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DAVIE COUNTY, NC

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Deputy TABLE OF CONTENTS

TO

DECLARATION OF COVENANTS, CONDITIONS

AND RESTRICTIONS FOR

KINDERTON VILLAGE SINGLE FAMILY HOMES

	<u>Page</u>
ARTICLE I - Definitions	2
Section 1. "Amenities"	2
Section 2. "Association"	2
Section 3. "Board of Directors"	2
Section 4. "Bylaws"	3
Section 5. "Charter"	3
Section 6. "Common Areas"	3
Section 7. "Declarant"	3
Section 8. "Declaration"	3
Section 9. "General Common Areas"	3
Section 10. "Lot"	3
Section 11. "Master Association"	4
Section 12. "Master Declaration"	4
Section 13. "Member"	4
Section 14. "Owner"	4
Section 15. "Person"	4
Section 16. "Property"	4
Section 17. "Single Family Lots"	4
Section 18. "Sub-Association"	5
ARTICLE II - Properties Subject To This Declaration	5
Section 1. <u>By Declarant</u>	5
Section 2. <u>Additions</u>	5

ARTICLE III - Association Membership and Voting Rights 6

 Section 1. Membership 6

 Section 2. Voting and Voting Rights 6

ARTICLE IV - Common Area Property Rights 8

 Section 1. Use of Common Areas 8

 Section 2. Delegation of Use 9

 Section 3. Title to the Common Areas 9

 Section 4. Parking Regulations for Boats, Trailers, etc. 9

 Section 5. Antennas and Satellite Dishes 9

 Section 6. Agreement with Master Association 9

ARTICLE V - Covenants for Maintenance Assessments 9

 Section 1. Annual Assessment for Maintenance Fund 9

 Section 2. Purpose of Assessments 10

 Section 3. Creation of the Lien and Personal Obligation of Assessment 10

 Section 4. Exempt Property 11

 Section 5. Annual Maintenance Assessments 11

 Section 6. Special Assessments 11

 Section 7. Payment of Assessments by Declarant 12

 Section 8. Notice and Quorum 12

 Section 9. Date of Commencement of Annual Assessment 12

 Section 10. Effect of Nonpayment of Assessment 13

 Section 11. Subordination of the Lien 13

 Section 12. Collection of Assessments 13

ARTICLE VI - Rules, Regulations and Use Restrictions 14

 Section 1. Rules and Regulations 14

 Section 2. Use Restrictions 14

 Section 3. Governmental Regulations 14

ARTICLE VII - Insurance 15

 Section 1. Hazard Insurance on Individual Dwellings 15

 Section 2. Fidelity Insurance Coverage 15

 Section 3. Other Insurance 16

 Section 4. Annual Review of Policies 16

 Section 5. Deductibles 16

 Section 6. Waivers 16

ARTICLE VIII - Rights of Institutional Lenders 16

 Section 1. Amendments 16

 Section 2. Professional Management 17

 Section 3. Inspection and Notice 17

 Section 4. Condemnation or Default 17

ARTICLE IX - General Provisions 18

 Section 1. Duration 18

 Section 2. Amendment 18

 Section 3. Procedure for Certification and Recordation of Amendment 19

 Section 4. Enforcement 19

 Section 5. Delegation and Assignability 20

 Section 6. FHA/VA Approval 20

 Section 7. Headings and Binding Effect 20

 Section 8. Unintentional Violation of Restrictions 20

 Section 9. Conflicts 21

 Section 10. Professional Management 21

ARTICLE X - Dissolution or Insolvency of the Association 21

STATE OF NORTH CAROLINA)
)
COUNTY OF DAVIE)

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
KINDERTON VILLAGE SINGLE FAMILY HOMES

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made and published this 19th day of December, 2000, by and between ADAMS EGLOFF AVANT PROPERTIES, L.L.C., a North Carolina limited liability company having its principal place of business in Forsyth County, North Carolina (hereinafter called "Declarant"), and any and all persons, firms or corporations hereafter acquiring any of the within described property.

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located near the intersection of Interstate 40 and NC Highway 801, Advance, Davie County, North Carolina, and more particularly described in Book 319, page 168, Davie County Registry;

WHEREAS, Declarant desires to create on all or part of the Property an exclusive, mixed-use, residential community or communities known as Kinderton Village and which will contain different types of residential housing. The different types of residential housing will each be a separate homeowners association that will be a sub-association of a master association known as Kinderton Village Homeowners Master Association (hereinafter, the "Master Association") to coordinate, plan and maintain the recreational and common areas which are for the use and benefit of all sub-associations;

WHEREAS, Declarant has caused a portion of the above-described property to be subdivided into single family residential lots for a subdivision known as "Kinderton Village Phase 1A" and a plat thereof recorded in Plat Book 7, Page ¹⁴⁴~~43~~, Davie County Registry. Declarant intends to make the single family lots a part of the Master Association;

WHEREAS, it is in the best interest of the Declarant, as well as to the benefit, interest and advantage of each and every person or other entity hereafter acquiring any of the said lots that certain covenants, conditions, easements, assessments, liens and restrictions

governing and regulating the use and occupancy of the same be established, fixed and set forth and declared to be covenants running with the land; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities and the desirability and attractiveness of the single family lots in Kinderton Village; and for the continued maintenance and operation of the recreational and common areas as may be provided therein;

NOW, THEREFORE, in consideration of the premises, the Declarant agrees with any and all persons, firms, corporations or other entities hereafter acquiring any of the property, which is a part of the single family lot in Kinderton Village, that the same shall be and is hereby subject to the following restrictions, covenants, conditions, easements, assessments and liens (all hereinafter collectively referred to as "Restrictions") relating to the use and occupancy thereof, said Restrictions to be construed as covenants running with the land which shall be binding on all parties having or acquiring any right, title or interest in the said property or any part thereof, and which shall inure to the benefit of each owner thereof. Every person or other party hereafter acquiring any of the said property made subject to this Declaration, by acceptance of a deed or contract for deed or other conveyance of any interest in or to said property, whether or not it shall be so expressed in any such deed, contract for deed or other conveyance, and regardless of whether the same shall be signed by such person and whether or not such person shall otherwise consent in writing, shall take such property interest subject to this Declaration and to the terms and conditions hereof and shall be deemed to have assented to same.

ARTICLE I

Definitions

The following words when used in this Declaration or any supplemental declaration hereto (unless the context shall prohibit) shall have the following meaning:

Section 1. "Amenities" shall mean the facilities constructed, erected, or installed on the Common Areas for the use, benefit and enjoyment of members of the Association.

Section 2. "Association" shall mean and refer to The Kinderton Village Single Family Homeowner's Association, a nonprofit corporation organized and existing under the laws of the State of North Carolina, its successors and assigns.

Section 3. "Board of Directors" or "Board" shall mean those persons elected or appointed to act collectively as the directors of the Association.

Section 4. "Bylaws" shall mean the Bylaws of the Association as they now or hereafter exist.

Section 5. "Charter" shall mean the Articles of Incorporation of the Association as they were filed in the office of the Secretary of State for North Carolina, and any amendments thereto.

Section 6. "Common Areas" shall mean and refer to the real property owned by the Association for the common use, benefit and enjoyment of the Owners of Lots in the Association and designated as "Common Area", "Common Open Space", "Common Green" or other designation on the recorded plat in the office of the Register of Deeds for Davie County which would indicate that the area is for the exclusive use of the sub-association. The term "Common Areas" does not include areas designated as "General Common Areas", "General Common Open Space", "General Common Green" or other designation on the recorded plat(s) in the office of the Register of Deeds for Davie County which would indicate that the area is for the use of all residents of Kinderton Village regardless of the type of residential property that the homeowner has, i.e, apartment, single family, townhouse or condominium unit, and is owned by the Master Association for the use, benefit and enjoyment of all Sub-Associations.

Section 7. "Declarant" shall mean and refer to Adams Egloff Avant Properties, L.L.C., a North Carolina limited liability company, its successors and assigns.

Section 8. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions applicable to the single family lots in Kinderton Village more particularly described herein.

Section 9. "General Common Areas" shall mean that real property designated as "General Common Areas", "General Common Open Space", "General Common Green" or other designation on the recorded plat(s) in the office of the Register of Deeds for Davie County which would indicate that the area is for the use of all residents of Kinderton Village regardless of the type of residential property that the homeowner has, i.e, apartment, single family, townhouse or condominium unit, and is owned by the Master Association for the use, benefit and enjoyment of all Sub-Associations. The General Common Areas may be located within or without the boundaries of the Sub-Associations. The General Common Areas will be conveyed to the Master Association by the Declarant.

Section 10. "Lot" shall mean and refer to any plot of land designated herein as being a part of the single family lots of Kinderton Village, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a single dwelling site as shown on plats for single family lots as designated herein, or amendments thereto, recorded in Davie County Registry. "Lot" shall also mean

other single dwelling sites as may hereafter be annexed and brought within the jurisdiction of the Association. In the event any Lot is increased or decreased in size by re-subdivisions through recordation of new subdivision plats, any such newly platted Lot shall thereafter constitute a Lot for the purposes of this Declaration.

Section 11. "Master Association" shall refer to the Kinderton Village Homeowners Master Association, a North Carolina non-profit corporation organized and existing under the laws of the State of North Carolina, its successors and assigns. The Association is a member of the Master Association which is be responsible for architectural control, restrictive covenants, and the repair, maintenance, and upkeep of the General Common Areas.

Section 12. "Master Declaration" shall refer to the Declaration of Covenants, Conditions and Restrictions for Kinderton Village Homeowners Master Association filed of record in the Davie County Public Registry to which the single family lots designated herein and all Owners thereof are and shall be subject and to which all future properties by which its declaration makes it and its Owners subject.

Section 13. "Member" shall mean and refer to any person or other entity who holds membership in the Association.

Section 14. "Owner" shall mean and refer to the record owner, whether one or more persons or entities of the fee interest in any Lot in the single family lots designated herein as being a part of the Association, excluding, however, those parties having such interest merely as a security interest for the performance of an obligation.

Section 15. "Person" shall mean and refer to a natural person, as well as a corporation, partnership, firm, association, trust or other legal entity. The use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

Section 16. "Property" shall mean and refer to any and all of that certain real property known as the single family lots in Kinderton Village as designated herein or later made a part of this Declaration.

Section 17. "Single Family Lots" shall mean the single family lots in Kinderton Village which shall be subject to this Declaration shall be Lots 43 through 51, Lots 81 through 124, and Lots 135 through 139 as shown on the plat recorded in Plat Book 7, page 143, Davie County Registry, and such future lots as are specifically made subject to this

Declaration by an annexation agreement recorded in the office of the Register of Deeds for Davie County, North Carolina.

Section 18. "Sub-Association" shall mean and refer to the Association and other residential-use homeowners associations, including townhouse, condominium, and apartment associations formed (or to be formed) which are members of the Master Association. The Owners of property which are members of such Sub-Association will also be subject to the covenants, conditions and restrictions (and entitled to use the General Common Area) set forth in the Master Declaration.

ARTICLE II

Properties Subject To This Declaration
and
Additions Thereto

Section 1. By Declarant. The property which is, and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration is located in Davie County, North Carolina, and is more particularly described as Lots 43 through 51, Lots 81 through 124, and Lots 135 through 139 as shown on the plat recorded in Plat Book 7, page 143, Davie County Registry, and any additions as herein provided.

Section 2. Additions. For a period of twenty (20) years from the date of recording this Declaration and without further assent or permit, Declarant hereby reserves the right, exercisable from time to time, to subject other real property to the Restrictions set forth herein, in order to extend the scheme of this Declaration to other property to be developed and thereby to bring such additional properties within the jurisdiction of the Association.

The additions herein authorized shall be made by the filing of record one or more supplementary declarations in respect to the properties to be then subject to this Declaration and which shall extend the jurisdiction of the Association to such property and thereby subject such addition to assessment for its just share of the Association's and the Master Association's expenses. Any such supplemental declaration or any such other declaration shall not revoke or otherwise amend the provisions of this Declaration as this Declaration pertains to the properties subject hereto and any such supplemental declaration shall be substantially similar in form and content to this Declaration; and provided, further, that any such additional property made subject to the terms and provisions hereof shall also be made subject to the terms and conditions of the Master Declaration by appropriate supplemental declaration thereto.

ARTICLE III

Association Membership and Voting Rights

Section 1. Membership.

(a) Every person or entity who is a record Owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association shall be a member of the Association, subject to and bound by the Association's Articles of Incorporation, Bylaws, rules and regulations. The foregoing is not intended to include persons or entities who hold an interest in any lot merely as security for the performance of an obligation. Ownership of record of such lot shall be the sole qualification for membership. When any lot is owned of record in tenancy by the entireties, joint tenancy, or tenancy in common or by some other legal form of multiple ownership, the membership (including the voting power arising therefrom) shall be exercised only as stipulated in Section 2 hereinbelow.

(b) During any period in which a member shall be in default in the payment of any annual, special or other periodic assessment levied by the Association or the Master Association, the voting rights and right to the use of the common areas or any other facilities which the Association and the Master Association may provide may be suspended by the Board of Directors of the Master Association or the Board of Directors of the Association until such assessment is paid. In the event of violation by a member of any rules or regulations established by the Board of Directors of the Association, such member's voting and use rights may be suspended by the Board of Directors of the Association after a hearing at which the general requirements of due process shall be observed. Such hearing shall only be held by the Board of Directors of the Association (or a committee thereof) after giving the member ten (10) days' prior written notice specifying each alleged violation and setting the time, place and date of the hearing. Determination of violation shall be made by a majority vote of the Board of Directors of the Association or a committee thereof.

(c) No membership fee shall be charged, nor shall Members be required to pay at any time any amount to carry on the business of the Association except to pay when due the charges, assessments and special assessments levied upon each member's lot as specified in the Declaration and the Master Association, or as the Members of the Association and the Master Association may from time to time hereafter adopt.

Section 2. Voting and Voting Rights.

(a) The voting rights of the membership shall be appurtenant to the ownership of lots. The ownership of each lot by a person other than Declarant shall entitle its Owner to one vote. The Association shall have two classes of voting membership:

(1) Class A Lots. Class A members shall be all Owners other than Declarant; however, Declarant shall be a Class A member to the extent provided in (2) hereinafter. Class A members shall be entitled to one vote for each lot owned.

(2) Class B Lots. The Class B member shall be the Declarant, and it shall be entitled to three (3) votes for each lot in which it holds a fee or undivided fee interest; provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) Four (4) months after the total votes outstanding in the Class A membership equal 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 (ii) below, additional lands are annexed to the Property pursuant to the provisions herein containing a sufficient number of Lots to give the Class B membership a total number of votes in excess of the Class A membership; or

(ii) On September 1, 2006.

(b) When two or more persons hold an interest (other than a leasehold or security interest) in any lot, all such persons shall be members. The vote for such lot shall be exercised by one of such persons as proxy and nominee for all persons holding an interest in a lot and in no event shall more than one (1) vote be cast with respect to any lot (except with respect to lots owned by Declarant), nor shall any fractional vote be cast.

(c) Any member who is delinquent in the payment of any charges duly levied by the Association or the Master Association against a lot owned by such member shall not be entitled to vote until all such charges, together with such reasonable penalties as the Board of Directors of the Association or the Board of Directors of the Master Association may impose, have been paid.

(d) Members shall vote in person or by proxy executed in writing by the member. No proxy shall be valid after eleven (11) months from the date of its execution or upon conveyance by the member of his lot. A corporate member's vote shall be cast by the President of the member corporation or by any other officer or proxy appointed by the President or designated by the Board of Directors of such corporation, which designation must, if requested by the Association, be in writing.

(e) Voting on all matters except the election of directors shall be by voice vote or by show of hands unless a majority of the members present at the meeting shall, prior to voting on any matter, demand a ballot vote on that particular matter. Where directors or officers are to be elected by the members, the solicitation of proxies for such elections may be conducted by mail.

(f) Notwithstanding anything herein to the contrary, the Declarant reserves the right, in its sole discretion, to assign all or part of its voting rights, to a builder or other developer who is or will be building improvements on any Lots within the Association.

ARTICLE IV

Common Area Property Rights

Section 1. Use of Common Areas. Every Owner (by virtue of membership in the Association and the Association's membership in the Master Association) shall have a nonexclusive right and easement of enjoyment in and to the Common Areas and General Common Areas which shall be appurtenant to and shall pass with the title for every Lot subject to the provisions of this Declaration, the Charter and the Bylaws of the Association, the Master Declaration and the Charter and Bylaws of the Master Association, and the agreement(s) referred to in Section 3 hereof, and the following:

(a) The right of the Association and the Master Association to limit the use of the Common Areas and General Common Areas to Owners, their families and guests and to the members of other homeowners associations made a part of the Master Association.

(b) The right of the Association and the Master Association to suspend the voting and enjoyment rights of an Owner for any period during which any assessment against his lot remains unpaid, or for any infraction of the Association's published rules and regulations.

(c) The right of the Association and the Master Association to mortgage, to dedicate or to transfer any part of the common area to any public agency, authority, utility or other entity for such purposes and subject to such conditions as may be agreed to by the members of this Association and the Master Association as applicable in accordance with the terms and provisions of this and the Master Declaration. No such mortgage, dedication or transfer shall be effective unless 66-2/3% of the aggregate number of votes in the Association and the Master Association are cast in favor of such dedication or transfer of their respective common areas. The instrument effecting such dedication, transfer or conveyance shall be sufficient if it is executed by appropriate officers of the Association or Master Association, as the case may be, and contains a recital of the approval of the Members; provided however, this Section shall not preclude the Board of Directors of the Association or the Master Association, as the case may be, from granting easements for the installation and maintenance of electrical, telephone, cablevision, water and sewerage, utilities and drainage facilities upon, over, under and across the common areas without the assent of the membership when such easements are requisite for the convenient use and enjoyment of the General Common Areas or Common Areas or such easements are needed

for the use or development of Kinderton Village and will not materially alter the nature and character of the General Common Areas or Common Areas.

(d) The right of the Association to formulate, publish and enforce rules and regulations for the use and enjoyment of the Common Areas.

Section 2. Delegation of Use. The right and easement of enjoyment granted to every Owner in Section One of this Article may be exercised by members of the Owner's family and an Owner may delegate his rights of enjoyment in the General Common Areas and Common Areas to his tenants or contract purchasers who occupy the residence of the Owner within the properties.

Section 3. Title to the Common Areas. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Areas, if any, shown on the aforementioned recorded plats to the Association, free and clear of all encumbrances and liens, except utility, antenna and drainage easements and easements to governmental authorities. Similarly, Declarant will convey to the Association Common Areas which are part of this development as those portions are annexed in the future.

Section 4. Parking Regulations for Boats, Trailers, etc. The Association may regulate the parking of boats, trailers, and other such items on the Common Areas (including the provision of special facilities for which a reasonable charge may be made). No boats or trailers shall be parked within the right-of-way of any public or private street in or adjacent to the Property.

Section 5. Antennas and Satellite Dishes. The Association may regulate or prohibit the erection of any type of antennas, including but not limited to, CB, TV, Video, and Short Wave, on any Common Areas.

Section 6. Agreement with Master Association. The Association shall enter into an agreement with the Master Association and other Sub-Associations which will insure that the Association has the right to use and enjoy the General Common Areas, and, reciprocally, the obligation to contribute to the maintenance and upkeep of the General Common Areas as required in the Master Declaration.

ARTICLE V

Covenants for Maintenance Assessments

Section 1. Annual Assessment for Maintenance Fund. For each lot owned within the property, every Owner covenants, and each subsequent Owner of any such lot, by acceptance of a deed therefor, whether or not it is so expressed in such deed, is deemed to covenant and

agree to pay to the Association for the expenses of the Association and expenses of the Master Association in accordance with the terms of the Master Declaration:

(a) Annual assessments or charges in the amount hereinafter set forth.

(b) Special assessments as approved by the Association or the Master Association, as the case may be, to be established and collected as hereinafter provided.

The annual assessment provided for herein for the Association shall be payable in advance on an annual basis by every Owner of each Lot, unless the Association decides by a majority vote to have the assessment payable monthly. The annual assessment shall be due on January 1 of each year except for the first year of ownership by an Owner. At the closing of the purchase of a Lot by an Owner, the assessment shall begin to accrue and the Owner shall pay to the Association the Owner's pro rata share of the annual assessment for the remainder of the year. The Declarant, its successors or assigns, reserves the right to collect at closing from the Owner, the Owner's pro rata share of the annual assessment for the remainder of the year of closing.

Section 2. Purpose of Assessments. The assessments levied by the Association or the Master Association shall be used to provide funds for such purposes and common expenses as are for the benefit of the Association, the Master Association, and the Owners of property within the area overseen and administered by the Sub-Associations, which purposes may include maintenance, repair, insurance, landscaping and beautification of the General Common Areas and Common Areas, and which purposes shall specifically include the payment of electric bills for decorative street lighting whether or not such lighting is installed in the General Common Areas or the Common Areas or along or in the public or private streets. Funds may also be used to provide other services to promote the health, safety and welfare of the Owners and in particular for the acquisition, improvement and maintenance of the properties, services and facilities related to the use and enjoyment of the General Common Areas and the Common Areas, including but not limited to the cost of repair, replacement and additions thereto; the cost of labor, equipment, materials, management and supervision thereof; the payment of taxes assessed against all General Common Areas and all Common Areas; the procurement and maintenance of insurance; the employment of attorneys, accountants and other professionals to represent the Association when necessary or useful; the employment of security personnel to provide any service which is not readily available from any governmental authority; and such other needs as may arise. Any additional uses and purposes for assessments may be adopted by an amendment to this Declaration, as provided in Article IX herein.

Section 3. Creation of the Lien and Personal Obligation of Assessment. In accordance with the terms and provisions hereof and Article V of the Master Declaration, and in order to secure payment and after the due date, as each assessment becomes due

there shall arise a continuing lien and charge against each Lot, the amount of which shall include costs and reasonable attorneys' fees to the extent permissible by law. Each such assessment, together with such interest, cost and reasonable attorneys' fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

Section 4. Exempt Property. The assessments, charges and liens created under this Article V shall not apply to the Common Areas or General Common Areas, if any, nor shall they apply to any lot the title to which is vested either in any first mortgagee subsequent to foreclosure or in the Secretary of Housing and Urban Development or the Administrator of the Department of Veterans' Affairs or any other State or Federal governmental agency which acquires title by reason of such agency's guarantee or insurance of a foreclosed mortgage loan; provided, however, that upon the resale of such lot by such first mortgagee or such governmental agency the assessment herein provided shall again commence and accrue and shall be fully applicable to such lot upon the conveyance to any subsequent Owner. Any lot which Declarant may hereafter designate for common use as part of the common area or otherwise shall be exempt from the assessments and charges created herein. In addition, other than land and improvements devoted to dwelling use, all property dedicated to and accepted by a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation under the laws of the State of North Carolina shall be exempt from the assessments, charges and liens created hereby.

Section 5. Annual Maintenance Assessments.

(a) The annual maintenance assessment imposed by the Master Association shall be set each year by the Master Association as set forth in Article V of the Master Declaration.

(b) The annual maintenance assessment imposed by the Association shall be set each year by the Association as set forth herein. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs.

Section 6. Special Assessments. In addition to the annual assessment imposed by the Master Association and the Association set forth above, the Master Association and the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any capital improvement, for repairs or replacement of any capital improvement, for repairs or replacement of any improvement on the General Common Areas and the Common Areas, including the repair or replacement of the paving on the private streets, and private easements created by the Declarant to provide access to more than one Lot. Provided that any such assessment by the Association shall have the consent of two-thirds (2/3's) of the votes of all Owners of Lots not

owned by the Declarant, at a meeting duly called for this purpose, written notice of which shall be sent to all Members in accordance with the provisions of the By-Laws for special meetings of the Association. Provided further, that any such assessment by the Master Association shall have the consent of a majority of the votes of all Members, at a meeting duly called for this purpose, written notice of which shall be sent to all Members in accordance with the provisions of the By-Laws for special meetings of the Association. Any such special assessment passed by either association shall not apply to the Declarant.

Section 7. Payment of Assessments by Declarant. Notwithstanding anything in this Article V to the contrary, Declarant shall at no time be required to pay in any form the annual assessment or any special assessment imposed by the Master Association or the Association.

Section 8. Notice and Quorum For Any Action Authorized Under Sections Five and Six. Written notice of any meeting called for the purpose of taking any action authorized under Sections 5 and 6 of this Article shall be sent to the Owners 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 in person or by proxy of Owners entitled to cast sixty percent (60%) of all the votes 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 less than six (6) months following the preceding meeting.

Section 9. Date of Commencement of Annual Assessment; Due Dates; Certificate of Payment.

(a) Annual assessments imposed by the Master Association provided for herein shall begin to accrue at the time and in the manner set forth in the Master Declaration.

(b) The annual assessments provided for herein for the Association shall be payable on January 1 of each year. The assessment shall begin to accrue as to a Lot at the time of closing and conveyance of a Lot to an Owner other than the Declarant. At least thirty (30) days before January 1 of each year, the Board of Directors of the Association shall establish the amount of the annual assessment imposed by the Association against each Lot and in the event the Board of Directors of the Association elects not to fix such assessment rate as herein provided, the amount of the prior year's annual assessment shall be the fixed amount. Written notice of any changed assessment rate shall be sent to every Owner by the Association.

(c) 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 (whether annual or special or imposed by the Association or the Master Association) on a specified lot have been paid to date.

Section 10. Effect of Nonpayment of Assessment; 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 maximum legal rate and to the extent allowed by law. The Association or the Master Association, or either of their agents or representatives, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the lot to which the assessment relates, and interest, costs and reasonable attorneys' fees for such action or foreclosure shall be added to the amount of such assessment to the extent allowed by law. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of any of the common areas or abandonment of the Lot.

Section 11. Subordination of the Lien to Ad Valorem Taxes and Mortgages. The liens provided for herein shall be subordinate to the lien of ad valorem taxes and shall be subordinate to any first lien deed of trust (sometimes hereinafter called "mortgage" or "first mortgage" and the holder thereof being sometimes hereinafter referred to as a "first mortgagee") on any lot if, but only if, all such assessments with respect to such lot having a due date on or prior to the date such mortgage is filed for record have been paid. The lien and permanent charge hereby subordinated is only a lien and charge as relates to assessments authorized hereunder having a due date subsequent to the date such mortgage is filed of record and prior to the satisfaction, cancellation or foreclosure of such mortgage or the sale or transfer of the mortgaged property pursuant to any proceeding in lieu of foreclosure or the sale or transfer of the mortgaged property pursuant to a sale under power contained in such mortgage. Sale or transfer of any lot shall not affect any assessment lien. However, the sale or transfer of any lot which is subject to any mortgage pursuant to a foreclosure thereof or under a power of sale or any proceeding in lieu of foreclosure thereof shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer, but the Association shall have a lien upon the proceeds from foreclosure or of sale junior only to the said foreclosed first mortgage and the equity of redemption of the mortgagor or trustor. No sale or transfer shall relieve such lot from liability for any assessment thereafter becoming due or from the lien thereof, except as provided in Section 4 of this Article V.

Section 12. Collection of Assessments. The Association shall promptly collect all assessments due from Owners pursuant to the terms and provisions hereof and the Master Declaration. The Association shall promptly remit to the Master Association such assessments set forth above to which the Master Association is entitled to be used for the maintenance of common areas and other matters as set forth in the Master Declaration. The Association shall retain the assessments to which it is entitled for the purposes set forth herein.

ARTICLE VI

Rules, Regulations and Use Restrictions

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Areas. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors shall be recorded in a Book of Resolutions, which shall be maintained in a place convenient to the Owners and available to them for inspection during normal business hours.

Section 2. Use Restrictions.

Declarant shall have the responsibility of enforcing the use restrictions set forth in the Master Declaration and the Association shall have the responsibility of enforcing the use restrictions which are particular to its Property. Any conflict between the Use Restrictions of the Master Declaration and the Use Restrictions of the Association shall be resolved in favor of the Use Restrictions of the Master Declaration, it being understood that the Use Restrictions of the Master Declaration shall control. The following Use Restrictions shall apply to the Property of the Association:

(a) All structures, landscaping, alterations, fencing and other improvements to the Lots must be approved by the Architectural Committee, as defined in Article VI of the Master Declaration, it being understood that the Architectural Guidelines, as defined in the Master Declaration, and approval requirements of the Master Declaration control the Lots herein.

(b) The Lots which are subject to this Declaration shall not be subdivided, except that two (2) lot Owners may subdivide a lot between them, but only one residence shall be built on the combined original lot and subdivided portion of any lot.

(c) Construction of any structure on a lot shall be completed within twelve (12) months from the date of commencement of construction thereof.

(d) In all cases these Use Restrictions set forth or provided for in this Section Two shall be construed together and with the Use Restrictions contained in Section Two of Article VI of the Master Declaration and shall be given that interpretation or construction which will best tend toward their strict enforcement, and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective.

Section 3. Governmental Regulations. Each Owner shall observe all governmental building codes, health regulations, zoning restrictions and other regulations applicable to his

lot. In the event of any conflict between any provision of any such governmental code, regulation or restriction and any provision of this Declaration, the more restrictive provision shall apply.

ARTICLE VII

Insurance

Section 1. Hazard Insurance on Individual Dwellings. Each Owner of a Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in said deed, or by exercise of any act of ownership, is deemed to covenant with the Association:

(a) To keep his or her dwelling insured against loss by fire or other hazard with what is commonly called extended coverage in an amount equal to at least ninety percent (90%) of the replacement value of such dwelling.

(b) To name the Association as an insured "as its interest may appear" so that the Association shall be entitled to receive notice of cancellation of such insurance policies (subject to the rights of any first mortgagee) which shall be issued by companies acceptable to the Association.

(c) To apply the full amount of any insurance proceeds to the rebuilding or repair of any dwelling (subject to the rights of any first mortgagee).

(d) To rebuild or restore the dwelling or begin construction to rebuild or restore the dwelling in the event of damage thereto within six (6) months of such occurrence.

In the event of non-payment of any premium for insurance required under this Section 1, the Association is authorized to pay such premium, and sums so paid shall become a lien upon the Lot which shall be enforceable in the same manner and to the same extent as provided for the enforcement of assessments in Article V herein.

Section 2. Fidelity Insurance Coverage. The Association may provide for fidelity coverage against dishonest acts on the part of the Officers, Directors, Management Contractors, employees or volunteers responsible for handling funds belonging to or administered by the Association if desired by the Board of Directors of the Association. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection, which is in no event less than 1.5 (one and one-half) times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any person or persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. If requested by an Owner or first mortgagee, such policies shall

additionally provide that the policies cannot be cancelled by either the insured or the insurance company until after ten (10) days' prior written notice to all who have requested such notice.

Section 3. Other Insurance. The Board of Directors of the Association may purchase and maintain in force as a common expense, debris removal insurance, plate or other glass insurance, fidelity bonds and other insurance or bonds that it deems necessary. The Board of Directors of the Association shall purchase and maintain worker's compensation insurance to the extent that the same shall be required by law respecting employees of the Association.

Section 4. Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors of the Master Association to ascertain whether the coverages contained in the policies are sufficient for the upcoming year, whether any necessary repairs or replacements of the property which occurred in the preceding year were covered by insurance, and that all possible insurance claims have been filed.

Section 5. Deductibles. No insurance policy applicable to either fire or extended coverage shall contain a deductible clause which exceeds the greater of:

- (a) \$500.00
- (b) One percent (1%) of the face amount of the policy.

If an Owner, who by a negligent or willful act, causes damage to the General Common Areas which are insured as a common expense, then said Owner shall bear the whole cost of the deductible required in the blanket insurance policy for the Master Association. An Owner shall be responsible for any action of members of his family, his tenants or his guests which causes damage to the General Common Areas.

Section 6. Waivers. All such policies of insurance shall contain waivers of subrogation and waivers of any defense based on an invalidity arising out of the acts of an Owner.

ARTICLE VIII

Rights of Institutional Lenders

Section 1. Amendments. The prior written approval of each institutional holder of a first deed of trust on lots in the properties will be required for any material amendment to

the Declaration of the Association which affects the rights of such holders, provided the holder has made written request for notice of any such proposed amendment.

Section 2. Professional Management. Declarant reserves the right to select professional management of the Association for the period during which Declarant maintains voting control of the Association. Declarant is not required to engage professional management, but may, if Declarant so desires. Following the transfer of voting control to the Owners pursuant to Article III, the Owners may vote either to engage professional management for the Association, or to self manage the Association. Any contract for professional management shall provide that the Association may terminate said contract on the giving of not less than ninety (90) days' notice.

Section 3. Inspection and Notice. Upon written request, any institutional holder of a first lien on a lot will be entitled to:

- (a) inspect the books and records of the Association during normal business hours; and
- (b) receive an annual financial statement of the Association within ninety (90) days following the end of any fiscal year; and
- (c) written notice of all meetings of the Association and shall be permitted to designate a representative to attend all such meetings; and
- (d) written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the owners' association; and
- (e) written notice of any proposed action that requires the consent of mortgage holders; and
- (f) written notice of any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any unit on which it holds the mortgage.

Section 4. Condemnation or Default.

(a) If any lot or portion thereof or the common area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage on a lot will be entitled to timely written notice of any such proceeding or proposed acquisition.

(b) The holder of a first mortgage on any lot shall be given prompt notice of any default in the lot mortgagor's obligations hereunder not cured within thirty (30) days of said default, provided that the holder shall have given notice to the Association that it is a holder as to the lot of such mortgagor and shall have requested the notice of default as herein set forth.

ARTICLE IX

General Provisions

Section 1. Duration. The foregoing restrictions shall be construed to be covenants running with the land and shall be binding and effective for twenty-five (25) years, at which time they shall be automatically extended for successive periods of ten (10) years each unless it is agreed by the vote of a majority in interest of the then Owners of the above-described property to change, amend or revoke the Restrictions in whole or in part, and said change, amendment or revocation is approved by the vote of a majority in interest of the Members of the Master Association. Every purchaser, Owner or subsequent grantee of any interest in any property now or hereafter made subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that the covenants and restrictions of this Declaration may be extended as provided in this Article.

Section 2. Amendment. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Lot unless any such Lot Owner shall consent thereto in writing. Further, so long as Declarant has the right unilaterally to subject additional property to this Declaration as provided in Article II hereof, Declarant may unilaterally amend this Declaration for any other purpose so long as said amendment promotes or makes no change to the common scheme of development; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Lot Owner hereunder, nor shall it adversely affect title to any Lot without the consent of the affected Lot Owner.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of at least seventy percent (70%) of the Owners during the first twenty-five (25) year period and of at least sixty percent (60%) of the Owners thereafter, and with the consent of the Declarant, so long as Declarant has an option unilaterally to subject additional property to this Declaration as provided in Article II hereof.

Every purchaser or subsequent grantee of any interest in any property now or hereafter made subject to this Declaration by acceptance of a deed or other conveyance therefor, hereby agrees that the covenants and restrictions of this Declaration may be amended as provided in this Article. Amendments as used in this Article IX shall not mean the addition of properties as provided in Article II.

Section 3. Procedure for Certification and Recordation of Amendment. Any instrument amending these covenants, conditions, and restrictions (other than an amendment by the Declarant) shall be delivered, following approval by the Owners, to the Board of Directors of this Association. Thereupon, the Board of Directors shall, within thirty (30) days after delivery, do the following:

(a) Reasonably assure itself that the amendment has been approved by the Owners of the required number of lots as provided in Section Two of this Article. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any lot to be examined).

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed.

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be executed by the Association officers and recorded in the Davie County Registry.

All amendments shall be effective from the date of recordation in the Davie County Registry, unless a later effective date is specified therein; provided, however, that no such instrument shall be valid until it has been indexed in the name of this Association. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors, recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to the Owners of all lots in this development.

Section 4. Enforcement. If any person, firm or corporation shall violate or attempt to violate any of these Restrictions, it shall be lawful for the Declarant, the Association, the

Master Association or for any other person, firm or corporation owning any property to bring an action against the violating party at law or in equity for any claim which these Restrictions may create in such other Owner or interested party either to prevent said person, firm or corporation from so doing such acts or to recover damages for such violation. The violating party shall be responsible for all costs and attorneys' fees incurred by the Association, the Master Association or such other Owner in such action. Any failure by the Association, the Master Association or any Owner to enforce any of said covenants and restrictions or other provisions shall in no event be deemed a waiver of the right to do so thereafter. Invalidation of any one or more of these Restrictions by judgment or court order shall neither affect any of the provisions not expressly held to be void nor the provisions so voided in circumstances or application other than those expressly invalidated, and all such remaining provisions shall remain in full force and effect together with the provisions ruled upon as they apply to circumstances other than those expressly invalidated.

Section 5. Delegation and Assignability. Declarant shall at all times and from time to time have the right to delegate any and all functions herein reserved to Declarant. Further, notwithstanding any other provision contained herein to the contrary, Declarant shall have the right at all times and from time to time to fully transfer, convey and assign all or any part of its right, title and interest (whether real or personal) in and to Common Areas to the Association. In the event of any such sale, transfer or conveyance, Declarant shall not be liable to any person for any injury or loss resulting from failure of performance or negligent performance of Declarant's obligations under these covenants arising after such sale, transfer or conveyance.

Section 6. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior written approval of the Federal Housing Administration or the Department of Veterans' Affairs: annexation of additional properties, dedication of Common Areas, and amendment of this Declaration of Covenants, Conditions and Restrictions. This paragraph shall apply only in the event Declarant desires FHA or VA approval for any development, phase or portion thereof, for the single family lots in Kinderton Village.

Section 7. Headings and Binding Effect. Headings are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying the particular Sections to which they refer. The covenants, agreements and rights set forth herein shall be binding upon and inure to the benefit of the respective heirs, executors, successors and assigns of the Declarant and all persons claiming by, through and or under Declarant.

Section 8. Unintentional Violation of Restrictions. In the event of unintentional violation of any of the foregoing restrictions with respect to any lot, the Declarant or its

successors reserves the right (by and with the mutual written consent of the Owner or Owners for the time being of such lot and of the Board of Directors of the Association) to change, amend, or release any of the foregoing restrictions as the same may apply to that particular lot.

Section 9. Conflicts. In the event of any irreconcilable conflict between the Declaration and the Bylaws of the Association, the provisions of this Declaration shall control. In the event of any irreconcilable conflict between this Declaration or the Bylaws of the Association and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 10. Professional Management. Declarant reserves the right to select professional management of the Master Association for the period during which Declarant maintains voting control of the Master Association. Declarant is not required to engage professional management, but may, if Declarant so desires. Following the transfer of voting control to the Members pursuant to Article III, the Members may vote either to engage professional management for the Master Association, or to self manage the Master Association. Any contract for professional management shall provide that the Master Association may terminate said contract on the giving of not less than ninety (90) days' notice.

ARTICLE X

Dissolution or Insolvency of the Association

In the event that the Association becomes insolvent or for any reason whatsoever loses the ownership of any of the Common Areas, the Owners of Lots having an interest in such Common Areas may, at their election as determined by majority vote of those affected, form a nonprofit corporation as provided in the Articles and Bylaws of the Association and assign to it the duty and authority to assess on a per lot basis all Lots having an interest in such Common Areas, whereupon such corporation shall maintain such Common Areas in the same manner that the Association is empowered to do by this instrument with the same right of lien for assessments provided for herein.

IN WITNESS WHEREOF, the Declarant has caused this Declaration of covenants, Conditions and Restrictions to be duly signed this 19th day of December, 2000.

ADAMS EGLOFF AVANT PROPERTIES,
L.L.C., a N.C. limited liability company (SEAL)

By: [Signature] (SEAL)

Kerry L. Avant, Member

By: *Richard C. Egloff* (SEAL)
Richard C. Egloff, Member

Trent C. Adams, Member

By: *Trent C. Adams* (SEAL)
Trent C. Adams, Member

CONSENT OF OTHER LOT OWNERS

K. T. Isenhour Construction Co., Inc. joins in the execution of this Declaration for the purposes of giving its consent to the terms and provisions of the Declaration and to subject the lots owned by it which are a part of the single family lots of Kinderton Village described herein to all of the terms and conditions of the foregoing Declaration

K.T. ISENHOUR CONSTRUCTION CO., INC.

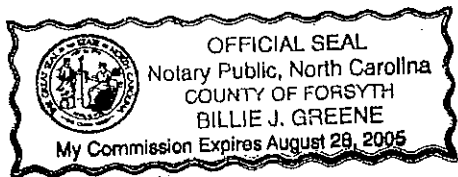
By: *[Signature]*, _____ President

STATE OF NORTH CAROLINA)
)
COUNTY OF FORSYTH)

I, *Billie J. Greene*, a Notary Public of *Forsyth* County, State of North Carolina, do hereby certify that Kerry L. Avant, Richard C. Egloff, and Trent C. Adams, Members of ADAMS EGLOFF AVANT PROPERTIES, L.L.C., a N.C. limited liability company personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal, the *19th* day of *December*, 2000.

Billie J. Greene
Notary Public



My commission expires:

8/28/05

STATE OF NORTH CAROLINA)
)
COUNTY OF FORSYTH)

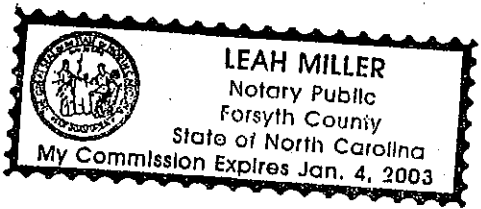
I, Leah Miller, Notary Public of Forsyth County, State of North Carolina, certify that K. Todd Isenhour personally came before me this day and acknowledged that he/she is President (Title) of K. T. ISENHOUR CONSTRUCTION CO., INC., a North Carolina corporation, and that he/she, as the President of said corporation, being duly authorized to do so, executed the foregoing instrument on behalf of the corporation.

Witness my hand and official seal, this the 19 day of December, 2000.

Leah Miller
Notary Public

My Commission Expires:

1/4/2003



NORTH CAROLINA
DAVIE COUNTY

The foregoing certificates of Billie J. Greene and Leah Miller, Notaries Public of Forsyth County, NC, are certified to be correct. This the 19 day of December, 2000.

M. BRENT SHOAF, REGISTER OF DEEDS by Cawl J Joust Deputy

COPY

06465

FILED FOR REGISTRATION
 July 29, 2002 11:23 A.M.
 DATE TIME
 AND RECORDED IN BOOK 430 PAGE 418
 M. BRENT SHOAF, REGISTER OF DEEDS
 DAVIE COUNTY, NC
 BY *M. Brent Shoaf*
 deputy

Drawn by & return to:
 Donald M. VonCannon
 Allman Spry Leggett & Crumpler, P.A.
 PO Drawer 5129
 Winston-Salem, NC 27113-5129

NORTH CAROLINA) FIRST AMENDMENT TO DECLARATION
) OF COVENANTS, CONDITIONS AND
 DAVIE COUNTY) RESTRICTIONS FOR KINDERTON
 VILLAGE SINGLE FAMILY HOMES

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KINDERTON VILLAGE SINGLE FAMILY HOMES, made this 25th day of July, 2002, by ADAMS EGLOFF AVANT PROPERTIES, L.L.C., a North Carolina limited liability company, having its principal office in Forsyth County, North Carolina, hereinafter referred to as the "Declarant";

WITNESSETH:

WHEREAS, The Adams Egloff Avant Properties, L.L.C. caused to be recorded in Book 354, Page 393, Davie County Registry, a Declaration of Covenants, hereinafter referred to as the "Declaration", which established certain Restrictions, Covenants and Conditions for the property described therein;

WHEREAS, the Declarant desires to amend the Declaration by permitting the Annual Assessment to be collected on a quarterly basis as well as a monthly or annual basis;

WHEREAS, Section 2 of Article IX of the Declaration provides that the Declaration may be amended by the Declarant so long as the Declarant has the right to subject additional property to the Declaration as provided in Article II of the Declaration; and

WHEREAS, at the time of execution of this Amendment, the Declarant still has the right to subject additional property to the Declaration.

NOW, THEREFORE, the Declarant does hereby amend the Declaration of Covenant, Conditions and Restrictions recorded in Deed Book 354, Page 393, Davie County Registry, as follows:

The first sentence of the last full paragraph of Section 1 of Article V of the Declaration shall be amended by deleting the first sentence in its entirety and substituting the following: "The Annual Assessment provided for herein for the Association shall be payable in advance on an annual basis by every Owner of each Lot, unless the Association decides by a majority vote to have the assessment payable monthly or quarterly."

EXCEPT AS AMENDED HEREIN, all other terms and conditions of the aforesaid Declaration shall remain as stated.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed by authority duly given the day and year first above written.

ADAM EGLOFF AVANT PROPERTIES, L.L.C.
a North Carolina limited liability company

BY: Kerry L. Avant
Kerry L. Avant, Member

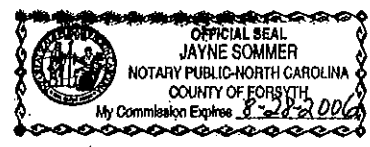
NORTH CAROLINA)
)
COUNTY OF FORSYTH)

I, Jayne Sommer, a Notary Public of Forsyth County, State of North Carolina, do hereby certify that Kerry L. Avant, Member of Adams Egloff Avant Properties, L.L.C., a North Carolina limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal or stamp this the 25th day of July, 2002.

Jayne Sommer
Notary Public

My commission expires: 8-28-2006



STATE OF NORTH CAROLINA, DAVIE COUNTY
The foregoing certificate of Jayne Sommer, Notary Public of Forsyth County is certified to be correct. This the 29th day of July, 2002.

M. BRENT SHOAF, REGISTER OF DEEDS
BY: Martie J. Smith deputy

MSDMAN-69773-1

following: "The Annual Assessment provided for in this Declaration shall be made in advance on an annual basis by every Owner of each Lot, unless the Association decides by a majority vote to have the assessment payable monthly or quarterly."

EXCEPT AS AMENDED HEREIN, all other terms and conditions of the aforesaid Declaration shall remain as stated.

