

Prepared by Hold For: Cox and Cox, LLP

NORTH CAROLINA

WAKE COUNTY

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DECLARATION OF PROTECTIVE
COVENANTS FOR LAKEFALL
SUBDIVISION, PHASE ONE

THIS DECLARATION OF PROTECTIVE COVENANTS of that residential area known as Lakefall Subdivision, Phase One is made this 22nd day of January, 1996, by 98-Partners, L.L.C., a North Carolina Limited Liability Company, (hereinafter referred to as "Developers");

W I T N E S S E T H :

That Developers do hereby covenant and agree to and with all persons, firms and corporations hereafter acquiring any of the real estate hereinafter described that the said real estate and appurtenances located thereon are hereby subjected to the restrictions as to the use and occupancy thereof by whomsoever owned. The real estate which is hereby subjected to the restrictions hereinafter set forth is described as follows:

BEING all of Lakefall Subdivision, Phase One as shown in Book of Maps 1996, Pages 88-90, Wake County Registry.

Developers reserve the right within five (5) years to annex the remaining contiguous property owned by Developers, said remaining property together with Phase One of Lakefall being described in Exhibit A attached hereto.

The above described lots are hereby subjected to the following restrictions as to the use and occupancy thereof:

1. No lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any lot other than one detached single-family dwelling not to exceed 2 stories in height and a private garage for not more than 4 cars. No unplatted lot shall be subdivided.

2. Except with the prior written approval of the Architectural Control Committee, as is set out below, any residential structure, which is constructed without a garage must have a heated area of not less than 1900 square feet. Any residential structure, which is constructed with a 1 car garage, must have a heated area of not less than 1800 square feet. Any residential structure, which is constructed with a 2 car or more garage, must have a heated area of not less than 1700 square feet. For the purpose of this paragraph, the computation of the square footage shall be made exclusive of porches, breeze-ways, steps, carports, and garages. In addition to the square footage requirement set out above, all single-story residences must have a roof pitch of not less than 7/12. 1 1/2 story residences must have a roof pitch of not less than 10/12. All 2 story and 2 1/2 story residences must have a roof pitch of not less than 8/12. Multi-roof pitches associated with contemporary designed houses will be approved on an individual basis by the Architectural Control Committee. The Developers reserve the right to waive in writing any minor violation of this Article, with said waiver to be made by the Architectural Control Committee, and for the purposes hereof, any violation which does not exceed 10% shall be considered a minor violation.

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3. The construction of dwellings in the subdivision shall be governed by the following additional requirements:

A. Each dwelling must have a driveway of concrete or asphalt which runs from the street a depth of 30 feet into the lot. Each driveway must have a minimum width of 16 feet at the street, and can decrease in width as it runs into the lot, but must have a minimum width at all points of 10 feet.

4. No building, fence, antenna, satellite dish, patio roof, patio awning, tool shed, storage unit, workshed, doghouse or other structure shall be commenced, erected, placed or maintained upon any lot until the plans and specifications showing the nature, kind, shape, height, materials and location of same shall have been submitted in writing to and approved in writing by the Architectural Control Committee as to harmony of external design and location in relation to the general tone of development of Lakefall Subdivision. Gas tanks serving any residence shall be underground or enclosed.

5. No fence shall be erected on any lot without the prior written approval as to height, location, types of material and design by the Architectural Control Committee. Chain link and/or wire fencing shall not be permitted.

6. No outside clotheslines shall be permitted nor shall any signs of any kind be displayed to the public view on any lot except one professional sign of not more than five square feet advertising the property for sale or rent and such unit identification signs as may be required by Wake County ordinances.

7. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the adjoining property or properties.

8. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot except dogs, cats or other household pets may be kept, provided they are not raised, bred or kept for commercial purposes. Any property owner keeping a household dog, cat or other pet shall be held strictly responsible for keeping said pet within his own yard or properly leashed and curbed at all times.

9. Property owners shall neither maintain nor permit any type of motor vehicle or other machinery that produces excessively loud noises.

10. Property owners shall not permit any abandoned automobiles or other types of abandoned vehicles to be placed upon their lots, in their driveways or on streets adjoining their lots.

11. Garbage and all other wastes shall be kept in sanitary containers at all times and placed for collection as prescribed by the County of Wake or such other governmental agency exercising control over sanitary containers. All cans or other equipment used

for the storage or disposal of garbage shall be kept in clean and sanitary condition and shall be kept in an area not generally visible from streets or adjoining lots.

12. No property owner shall conduct, or permit to be conducted upon his property, more than 2 yard sales per calendar year. Provided further, that any 1 yard sale cannot be longer than 48 hours in duration. Nor shall property owners be permitted to maintain automobiles in their yards, driveways or in streets adjoining their lots with "For Sale" signs thereon.

13. No trade materials or inventory will be stored on any lot in Lakefall Subdivision. All trucks in excess of one ton, all boats, trailers, campers, motor homes or tractors owned by any lot owners, their guests or family members must be parked on each lot in such a manner so that said trucks, boats, trailers, campers, motor homes or tractors shall not be visible from the street. Occupied motor homes, campers, and/or trailers may not remain in any yard for more than 48 hours.

14. Each lot owner shall keep his yard free of tall grass and weeds, unsightly undergrowth, dead trees, trash, and rubbish, and shall keep said yard properly maintained so as to present a pleasing appearance.

15. Developers do hereby give unto the Architectural Control Committee the right to approve or disapprove any proposed dwelling, improvement or other structure named in Paragraph 3 hereof to be erected upon the premises and no building shall be erected until the building plans and specifications have been approved in writing as to the harmony of external design and materials with existing structures in Lakefall Subdivision. If such approval or disapproval is not made within thirty days after said plans and specifications have been submitted, then the provisions of this covenant shall be deemed to be satisfied. The Architectural Control Committee reserves the right to repair and maintain subdivision signage and to assess each lot owner a prorata share of costs for such repair or maintenance.

16. Easements for installation and maintenance of utilities and drainage facilities are reserved by Developers as shown on the recorded plat.

17. No building shall be constructed or located on any lot otherwise than in compliance with the applicable rules, regulations, laws, ordinances and zoning setback requirements of Wake County, or any other governmental unit or agency exercising authority thereover, including any setbacks shown on recorded plats of Lakefall Subdivision.

18. Developers reserve the right to subject the real property in this subdivision to a contract with Carolina Power and Light its successor and/or assigns for the installation of underground electric cable and/or the installation of street lighting, either or both of which may require a continuing monthly payment to Carolina Power and Light the owner or owners of each lot, and each liability shall be computed on a prorata basis.

19. In the event of a violation or breach of any of these restrictions by any person, firm or corporation, the owner of any numbered lot in Lakefall Subdivision, shall have the right to proceed at law or in equity to compel compliance with the terms hereof or to prevent the violation or breach of any one of them. The failure to enforce any right, reservation, restriction or conditions contained herein however long continued shall not be deemed a waiver of the right to do so thereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement. The invalidation by any court of any provision herein contained shall not in any way affect any of the other provisions hereof and they shall remain in full force and effect.

20. The covenants and restrictions herein contained shall run with and bind the land and shall be enforceable as previously provided and shall inure to the benefit of the owner of any lot subject to these restrictions, their respective legal representatives, heirs, successors and assigns for a term of thirty years from the date hereof. After thirty years, these covenants and restrictions shall be automatically extended for successive periods of ten years. The covenants and restrictions of this declaration may be amended after thirty years from the date hereof by an instrument signed by not less than seventy-five percent of the lot owners of Lakefall Subdivision. All amendments must be duly filed for record in the Office of the Wake County Register of Deeds.

21. The purpose of these protective covenants is to insure the use of Lakefall Subdivision for attractive residential purposes only; to protect the owners of the building sites against such improper use of surrounding building lots as will depreciate the value of the property of each; to preserve the natural beauty of said property; to prevent nuisances; to prevent the impairment of the attractiveness of the property; and to maintain the desired tone of Lakefall Subdivision, and thereby to secure to each property owner the full benefit and enjoyment of his home with no greater restriction on the free and undisturbed use of his property than is necessary to insure the same advantages to the other property owners.

22. Any person or other entity purchasing a lot in the subdivision must obtain a building permit from Wake County for a dwelling on the lot within 365 days of the date of the purchase of

the lot. The building permit must be issued by Wake County to a licensed general contractor. Once the building permit has been issued, the dwelling on the lot must be completed within nine (9) months of the issuance of the permit. If a building permit has not been issued for Wake County and construction begun on a dwelling on the lot within 365 days of the date of the purchase of the lot, the Developers, at its election, shall be entitled to repurchase the lot at a price equal to 90% of the original purchase price of the lot, provided, that the Developers shall notify the owner of the lot of the Developers' election to exercise its right to repurchase within 180 days after such right accrued, and provided further that the repurchase price shall be paid by the Developers to the owner upon the reconveyance by the owner to the Developer of the lot.

23. The Architectural Control Committee as hereinabove referred to shall consist of three persons chosen by the Developers and the names and addresses of the individuals comprising said committee shall be available at the office of the Developers located at 5711 Six Forks Road, Suite #201, Raleigh, North Carolina 27609. Upon the sale and transfer of title of the final lot in Lakefall Subdivision, Developers shall assign control of the Architectural Control Committee to the lot owners.

24. Central Carolina Bank, Beneficiary and Southland Associates, Inc., Trustee of that certain deed of trust recorded in Book 6495, Page 945 of the Wake County Registry, join in the execution of this Declaration of Protective Covenants for the purpose of subordinating the lien of said deed of trust to these covenants.

25. Barbara P. Burgess, Beneficiary and W. Robbins Cox, Trustee of that certain deed of trust recorded in Book 6495, Page 950 of the Wake County Registry join in the execution of this Declaration of Protective Covenants for the purpose of subordinating the lien of said deed of trust to these covenants.

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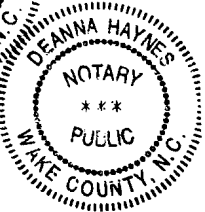
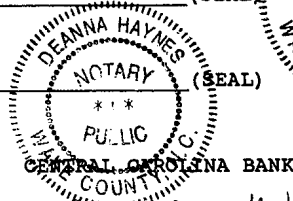
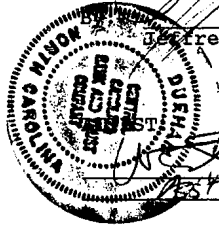
IN TESTIMONY WHEREOF, 98-Partners, L.L.C., a North Carolina Limited Liability Company, has caused this instrument to be executed by its managers/members, the day and year first above written.

98-Partners, L.L.C., a North Carolina limited liability company

By: Lauren B. Rahill
Lauren B. Rahill, Manager

By: Clarence E. Swicegood, Manager

Jeffrey P. Burgess, Manager



SECRETARY

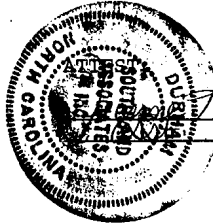
BY: Steve Shaw
Vice PRESIDENT

SOUTHLAND ASSOCIATES, INC.,
Trustee

BY: Kathy Seibert
Vice PRESIDENT

Barbara P. Burgess
Barbara P. Burgess

W. Robbins Cox
W. Robbins Cox, Trustee



SECRETARY

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STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that Lauren B. Rahill, Manager of 98-Partners, L.L.C., a North Carolina limited liability company, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal this 13 day of November, 1995.

My Commission Expires: My Commission Expires 6-25-2000

Deanna Haynes
Notary Public

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that Clarence E. Swicegood, Manager of 98-Partners, L.L.C., a North Carolina limited liability company, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal this 13 day of November, 1995.

My Commission Expires: My Commission Expires 6-25-2000

Deanna Haynes
Notary Public

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that Jeffrey P. Burgess, Manager of 98-Partners, L.L.C., a North Carolina limited liability company, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal this 13 day of November, 1995.

My Commission Expires: My Commission Expires 6-25-2000

Deanna Haynes
Notary Public

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that W. Emmitt Charles personally came before me this day and acknowledged that he is Assistant Secretary of Central Carolina Bank, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by him as its Assistant Secretary. Witness my hand and official stamp or seal, this 28th day of November, 1995.

My Commission Expires: 9-4-99

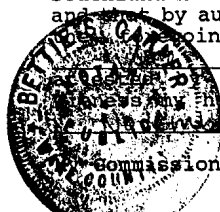
Bettie S. Garner
Notary Public

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that Jeane Kirkland personally came before me this day and acknowledged that she is Assistant Secretary of Southland Associates, Inc., Trustee, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by her as its Assistant Secretary. Witness my hand and official stamp or seal, this 28th day of November, 1995.

My Commission Expires: 9-4-99

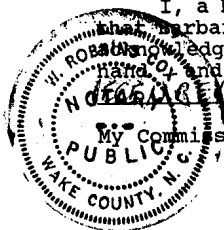
Bettie S. Garner
Notary Public

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that Barbara P. Burgess, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal this 19th day of November, 1995.

My Commission Expires: 8-11-96

W. R. R. Cox
Notary Public



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STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that W. Robbins Cox, Trustee, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal this 19th day of May, 1998.

My Commission Expires: _____

Debbie Will
Notary Public

DEBBIE WILL
NOTARY PUBLIC
WAKE COUNTY, N. C.
My Commission Expires 4/12/98

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of Debbie Will
Debbie Will Notary Public is

(are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

KENNETH C. WILKINS, Register of Deeds

By Charles Wilkins
Asst. Register of Deeds

EXHIBIT A

BEGINNING at an existing iron pipe located at the northeast corner of Lot A as shown on Book of Maps 1979, Page 862 of the Wake County Registry, said existing iron pipe also being located North 18°19'29" East 158.94 feet from N.C.G.S. "Darnell" having Grid Coordinates of N (Y) = 815, 071.14 feet and E (X) = 2,089,472.81 feet, and from said POINT AND PLACE OF BEGINNING North 69°16'16" West 169.27 feet to a new iron pipe; thence South 76°28'09" West 263.49 feet to a new iron pipe; thence South 67°23'54" West 302.89 feet to a new iron pipe; thence South 47°30'04" West 211.18 feet to a point; thence travelling in a curve to the left having a radius of 300.00 feet, an arc length of 120.97 feet and a chord bearing and distance of South 18°20'36" East 120.15 feet to a point; thence South 29°53'42" East 67.27 feet to a point; thence continuing in a curve to the left having a radius of 25.00 feet, an arc length of 39.27 feet and a chord bearing and distance of South 74°53'42" East 35.36 feet to a point located in the northern right of way line of NC Highway 98; thence along and with the northern right of way line of NC Highway 98 South 60°06'18" West 558.46 feet to a new iron pipe; thence leaving the northern right of way line of NC Highway 98 North 35°03'49" West 864.47 feet to an existing iron pipe; thence North 88°26'43" West 539.83 feet to an existing iron pipe; thence North 01°09'54" East 475.06 feet to an existing iron pipe; thence North 00°49'31" East 1,406.00 feet to an existing concrete monument located in the southern line of the USA Falls Lake Project; thence along and with the southern line of the USA Falls Lake Project South 89°24'39" East 2,965.65 feet to a new iron pipe located in the western right of way line of Rogers Store Road (N.C.S.R. 1831); thence along and with the western right of way line of Rogers Store Road (N.C.S.R. 1831) South 01°31'41" West 876.44 feet to a new iron pipe; thence North 88°28'19" West 400.07 feet to a new iron pipe; thence South 01°31'41" West 810.09 feet to a new iron pipe; thence South 58°17'15" West 335.91 feet to the POINT AND PLACE OF BEGINNING and being all of Tract A totalling 127.632 acres as shown on plat entitled "Survey for SKT Partners and James D. Goldston, Jr., Brodgen and Goldston Property," prepared by W. Graham Cawthorne, Jr., Registered Land Surveyor dated March 7, 1995 and revised April 10, 1995.