Class B Member shall be the Declarant, and shall be entitled to cast three (3) votes for each Lot owned as to which the Declarant is not a Class A Member. The Class B membership shall cease to exist, and shall be converted to Class A membership, on the happening of either of the following events, whichever occurs earlier:

- (a) the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) seven (7) years after the date hereof.

With the recording of new sections of Akela Cove, and the annexation of additional lands subject to the jurisdiction of the Declarant or the Association, new Class A and Class B memberships shall be created, and the conversion of Class B memberships to Class A memberships shall be made separately with respect to each such section of Akela Cove.

ARTICLE V

COVENANT FOR MAINTENANCE AND ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within Akela Cove, hereby covenants, and each Owner of 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 to the Association:

(i) annual assessments or charges; (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, 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 fell due. The personal obligation for the delinquent assessment shall not pass to his successors in title unless expressly assumed by them.

SECTION 2. PURPOSE OF ASSESSMENTS.

(a) The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents of the Akela Cove and in particular for the acquisition, improvements and maintenance of properties, services and facilities devoted to this purpose; the maintenance of open spaces and streets which have not been accepted for dedication by a public authority, roadway medians and islands (including medians and islands located in dedicated rights-of-way); the procurement and maintenance of insurance in accordance with the Bylaws; the maintenance of dams and other areas surrounding water to the extent not maintained or provided for by James Landing Property Owner's Association; the maintenance of any "sign easement" areas located on any Lot, as shown on a recorded plat; the performance of all of the Association's obligations set forth in that certain Agreement Regarding Maintenance and Preservation of Entrance Statement dated July 27, 1993, by and among the Association, the Peninsula at James Landing Homeowner's Association, and Yorktown Pointe Homeowner's Association; the maintenance of road medians and islands and entranceways; the lighting of streets (whether public or private); the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and such other needs as may arise.

(b) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of portions of Akela Cove which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

(c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Properties, 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 Association. As monies for any assessment are paid to the Association, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom shall be held for the benefit of the members of the Association, no member of the 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 any Owner shall cease to be a member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Properties.

SECTION 3. MAXIMUM ANNUAL ASSESSMENT. Until December 31, 1994, the maximum annual assessment shall be One Hundred Twenty Dollars (\$120.00) per Lot, and may be collected in monthly installments of Ten Dollars (\$10.00) per Lot.

(a) 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 Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed fifteen percent (15%) of the maximum annual assessment of the previous year.

(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 may be increased without limit by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

SECTION 4. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTION 3. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 of this Article V shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) 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 5. RATE OF ANNUAL ASSESSMENT. Both annual and any special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly, or annual basis.

SECTION 6. DATE AND COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATES. The annual assessments provided for herein shall commence as to a Lot on the happening of any of the following events, whichever occur earlier; (a) the first day of the third month following the issuance of a certificate of occupancy for the residence constructed on that Lot; (b) the first day of the month that the residence constructed on that Lot is occupied; or (c) the first day of the month after a builder sells the residence. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment and promptly thereafter the Board of Directors shall cause written notice thereof to be sent to every Owner subject thereto. In the event the Board of Directors shall fail to fix the amount of annual assessments as described above, the assessment fixed for the immediately preceding year shall continue in effect until a new assessment amount is fixed. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

SECTION 7. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum or the maximum rate allowed by law, whichever is lower. The 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, costs and reasonable attorney's fees for representation of the 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 abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

ARTICLE VII

USE RESTRICTIONS

SECTION 1. DECLARANT'S AUTHORITY. The Declarant shall have the sole authority to consider, oversee, authorize, and enforce all provisions of this Article VII until such time as the Declarant, in its sole discretion, elects to grant such authority to the

Association or the Architectural Control Committee thereof. Unless and until it receives such authority from the Declarant, neither the Association nor the Architectural Control Committee shall have any authority or power whatsoever with respect to any provision of this Article VII.

SECTION 2. APPROVAL OF RESIDENCE DESIGN AND SITE PLAN. No residence, building, fence, wall, driveway, or structure shall be erected, altered, remodeled, added to, or allowed to remain upon any Lot unless the plans and specifications therefor, including a comprehensive plan showing all site improvements (including tree removal and all site preparation) and the location thereof, have been submitted to and approved in writing by the Declarant. The Declarant shall have the sole right and authority to approve or disapprove the plans and specifications for any reason, including, but not limited to, exterior colors and appearances, landscaping, location of the structure or structures and aesthetics. In the event that the Declarant does not approve the plans and specifications in writing within sixty (60) days from the date they are received by him, approval will not be required and this covenant will be deemed to have been complied with fully.

SECTION 3. RESIDENTIAL USE OF PROPERTY. All Lots shall be used for single-family, residential purposes only, and no business or business activity shall be carried on or upon any Lot at any time, except with the written approval of the Declarant; provided, however, that nothing herein shall prevent Declarant or any builder of homes in Akela Cove approved by Declarant from using any Lot owned by Declarant or such builder of homes for the purpose of carrying on business related to the development, improvement and sale of property in Akela Cove; and provided, further that, to the extent allowed by applicable zoning laws, private offices may be maintained in dwellings located on any of the Lots so long as such use is incidental to the primary residential use of the dwellings.

SECTION 4. SETBACKS AND BUILDING LINES. Each dwelling which shall be erected on any Lot shall be situated on such Lot in accordance with the building and setback lines approved for each lot in writing by the Declarant before commencement of lot clearing preparatory to construction unless a variance shall have been granted by the Declarant. In no event shall any dwelling be erected and located upon any such Lot in a manner which violates the requirements and provisions of any applicable zoning ordinances and subdivision regulations.

SECTION 5. WALLS AND FENCES. No fence or wall shall be erected, placed, or altered on any Lot nearer to any street than said minimum building setback line unless the same be a retaining wall of masonry or timber construction which does not in any event rise above the finished grade elevation of the earth embankment so retained, reinforced, or stabilized, except that this restriction shall not apply to fences or walls which have been approved by the

Declarant. The exposed part of retaining walls shall be made of clay brick, natural stone, stucco, railroad ties, or veneered with brick or natural stone. Chain link fences are prohibited.

SECTION 6. SUBDIVISION OF LOT. One or more Lots or parts thereof may be subdivided or combined to form one single Lot when approved, in writing, by Declarant, and, in such event, the building line requirements provided herein shall apply to any such Lot as resubdivided or combined; provided, however, that each resulting Lot must comply with all zoning restrictions in effect as of the date of the recording of this Declaration of Covenants, Conditions, and Restrictions with the office of the Guilford County Register of Deeds.

SECTION 7. TERRACES; EAVES AND DETACHED GARAGES. For the purpose of determining compliance or noncompliance with the foregoing building line requirements, terraces, stoops, eaves, wing-walls, and steps extending beyond the outside wall of a structure shall not be considered as a part of the structure. No side yard shall be required for any detached garage or accessory outbuilding which has been approved, in writing, by the Declarant; provided, all such detached structures must be to the rear of the main dwelling and must not encroach upon the Lot of an adjacent Owner.

SECTION 8. BUILDING REQUIREMENTS. The heated living areas of the main structure, exclusive of open porches, porte cocheres, garages, carports and breezeways, shall be not less than 2,000 square feet. Declarant reserves the right to increase the foregoing minimum square footage requirements with respect to all or a portion of the additional land annexed to Akela Cove in accordance with Article X, Section 5, Subsection (b) by recording an instrument which sets forth the increased minimum square footage requirement in the Office of the Register of Deeds, Guilford County, prior to or contemporaneous with the annexation of such additional land or portion thereof by Declarant.

SECTION 9. OBSTRUCTIONS TO VIEW AT INTERSECTIONS. No part of any structure nor the lower branches of trees or other vegetation shall be permitted to obstruct the view at street intersections.

SECTION 10. USE OF OUTBUILDINGS AND SIMILAR STRUCTURES. No structure of temporary nature shall be erected or allowed to remain on any Lot, and no trailer, camper, shack, tent, garage, barn or other structure of a similar nature shall be used as a residence, either temporarily or permanently: provided, this Section shall not be construed to prevent the Declarant and those engaged in construction from using sheds or other temporary structures during

construction.

SECTION 11. COMPLETION OF CONSTRUCTION. The Declarant shall have the right to take appropriate legal action, whether at law or in equity, to compel the immediate completion of any residence not completed within one (1) year from the date of commencement of construction.

SECTION 12. LIVESTOCK. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot, except that dogs, cats, or other small household pets may be kept provided that they are not kept, bred, or maintained for any commercial purposes. Such household pets must not constitute a nuisance or cause unsanitary conditions.

SECTION 13. OFFENSIVE ACTIVITIES. No noxious, offensive, or illegal activities shall be carried on upon any Lot, nor shall anything be done thereon which is or may become an annoyance or nuisance to the owners of other Lots in Akela Cove.

SECTION 14. SIGNS. No advertising signs or billboards shall be erected on any Lot. This restriction shall not apply to signs used to identify and advertise the subdivision as a whole, nor to signs for selling Lots and/or houses during the development and construction period. Also, the provisions of this Article shall not apply to notices posted in connection with judicial or foreclosure sales conducted with respect to first mortgages. Realtor signs may be displayed on Lots listed for sale, provided such signs are of standard size.

SECTION 15. AESTHETICS, NATURE GROWTH, SCREENING, UNDERGROUND UTILITY SERVICE. Trees which have a diameter in excess of six inches (6") measured two feet (2') above ground level, and distinctive flora, shall not be intentionally destroyed or removed except with the prior approval, in writing, of the Declarant. Clotheslines, garbage cans and equipment shall be screened to conceal them from view of neighboring Lots and streets. All residential utility service and lines to residences shall be underground.

SECTION 16. ANTENNAE. No radio or television transmission or reception towers or antennae shall be erected on any structure or within the property without the prior written approval of the Declarant. In no event shall freestanding transmission or receiving towers, or satellite dishes or disks be permitted.

SECTION 17. TRAILERS, TRUCKS, SCHOOL BUSES, BOATS, BOAT TRAILERS. No house trailers or mobile homes, school buses, trucks or commercial vehicles over one (1) ton capacity, boats or boat trailers shall be kept, stored or parked overnight either on any street or on any Lot, except within enclosed garages or screened from the streets. Notwithstanding the foregoing, passenger

automobiles may be parked in driveways, if the number of vehicles owned by Owner exceeds the capacity of the garage. The foregoing will not be interpreted or construed or applied to prevent the temporary nonrecurrent parking of any vehicle, boat, or trailer for a period not to exceed 48 hours upon any Lot.

SECTION 18. GARBAGE AND REFUSE DISPOSAL. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers designed for that purpose. All incinerators or other equipment for the storage or disposal of such waste material shall be kept in a clean and sanitary condition. If such litter or other materials is found on any Lot, the same will be removed by the Lot Owner of such Lot, at the Lot Owner's expense, upon written request of the Declarant.

SECTION 19. CHANGING ELEVATIONS. No Lot Owner shall excavate or extract earth for any business or commercial purpose. No elevation changes shall be permitted which materially affect surface grade of surrounding Lots, unless previously approved in writing by the Declarant.

SECTION 20. SEWAGE SYSTEM. Sewage disposal shall be through municipal system or type approved by appropriate State and local agencies.

SECTION 21. WATER SYSTEM. Water shall be supplied through municipal system or type approved by appropriate State and local agencies.

SECTION 22. UTILITY FACILITIES. Declarant reserves the right to approve the necessary construction, installation and maintenance of utility facilities, including but not limited to water, telephone and sewage systems, within Akela Cove, which may be in variance with these restrictions.

SECTION 23. MODEL HOMES. Declarant, as well as any builder of homes in Akela Cove approved by Declarant, shall have the right to construct and maintain model homes on any of the Lots. "Model Homes" shall be defined as those homes used for the purpose of inducing the sale of other homes within Akela Cove.

SECTION 24. DRIVEWAYS AND ENTRANCE TO GARAGE. All driveways and entrances to garages shall be concrete or other substance approved in writing by Declarant and of a uniform quality.

SECTION 25. USE OF LAKES AND PONDS. No Lot owner may use any lake, pond, or other body of water located within or adjacent to Akela Cove except as may be provided in the James Landing Declaration.

SECTION 26. WAIVER OF SETBACKS, BUILDING LINES AND BUILDING REQUIREMENTS. The Declarant may, for good cause, waive a minor violation of the setbacks, building lines and building requirements provided for in this Article VII. Such waiver shall be in writing and recorded in the Guilford County Registry. A document executed by the Declarant shall be, when recorded, conclusive evidence that the requirements of this Article VII have been complied with. For the purpose of this Section 26, any violation which does not exceed twenty percent (20%) shall be considered a minor violation. Nothing contained herein shall be deemed to allow the Declarant to waive violations which must be waived by an appropriate governmental authority.

ARTICLE VIII

EASEMENTS

SECTION 1. UTILITIES. Easements for installation and maintenance of utilities (including cable television service) and drainage facilities are reserved as indicated on the Exclusion Map for James Landing recorded in the Guilford County Registry at Plat Book 109, Page 36-37, and as may be indicated on any other recorded plats affecting Akela Cove. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the drainage 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 High Point and Guilford County (and any other person or firm providing services to Lots within Akela Cove under agreement with or at the direction of the Association) as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting of fires and collection of garbage. The Declarant shall have the power and authority to grant or to change such additional easements as are necessary or desirable for the providing of service or utilities to any Lot.

SECTION 2. SIGN EASEMENTS. Easements for the maintenance of subdivision signs and landscaping and lighting surrounding same are reserved as indicated on recorded plats. Declarant hereby grants, gives and conveys to the Association a perpetual, non-exclusive easement over any portions of Lots designated as "sign easements" on the plats, to maintain, repair and replace the subdivision signs which may be located thereon, and the lighting fixtures and landscaping surrounding same. The costs of all such maintenance, repair and replacement shall be part of the common expenses of the Association. In addition to the easement granted above as to the portion of Lots designated "sign easement," Declarant hereby gives, grants and conveys to the Declarant the right of ingress, egress and regress over other portions of such Lots as shall be reasonably

necessary to effectuate the purposes stated above. The easements hereby granted shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or a part of Akela Cove.

ARTICLE IX

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

SECTION 1. ENTITIES CONSTITUTING INSTITUTIONAL LENDERS. "Institutional Lenders" 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 residences, and eligible insurers and governmental guarantors.

SECTION 2. OBLIGATION OF 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 Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Board of Directors of the Association, such financial statement or report to be furnished by April 15 of each calendar year.

(b) To be given notice by the 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 Bylaws of the Association or of any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association.

(c) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Lot encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

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

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 Association to such Institutional Lender.

ARTICLE X

GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. The Declarant, the Association, 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, the Articles or Incorporation or Bylaws of the Association, except as provided to the contrary herein. Failure by any person or entity having the right to do so to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Declarant shall have the right to request that law enforcement, public safety and animal control officers come on the Properties 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 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 unless during the last year of such initial or then current renewal term of the Owner of seventy-five percent (75%) of the Lots agree in writing to terminate this Declaration at the end of such term. The Declaration, as amended, shall be rights and interests appurtenant to the realty owned by Declarant referred to hereinabove and shall run with the land at law. This Declaration may be amended during the first twenty (20) year period by an instrument signed by the Owners of not less than ninety percent (90%) of the Lots, and thereafter by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots, provided that (1) 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, (2) no amendment shall adversely affect any rights or interest of Declarant as provided herein, unless agreed to in writing by Declarant, (3) no amendment shall have priority over any amendment made by Declarant in accordance with Section 4 of this Article X, as long as Declarant owns a Lot, and (4) no amendment

shall alter, modify or rescind any right, title, interest or privilege herein granted or accorded to any Mortgagee of a Lot affected thereby unless such holder shall consent in writing thereto, which consent shall be filed with such amendment. Any amendment or termination must be properly recorded.

SECTION 4. FEDERAL LENDING REQUIREMENTS. Declarant may (at Declarant's option) amend and modify this Declaration without obtaining the consent or approval of the Owners if such amendment or modification is necessary to cause this Declaration to comply with the requirements of the Federal Housing Administration, the Veterans Administration, Fannie Mae or other similar agency. Any such amendment must be with the consent and approval of such agency and must be property recorded.

SECTION 5. ANNEXATION.

(a) Additional residential property may be annexed to the Properties only with the consent of two-thirds (2/3 of each class of Members.

(b) Additional land within the area described in the metes and bounds description attached hereto as Exhibit B and incorporated herein by reference may be annexed by the Declarant without the consent of Members within ten (10) years of the date of this instrument.

SECTION 6. AMPLIFICATION. The provisions of this Declaration are amplified by the Articles and Bylaws; but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration on the one hand, and the Articles and Bylaws on the other be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything in the Articles or Bylaws to the contrary.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed in its name and its corporate seal hereto affixed as of the 20 day of January, 1994.

AKELA TRAIL PROPERTIES, INC.

By: M. W. [Signature]
President

ATTEST:

[Signature]
Secretary

[CORPORATE SEAL]

001871

STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

I, Carolyn Poulin, a Notary Public for said County and State, do hereby certify that Barry Siegal, personally came before me this day and acknowledged that he is Secretary of Akela Trail Properties, 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 himself as its Secretary.

Witness my hand and official seal, this 19 day of JAN., 1994.

Carolyn Poulin
Notary Public

(OFFICIAL SEAL)

My Commission Expires: _____

MY COMMISSION EXPIRES JULY 29, 1996



001872

EXHIBIT A

All of Tract 4 on the Exclusion Map for James Landing recorded in the Guilford County Registry in Book 109, Pages 36 and 37.

001873

EXHIBIT B

All or a portion of Tract 5 on the Exclusion Map for James Landing recorded in the Guilford County Registry in Book 109, Pages 36 and 37.

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