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P.O. Box 19348
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PRESENTED
FOR
REGISTRATION

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NORTH CAROLINA

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF

WAKE COUNTY

TRADEWINDS HOMEOWNERS ASSOCIATION

THIS DECLARATION, Made as of the date hereinafter set forth by Lovick Builders, Inc., hereinafter referred to as "Declarant";

W I T N E S S E T H:

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

BEING all of Tradewinds Subdivision as described in EXHIBIT A attached hereto and incorporated herein by reference.

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

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Tradewinds Homeowners Association, 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 Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" 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 Association.

Section 4. "Common Open Space" shall mean all real property owned by the Association for the common use and enjoyment of the Owners and their guests until such time as the entire Consolidated Open Space Development and all structures are owned by one individual, partnership or corporation. The Common Open Space to be owned by the Association shall be designated on a plat or plats of Tradewinds Subdivision, recorded or to be recorded in the Office of the Register of Deeds of Wake County, North Carolina.

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Section 5. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Open Space and dedicated or privately owned streets. Townhouse Lots are those upon which are constructed or are designed for construction thereon of Townhouses. All other Lots are "Single Family Lots".

Section 6. "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence.

Section 7. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

Section 8. "Declarant" shall mean and refer to Lovick Builders, Inc., a North Carolina corporation, its successors and assigns.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Open Space which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any facility situated upon the Common Open Space exclusively for the use of owners and their guests;

(b) the right of the Association to suspend the voting rights and right to use of the Common Open Space facilities by an Owner for any period during which an assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Common Open Space to any public agency, quasi public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument is signed by at least two-thirds (2/3) of each class of Members, agreeing to such dedication or transfer, has been recorded, and provided the transfer is approved by the local governmental zoning agency as to compliance with any applicable zoning regulations existing at time of transfer. At all times the Common Open Space shall meet at least the minimum requirements of Section 1-1-37(c)(9)(b)(8) of the Wake County

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Zoning ordinance in effect as of the date of this document unless approved by the Wake County Board of Commissioners;

(d) the right of the Association to impose regulations for the use and enjoyment of the Common Open Space and improvements thereon, which regulations may further restrict the use of the Common Open Space.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his rights of enjoyment of the Common Open Space and facilities to the members of his family, his tenants, guests, or contract purchasers who reside on the property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

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

Section 2. The Association shall have two (2) classes of voting membership:

Class A: Class A Members shall be (i) the Declarant, its successors and assigns, as to Living Units once rented or leased by it to single-family occupants and as to Lots retained by it upon the termination of Class B membership, and (ii) all Owners other than the Declarant. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for the Living Unit or Living Units on such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Living Unit.

Class B: The Class B Member(s) shall be the Declarant (except rented or leased to occupants) and shall be entitled to four (4) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) on December 31, 1995.

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ARTICLE IV

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligations of Assessments. The Declarant, for each Lot owned within the Properties and rented or leased to occupants, 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 to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (3) to the appropriate governmental taxing authority, a pro rata share of ad valorem taxes levied against the Common Open Space and a pro rata share of assessments for public improvements to the Common Open Space if the Association shall default in the payment thereof for a period of six (6) months, all as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessment shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for maintenance of Common Open Space and to promote the recreation, health, safety and welfare of the residents, including, but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the maintenance of private streets, storm drainage and utility systems not conveyed to public or quasi public agency, maintenance of park and recreation areas, the payment of taxes assessed against the Common Open Space, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until December 31 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be TWO HUNDRED FORTY DOLLARS (\$240.00) per Living Unit.

(a) The maximum annual assessment for the calendar year immediately following the conveyance of the first lot to an Owner and for each calendar year thereafter shall be established by the Board of Directors and may be increased by the Board of Directors for any calendar year without approval by the

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membership by an amount not to exceed ten per cent (10%) of the maximum annual assessment for the previous year.

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

(c) Each lot conveyed by the Developer to a builder and not in use or occupied shall be subject to an assessment at a rate of twenty five per cent (25%) of the rate applicable to lots in use.

Section 4. Payable Annual Assessment. The Board of Directors shall fix the payable annual assessment at an amount not in excess of the maximum annual assessment subject to the provisions of Section 7 and 8 of this Article.

Section 5. Special assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Open Space, 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 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 basis.

Section 6. Notice and Quorum for any Action Authorized Under Sections 3 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 3(b) or 5, shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast at least sixty per cent (60%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Date and Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall be collected on a monthly basis and shall commence on the first day

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of the month following conveyance of such Lot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment against each Lot and shall send written notice of each assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight percent (8%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of such action or foreclosures 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 Common Open Space or abandonment of his Lot.

Section 9. Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association. Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Open Space or assessments for public improvements to the Common Open Space, 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 mortgage, mortgages, deed of trust or deeds 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 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

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such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon any Lots, nor shall any exterior addition to or change or alteration, including change in painted surfaces, be made until the plans and specifications showing the nature, kind, shape, heights, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will be deemed to have been denied. Provided, however, that notwithstanding the foregoing, nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant so long as said development follows the general plan of development of the Property.

ARTICLE VI

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Property and placed on the dividing line between Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence, or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law

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regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VII

USE RESTRICTIONS

Section 1. Land Use and Building Type. No Lot shall be used except for residential purposes, and residential shall mean single-family occupancy.

Section 2. Dwelling Specifications. No dwelling shall be permitted having a ground area of the main structure, exclusive of one-story open porches, of less than 1100 square feet for a one-story dwelling, nor a ground area of less than 750 square feet for a dwelling of more than one story.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot, nor shall anything be done therein which may be or may become an annoyance or nuisance to the neighborhood.

Section 4. Temporary Residence. No residence of a temporary character shall be erected or allowed to remain on said property; and no trailer, basement, tent, shack, garage, barn or other outbuilding erected on said property shall be used as a residence either permanently or temporarily.

Section 5. Recreational Vehicles. All boats or recreational vehicles such as campers or trailers must be parked at designated areas.

Section 6. 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.

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ARTICLE VIII

EASEMENTS

Section 1. Utilities. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

Section 2. Unintentional Encroachments. In the event that any Living Unit shall encroach upon any Common Open Space for any reason not caused by the purposeful or negligent act of the Living Unit Owner or agents of such Owner, then an easement appurtenant to such Living Unit shall exist for the continuance of such encroachment upon the Common Open Space so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Open Space shall encroach upon any Lot, then an easement shall exist for the continuance of such encroachment of the Common Open Space into any such Lot for so long as such encroachment shall naturally exist.

ARTICLE IX

GENERAL PROVISIONS

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

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) years period by an instrument signed by not less than ninety per cent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five per cent (75%) of the Lot Owners, provided that

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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. Any amendment must be properly recorded.

Section 4. Annexation.

Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of all Members.

Section 5. FHA/VA Approval. As long as there is a Class B Membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its duly authorized partners on this the 25th day of November, 1987.

LOVICK BUILDERS, INC.

Frank P. Link (SEAL)
President

ATTEST:

David L. Shanon
Asst. Secretary

NORTH CAROLINA

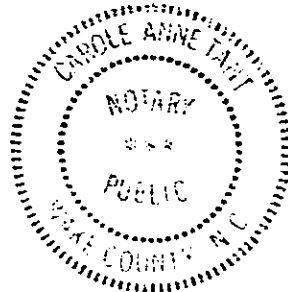
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NORTH CAROLINA
WAKE COUNTY

I, a Notary Public of the County and State aforesaid, certify that David R. Shearon personally came before me this day and acknowledged that he is Assistant Secretary of Lovick Builders, Inc., 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 him as its Assistant Secretary. Witness my hand and official seal, this 25th day of November, 1987.

My Commission Expires: 5/8/91

Carole Anne Tami
Notary Public



NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of Carole Anne Tami

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 Kenneth C. Wilkins
Asst / Deputy Register of Deeds

EXHIBIT 155P0432

Exhibit A

BEGINNING at the point of intersection of the southern right of way of Mitchell Mill Road, S. R. 2224 with the western right of way line of Peoples Store Road, S. R. 2227, said point of BEGINNING being the northeastern most corner of the property purchased by Lovick Builders, Inc., from Ila D. Jones, widow, by deed recorded in Book 3664 at Page 201, Wake County Registry; runs thence along the western right of way line of S. R. 2227 south 04 degrees 26 minutes 27 seconds west 274.73 feet to a point; thence continuing along said right of way south 03 degrees 31 minutes 50 seconds west 73.74 feet; south 02 degrees 01 minutes 37 seconds west 64.72 feet to a point; south 01 degrees 04 minutes 16 seconds east 64.80 feet; and south 04 degrees 06 minutes 39 seconds east 47.89 feet to an iron pin; runs thence along the property of now or formerly Annie K. Bowden south 04 degrees 40 minutes 24 seconds west 394.24 feet to an existing iron pin; thence continuing along the Bowden line south 08 degrees 31 minutes 20 seconds west 199.93 feet to an existing iron pin; runs thence south 08 degrees 27 minutes 39 seconds east 284.68 feet to an existing iron pin; runs thence south 32 degrees 09 minutes 38 seconds east 497.99 feet to a point in the western right of way line S. R. 2227; runs thence along the western right of way of said road south 11 degrees 28 minutes 42 seconds east 60 feet to a point in the line of Sam Jones; runs thence along the Jones line south 73 degrees 12 minutes 16 seconds west 64.25 feet and north 70 degrees 06 minutes 37 seconds west 100 feet to a point, runs thence along the Ila Jones line south 73 degrees 12 minutes 16 seconds west 1008 feet to a point; runs thence south 08 degrees 12 minutes 14 seconds west along the Jones line 1175.52 feet to a stake located 15.70 feet south of the centerline of Powell Creek. The property line for the tract follows the centerline of Powell Creek and is represented by a traverse line south 56 degrees 25 minutes 05 seconds west 196.84 feet and north 81 degrees 24 minutes 07 seconds west 191.76 feet to an iron stake located 9.41 feet north of the centerline of Powell Creek; runs thence along the line of now or formerly Thomas E. Barnham north 03 degrees 30 minutes 00 seconds east 3124.17 feet to a southwest corner of now or formerly Watkins and Duke land; runs thence along the line of Watkins and Duke north 81 degrees 12 minutes 19 seconds east 485.53 feet to an existing iron pin; thence continuing north 81 degrees 12 minutes 19 seconds east along the Marvin Watkins line 280 feet to an iron pin; runs thence along the Marvin Watkins line north 10 degrees 38 minutes 41 seconds west 160.75 feet to an iron pin; runs thence north 77 degrees 28 minutes 34 seconds east 135.56 feet; runs thence north 89 degrees 30 minutes 15 seconds east 183 feet to an iron pipe; runs thence south 89 degrees 08 minutes 59 seconds east 107.65 feet to a point in the southern right of way line of S. R. 2224; runs thence along said right of way south 68 degrees 02 minutes 17 seconds east 10.84 feet and south 69 degrees 14 minutes 36 seconds east 61.60 feet to a point and

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place of BEGINNING, containing 67.47 acres, and being all of Tradewinds Subdivision, property of Lovick Builders, Inc., according to Phase Map prepared by J. Fred Davis, Jr., Inc.