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KATHERINE LEE PAYNE
REGISTER OF DEEDS
GUILFORD COUNTY, NC
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KATHERINE LEE PAYNE
REGISTER OF DEEDS
GUILFORD COUNTY, NC
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NORTH CAROLINA
DECLARATION
OF
GUILFORD COUNTY COVENANTS, CONDITIONS AND RESTRICTIONS
FOR

PROBATE NOT REQUIRED PER DAYBREAK OF S^M^E BUILFORB CO. HC
GENERAL STATUTE, HI'Sk-1 1RISEBOCUHEHTS 365360 J6.W
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THIS DECLARATION, made on the date hereinafter set forth by LSOFT PARTNERS X,
L.P., hereinafter referred to as "Declarant" iHISC M C U f i f f i T S 3781H1
is HISC »OC mm PBS \$3&.00
EE \$2,00

WHEREAS, Declarant is the successor to and assignee of Comwallis Development Co. as
declarant for Lake Jeanette Development by virtue of Assignment of Declarant's Rights
recorded in Book 4536, Page 601, Guilford County Registry; and

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

All of that certain parcel of land (the "Property") shown on the plat entitled
"Daybreak Square, Northern Shores, Phase Ten, Section Two," which appears of
record in the Office of the Register of Deeds of Guilford County, North Carolina, in
Plat Book 138, Page 54 (the "Plat"); and

WHEREAS, the Property is subject to a Master Declaration of Covenants, Conditions^
and Restrictions for Lake Jeanette Development, recorded in Book <i&58, Page 60^, <j&
Guilford County Registry, as it may be amended from time to time (the "Master Declaration");
and

WHEREAS, Declarant desires 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;

NOW, THEREFORE, Declarant hereby declares 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

This Declaration is being re-recorded to fill in the recording information
for the Master Declaration on the first page hereof, which information was
inadvertently omitted from the first recording.

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 Daybreak Square 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" or "Section Common Area" 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 Area at the time of the recordation of this Declaration is described as follows:

(1) All that land designated "Section Common Area (Elements)" or "SCA" as shown on the plat entitled "Daybreak Square, Northern Shores, Phase Ten, Section One," which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 135, Page 62;

(2) All that land designated "Section Common Area (Elements)" or "SCA" as shown on the plat entitled "Daybreak Square, Northern Shores, Phase Nine, Section One," which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 137, Page 139; and

(3) All that land designated "Section Common Area (Elements)" or "SCA" as shown on the plat entitled "Daybreak Square,, Northern Shores, Phase Ten, Section Three," which appears of record in the Office of the Register of Deeds of Guilford County, North Carolina, in Plat Book 138, Page 32.

SECTION 5. "Dwelling" shall mean and refer to any single-family residence constructed on a Lot in the Property. A Dwelling may be attached to other Dwellings or may be separated from other Dwellings.

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

SECTION 8. "Declarant" shall mean and refer to LSOF Partners X, L.P., its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development and are designated as a Declarant in a recorded instrument executed by LSOF Partners X, L.P.

SECTION 9. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Property, with the exception of Section Common Area and Master Common Area.

SECTION 10. "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.

ARTICLE H

PROPERTY RIGHTS

SECTION 1. OWNERS' EASEMENTS OF ENJOYMENT. Every Owner shall have a right and easement of enjoyment in and to the Section Common Area 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 Area;

(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 Area (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 Area 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 Area and improvements thereon.

which regulations may impose fines for the violation thereof and may further restrict the use of the Section Common Area, and specifically including the right to establish parking regulations; and

(e) the right of the Section Association to exchange portions of Section Common Area with the Declarant for substantially equal areas of the Property for the purpose of eliminating potential or unintentional encroachments of Dwellings or other improvements onto portions of the Section Common Area.

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

ARTICLE m SECTION

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. MEMBERSHIP. Every Owner of a Lot which is subject to a Hen for assessments shall be a member of the Section Association. Section 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 Section Members shall be all Owners other than the Declarant Class A Section 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 among themselves as set forth in the Bylaws of the Association.

Class B. The Class B Section Member shall be the Declarant and shall be entitled to four (4) votes for each Lot owned. The Class B Section Membership shall cease and be converted to Class A Section 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 Section Membership equals the total votes outstanding in the Class B Section Membership, provided, however, that the Class B Section 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 Section Member a total number of votes in excess of the Class A Section Members; or,

(b) on December 31,2010.

SECTIONS. RIGHT OF DECLARANT TO REPRESENTATION ON EXECUTIVE BOARD OF THE SECTION ASSOCIATION. Notwithstanding anything to the contrary herein, until December 31,2010, Declarant shall have the right to designate and select a majority of the Executive Board of the Section Association. Whenever Declarant shall be entitled to designate and select any person or persons to serve on any 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. However, Declarant shall be responsible, pursuant to the provisions of Article TV, for the payment of assessments which may be levied by the Section Association against any Lot or Lots owned by Declarant, and for complying with the remaining terms and provisions hereof hi the same manner as any other 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. Similarly, Declarant, as a Member of the Section Association, shall not be required to disqualify itself upon any contract or matter between Declarant and the Section Association where Declarant may have a pecuniary or other interest.

SECTION 4. DECLARANTS RIGHTS. The Declarant shall have the right at any time to release its rights set forth in Article IH, Section 3, above and/or to terminate the Class B Membership described in Article m, Section 2, above by sending written notice of such action(s) to the Executive Board of the Section Association.

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; (ii) to the appropriate governmental taxing authority: (1) a pro rata share of ad valorem taxes levied against the Section Common Area, and (2) a pro rata share of assessments for public improvements to or for the benefit of the Section Common Area if the Section Association shall default in the payment of either or both for a period of six (6) months: and (iii) to the Master Association a fine of SI00.00 per day for failure to complete the dwelling and landscaping on any Lot as and if required in the restrictive covenants set forth in the deed to the Lot The annual and special assessments, and any fine or other charge, together with interest costs and reasonable attorney's

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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 hi 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 Area and for maintenance of those improvements located outside of the Section Common Area but which benefit the Property, including but not limited to: (i) pruning, trimming and replacing (if necessary) trees in the Planting Strip (hereinafter defined); (ii) mowing of grass, pruning of trees, shrubs and hedges in the Streetscape Easement (hereinafter defined); (iii) the storm water drainage system that carries storm water runoff from Lots, the Section Common Area and the Master Common Area and located in drainage easements shown on the Plat and consisting of pipes, grates, swales and ditches; and (iv) traffic islands and medians with landscaping and signs located in public streets (hereinafter collectively 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 Area, the procurement and maintenance of insurance (casualty and liability) in accordance with the Bylaws, the payment of charges for garbage collection service for the Property, the employment of attorneys to represent the Section Association when necessary, and such other needs as may arise.

(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 undertakhig 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 Section 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 Section 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 Ms 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, Seven Hundred Eighty and 00/100 Dollars (\$780.00) per year, which shall be deemed to be a rate of maximum annual assessment of Sixty-Five and 00/100 Dollars (\$65.00) 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 Section 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 in excess of the maximum^ subject to the provisions of Section 6 of not this Article.

~~SS Atencio~~
~~[Signature]~~

SECTION 4. SPECIAL ASSESSMENTS FOR CAPITAL

IMPROVEMENTS. 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 Lots, the Section Common Area 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. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly or annual basis.

SECTION 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Section 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 Section Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of Section 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.
- (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 and shall commence for each Lot conveyed by the Declarant to an Owner on the first day of the first month following the conveyance of such Lot. The annual assessments for Lots owned by Declarant commence as to a particular Lot at the time the first Lot shown on the recorded subdivision plat (that includes the particular Lot) is conveyed to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year after conveyance of such Lot

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 twelve percent (12%) per annum. The Section Association may bring an action at law against the Owner -personally obligated to pay such assessment, fee, fine or penalty 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 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 Area or abandonment of his Lot

SECTION 9. EFFECT OF DEFAULT TN 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 Area or assessments for public improvements to the Section Common Area, 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 release 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 AREA, . OTHER MAINTAINED IMPROVEMENTS, LOTS, DWELLINGS AND OTHER AREAS

SECTION 1. MAINTENANCE OF SECTION COMMON AREA AND OTHER MAINTAINED IMPROVEMENTS. Except as specifically set forth herein, the Section Association shall maintain the Section Common Area and Other Maintained Improvements. The storm water drainage system shall be maintained and repaired in accordance with all ordinances and requirements of the City of Greensboro. If the Section Association shall be dissolved or cease to exist, and consequently cease to maintain the storm water drainage system, then, in such event, the Owners of Lots shall be jointly and severally liable for the cost of such maintenance.

- 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.

SECTIONS. OWNER'S MAINTENANCE OF LOT, DWELLING AND STORM WATER DRAINAGE SYSTEM. Except for maintenance of the Streetscape Easement described below and subject to the Guidelines for Daybreak Square, each Owner shall be responsible for the repair, maintenance and upkeep of the Lot and the dwelling on such Lot, including but not limited to any and all vegetation, driveways and walks, steps, fences (where permitted), hedges, gates, ground cover, patios, wooden decks (where permitted) and gas lamp located on the front of each Dwelling,

SECTION 4. OWNER'S 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 Daybreak Square, as they may be promulgated from time to time, and in a reasonable and prudent manner to a standard harmonious with other Lots in Daybreak Square. If any Owner should fail to discharge the above-described obligations to such a standard, the Executive Board of the Association may, in its sole discretion, give written notice of such failure to the Owner who shall have a period 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 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 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. To enable the Section Association to accomplish the foregoing, there is hereby reserved to the Section Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance, repair and replacement as provided in Sections 3 and 4.

SECTION 5. STREETS, ALLEYS AND STREETSCAPE EASEMENT.

(a) As shown on the Plat, there are two types of streets within Daybreak Square: (i) public streets with 54-foot wide rights-of-way ("Streets") and (ii) 20-foot wide Section Common Area alleys along the rear of certain Lots ("Alleys"). Each Street contains a 30-foot wide paved roadway paralleled on each side by a 12-foot wide strip of land containing a 7-foot wide street planting strip ("Planting Strip") and a 5-foot wide sidewalk ("Sidewalk"). On the front of each Lot and on the street side of certain corner Lots in Daybreak Square, parallel and adjacent to the Street, there is a 6-foot wide strip of land ("Streetscape Easement") which may contain areas planted with grass and an area in which (i) a fence with a gate; (ii) hedge with a gate; (iii) retaining wall; (iv) landscaped area containing, for example, ground cover, plantings and/or steps; or (v) any combination of (i)-(iv) above, all of which shall be constructed and maintained in accordance with this Declaration, the restrictions contained in deeds for Lots and in the Guidelines for Daybreak Square. Each Alley contains a 16-foot wide paved roadway.

C(b) Declarant shall plant two (2) trees in the Planting Strip in front of each Lot and two (2) trees along the street side of certain corner Lots. The Section Association shall prune, trim and replace (if necessary) the trees in the Planting Strip, prune and trim the hedges in the Streetscape Easement and mow any grass in the Planting Strip and, where appropriate, the Streetscape Easement. The watering of the trees, grass, hedges and ground cover and the maintenance of fences and gates within the Planting Easement and Streetscape Easement as the case may be, in front of each Owner's Lot, shall be the responsibility of such Lot Owner. Each Owner of a Lot abutting an Alley shall maintain the 2-foot strip of land between the rear Lot line and the edge of the Alley pavement

ARTICLE VI

ARCHITECTURAL CONTROL

SECTION 1. THE ARCHITECTURAL CONTROL COMMITTEE. So long as Declarant owns at least one (1) Lot in the Property, Declarant shall have the right to appoint an Architectural Control Committee consisting of at least three (3), but not more than five (5), persons. At such time as Declarant no longer owns at least one Lot in the Property, the Architectural Control 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.

SECTIONS. CONDITIONS. Initial construction of a Dwelling on a Lot shall be subject to the terms and conditions set forth in the restrictive covenants contained in the deed for such Lot from Declarant to the first purchaser thereof. After the completion of construction of such Dwelling 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 shall be made or done without the prior written approval of the Architectural Control Committee. 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. By way of illustration and not of limitation, the following acts shall require the prior written approval of the Architectural Control Committee: any improvements, alterations, additions or deletions affecting any part of the exterior of the Dwelling, the Lot or any improvements thereon, whether temporary or permanent, including: paving; roofing; exterior painting; landscaping; exterior lighting; fencing; and recreational structures, statues, mailboxes and all personal signage. The placing of any items on front or side porches (excluding porch furniture and plants approved in the Guidelines) is subject to 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 and/or community standards ("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 Directors.

SECTION 6. ASSIGNMENT OF DECLARANTS RIGHTS. Declarant shall have the right at any time, in its sole discretion, to assign any and/or all of its rights under this Article VI or under the restrictions set forth in any Lot deed to the Section Association by written instrument recorded in the Office of the Register of Deeds of Guilford County, North Carolina, Recording of such assignment shall constitute acceptance by the Section Association of the rights assigned therein,

ARTICLE Vn TRAFFIC REGULATIONS

AND MAINTENANCE OF RIGHT-OF-WAY

SECTION 1. TRAFFIC AND PARKING REGULATIONS. All Section Association 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 is prohibited on the Section Common Area Alleys, including the sides and shoulders. For all Lots served by Alleys, Owners and the other persons defined in Article VHI, Section 1 ("Authorized Users"), their guests, invitees and licensees, shall be permitted to park motor vehicles only in their respective garages and hi the approved driveways serving their respective Lots. Parking on Streets shall be subject to such rules and regulations as the 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 vehicles from the Section Common Area upon the commission of a second offense by an Owner or Authorized Users of his Lot (the costs of such removal and any storage fees shall be the responsibility of the Owner and the Authorized User); and (ii) assess reasonable fines against a Member for violations *by* him/her

or by Ms/her family member, guest, invitee or tenant. Such fines shall be deemed to be assessments as set forth in Article IV of this Declaration and if not paid within thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in Article IV, Section 8.

ARTICLE VIE 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 Hmited 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 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;

(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 he 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, the County of Guilford and Daybreak Square Guidelines relating thereto.

SECTION 4. OUTSIDE ANTENNAS. No outside radio or television antenna or satellite dish or disk shall be erected on any Lot or Dwelling within the Property unless and until

permission for the same has been granted by the Executive Board of the Section Association or its Architectural Control Committee.

SECTION 5. BOATS, TRAILERS AND CERTAIN MOTOR VEHICLES. No boats, buses, trailers, campers or recreational vehicles shall be parked or stored on any Lot or parked in any Street or Alley at any time except in a garage with the garage doors fully closed; provided, however, such boats and vehicles may be temporarily [no more than forty-eight (48) consecutive hours] parked hi the driveway of a Lot for the purpose of loading or unloading.

SECTION 6. TRASH CONTAINERS AND CLOTHESLINES. Trash containers shall be kept hi garages or located on Lots so as to be screened from view from adjoining Lots and from Streets and Alleys. Clotheslines may be erected on Lots only if screened from view from adjoining Lots and from Streets and Alleys.

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 Areas 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. An easement is also hereby established for the benefit of the Section Association over drainage and utility easements shown on the Plat for the maintenance, repair and replacement of the storm water drainage system.

SECTION 2. UNINTENTIONAL ENCROACHMENTS. In the event that any improvements on a Lot shall encroach upon any Section Common Area or upon any other Lot as a result of the initial improvements constructed on a Lot or 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 Area or other Lot for so long as such encroachment shall naturally exist; and, in the event that any portion of the Section Common Area shall encroach upon any Lot, then an easement shall exist for the continuance of such encroachment of the Section Common Area 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 Declaration of Covenants, Conditions and Restrictions for Lake Jeanette Development applicable to the Property ("Master Declaration").

SECTION 2. MASTER ASSOCIATION ASSESSMENTS. In addition to the covenant for assessments to the Section Association, 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 Section 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.

SECTIONS. PROPERTY RIGHTS. In addition to property rights in the Section

Common Area, every record Owner of a Lot within the Property shall have the property rights in all of 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 ASSOCIATION TO INSTITUTIONAL LENDERS. So

long as any Institutional Lender shall hold any first Hen 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 Areas or any portion thereof.

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

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

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. 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.

SECTIONS. 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 relating to the maintenance and/or ownership of any permanent wet detention ponds, rock check dams or diversion berms shall be permitted without review by and approval of the governmental office having jurisdiction for watershed protection. Any amendment must be signed by the proper officers of the Association or by the required percentage of Lot Owners and be properly recorded.

SECTION 4. ANNEXATION. Additional land within the area described on **EXHTJBIT** A attached hereto and incorporated herein by reference may be annexed by the Declarant without the consent of Section Members until December 31, 2010.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its Attorney-In-Fact, this the 23rd day of June, 2000.

LSQF PARTNERS X, L JP., a
Texas Limited Partnership

BY: LAKE JEANETTE DEVELOPMENT COMPANY,
a Texas corporation, Attorney-In-Fact

By: _



President

ATTES



Assistant Secretary

(CORPORATE SEAL)

"C<

EXHIBIT A

All of the Phases 9 and 10 shown on the Preliminary Subdivision Plan entitled "The Square at Northern Shores, Phases 7, 9,10,11" prepared by Borum Wade and Associates., PA. dated July 1,1999.



KATHERINE LEE PAYNE, REGISTER OF DEEDS
GUILFORD COUNTY
201 SOUTH EUGENE STREET
GREENSBORO, NC 27402

State of North Carolina, County of Guilford

The foregoing certificate of _____ W>

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

KATHERINE LEE PAYNE, REGISTER OF DEEDS .

By: _____
Deputy Register of Deeds

● * * * * *

IBIS CERTIFICATION SHEET MUST REMAIN WITH THE DOCUMENT

03/29/00