

Section 6. "Member" shall mean and refer to every person or entity who holds membership in the Association.

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every owner of a Lot which is subject to assessment 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. Declarant shall be a member of the Association by virtue of ownership of any lot, whether subject to assessment or not.

Section 2. Membership Classes. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for 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 Lot.

Class B. The Class B Member(s) shall be the Declarant and shall be entitled to three (3) 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 Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter, and before the time stated in Subparagraph (b) below, additional lands are annexed to the Properties and as the result of such annexation, the Declarant, and its successors and assigns, own more than one-fourth (1/4) of the total Lots subject to this Declaration.

(b) on December 31, 2004, or at such earlier time as Declarant shall choose to convert his membership to Class A.

ARTICLE III
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The owner of a Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, shall be deemed to covenant and agree to pay to the Association:

- (1) annual assessments or charges which are common expenses;
- (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and

(3) the annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, 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 such 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 and shall not pass to his successors in title as a personal obligation unless expressly assumed by them, regardless of the fact that it is a lien on the property purchased.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents of the Properties, to maintain and operate the decorative street lighting, entrance landscaping, and improvements and private roadways, if any as herein provided and to administer the Association's affairs, such uses to include (but not be limited to) the cost of repairs, replacements and additions to the decorative street lighting and entrance landscaping, private roadways, if any, and improvements, the cost of labor, equipment and materials related to their operation, the cost of management and supervision of the Association's affairs, the employment of agents, attorneys, accountants, consultants and others to represent, advise or assist the Association when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. The first year the annual assessment shall be one hundred ninety (\$190.00) dollars per Lot. Thereafter, such assessment shall be established (and increased or decreased from time to time) by the Board of Directors of the Association.

The Board of Directors, may without the approval of the membership, increase the annual assessment by an amount not to exceed 10% of the maximum assessment of the previous year. Any increase in excess of the 10% must be approved by two-thirds (2/3) vote of each class of membership voting in person or by proxy at a meeting duly called for this purpose.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, 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 construction, reconstruction, repair or replacement of a capital improvement related to decorative street lighting and entrance landscaping, and improvements, and private roadways, if any, including fixtures and personal property related thereto. If any such assessment exceeds fifty dollars (\$50.00) per Lot, then such assessment shall have the assent of a majority of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose; otherwise, such assessment shall be approved by the Board of Directors of the Association without a vote of the membership.

Section 5. Notice and Quorum for Any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 of this Article shall be sent to all Members not less than 10 days nor more than 50 days in advance of the meeting. At the first such meeting called, the presence of Member or proxies entitled to cast fifty percent (50%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 50 days following the preceding meeting.

Section 6. Assessment Rate. Both annual and special assessments must be fixed at a uniform rate for all Lots; provided, however, that Lots owned by Declarant shall not be subject to annual or special assessments.

Section 7. Date of Commencement of Annual Assessments: Due Date. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the installation of decorative street lights. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent 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, and if not, the amount due.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Association's property or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage (the term "mortgage" shall include a deed of trust) and ad valorem taxes. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage or foreclosure of a tax lien or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale

or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. All properties dedicated to, and accepted by, a local public authority and all properties owned by charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE IV EASEMENTS

Declarant hereby reserves an easement over the lots subjected to this Declaration for itself and the Association, their successors and assigns for the purpose of installation, maintenance and operation of decorative street lighting and entrance landscaping and improvements. The location of the easement shall be determined by the initial placement of the entrance landscaping, decorative street light poles and electrical lines. The easement shall be five (5) feet on either side of the street light poles and electrical lines, and five (5) feet around the perimeter of the entranceway improvements.

ARTICLE V MISCELLANEOUS

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 this Declaration. Failure by the Association or by any Owner to enforce any covenant or restrictions 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 these covenants or restrictions by judgment or court order shall in no way affect any 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 with the affirmative written consent of two-thirds (2/3) of the votes of each class of members. Such amendment shall be executed by the Association, shall contain a certification by an officer of the Association that two-thirds (2/3) of each class of members have consented to such amendment in writing, shall refer to the volume and page in which this instrument (and any Supplemental Declaration) is recorded and shall become effective upon recordation. Provided, however, the foregoing provisions shall not

prohibit the Declarant from annexing additional properties as provided for in Section 4, Article V.

Section 4. Annexation. Declarant reserves the right to annex additional parcels of land contiguous to the Properties and any future phases without the consent of the members.

IN WITNESS WHEREOF, the undersigned, being the President of the Declarant corporation, has caused this Declaration to be executed by its duly authorized officers with corporate seal affixed hereunto, all as of the day and year first above written.

THE SHERWOOD COMPANY

By BRH, INC., General Partner

By: Bruce R. Hubbard
President

(SEAL)

ATTEST:

Lewis E. Hubbard
Secretary

STATE OF NORTH CAROLINA - COUNTY OF FORSYTH

THIS, the 29th day of June, 1995, personally came before me, Lane Young, a Notary Public, Lewis E. Hubbard, who being by me duly sworn, says that he knows the Common Seal of BRH, INC., a North Carolina corporation, which is a General Partner in THE SHERWOOD COMPANY, a North Carolina General Partnership, and is acquainted with Bruce R. Hubbard who is the -- President of said corporation, and he, the said LEWIS E. HUBBARD, is the --- Secretary of said corporation, and saw the said --- President of the corporation sign the foregoing instrument and saw the Common Seal of said corporation affixed to said instrument by said -- President, and that he, the said Lewis E. Hubbard, signed his name in attestation of the execution of said instrument in the presence of said --- President of said corporation; and said instrument is executed for and on behalf of said Partnership.

WITNESS my hand and Notarial Seal, this the 29th day of June, 1995.

Lane Young
Notary Public

My Comm. Expires: 9/28/96

STATE OF NORTH CAROLINA - COUNTY OF FORSYTH

certified for me by the certificate of Lane Young, NP, Davidson, N.C. 70 P4215 This, the 30 day of June, 1995.

L. E. SPEAS, REGISTER OF DEEDS

By: Deborah Redd
Deputy - Assistant

Probate and Filing Fee \$ 18.00

Jean Taylor

WHEREAS, pursuant to Article V, Section 4, of the Declaration, additional real property may be annexed by the Developer; and

WHEREAS, the Developer is willing to, desirous of and joins herein with the Owners for the purpose of subjecting the Property to the terms, conditions and provisions of the Declaration, so that such Property shall be governed by all of the covenants, conditions, restrictions, rights and obligations contained or mentioned in the Declaration, with the Owners, their successors and assigns;

NOW, THEREFORE, in consideration of the premises and the benefits accruing to the Owners, Developer and subsequent purchasers of any portion(s) of the Property, the Owners specifically declare that the Property is and shall be held, transferred, sold, conveyed and occupied subject to and governed by all the terms and provisions of the covenants, conditions, restrictions, rights and obligations contained in the Declaration and any amendment thereto.

IN WITNESS WHEREOF, the Owners and Developer have caused this Supplement to the Declaration of Covenants, Conditions and Restrictions to be executed as of the day and year first above written.

OWNERS:

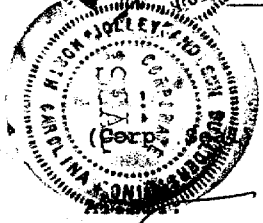
PENNSTON CORP.



By: Mary Hubbard
Its Pres

[Signature]
Secretary

JOLLEY AND SON BUILDERS, INC.



By: D. F. Jolley
Its PRESIDENT

Cliff D. Jolley
Secretary

Steven B. Wiggs (SEAL)
STEVEN B. WIGGS

Mary-Ann B. Wiggs (SEAL)
MARY-ANN WIGGS

David Wayne Leeds (SEAL)
DAVID WAYNE LEEDS

Lois Gravel Leeds (SEAL)
LOIS GRAVEL LEEDS

Wallace C. Wu (SEAL)
WALLACE C. WU

Mona W. Wu (SEAL)
MONA W. WU

Phillip M. Williford (SEAL)
PHILLIP M. WILLIFORD

Susan S. Williford (SEAL)
SUSAN S. WILLIFORD

Kevin Ronald Wood (SEAL)
KEVIN RONALD WOOD

Emily Susan Wood (SEAL)
EMILY SUSAN WOOD

Michael J. Vargo (SEAL)
MICHAEL J. VARGO

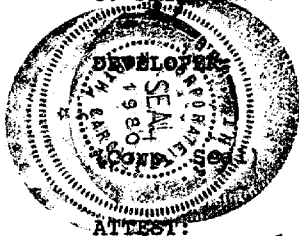
Angela D. Vargo (SEAL)
ANGELA D. VARGO

Peter K. Davis (SEAL)
PETER K. DAVIS

Betsy H. Davis (SEAL)
BETSY H. DAVIS

C. Jay Schaffer (SEAL)
C. JAY SCHAFER

Cynthia L. Schaffer (SEAL)
CYNTHIA L. SCHAFER



THE SHERWOOD COMPANY, A North Carolina General Partnership

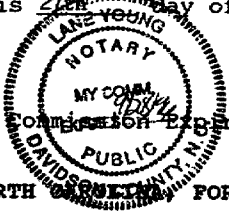
By BRH, INC., General Partner

By: James R. Sullivan Its Pres

ATTEST:
Lewis E. Sullivan
Secretary

NORTH CAROLINA, FORSYTH COUNTY:

I, Lane Young, a Notary Public for Davidson County, North Carolina, certify that Bruce R. Hubbard personally came before me this day and acknowledged that he is --- Secretary of PENNSTON CORP., 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 ---, sealed with its corporate seal and attested by him as its --- Secretary. Witness my hand and official stamp or seal, this 27th day of November, 1995.

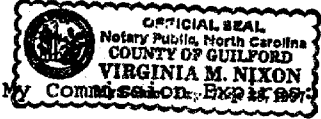


Lane Young
Notary Public

My Commission Expires: 9/28/96

NORTH CAROLINA, FORSYTH COUNTY:

I, VIRGINIA M. NIXON, a Notary Public for GUILFORD County, North Carolina, certify that VIOLET D. JOLLEY personally came before me this day and acknowledged that She is --- Secretary of JOLLEY AND SON 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 HER as its --- Secretary. Witness my hand and official stamp or seal, this 18TH day of DECEMBER, 1995.



Virginia M. Nixon
Notary Public

NORTH CAROLINA, FORSYTH COUNTY

I, Nancy D. Huggins, a Notary Public of CATAWBA County, North Carolina, do hereby certify that STEVEN B. WIGGS and wife, MARY-ANN WIGGS, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 1ST day of September, 1995.
November

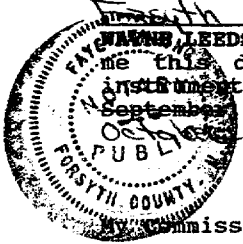


Nancy D. Huggins
Notary Public

My Commission Expires: July 6, 2000

NORTH CAROLINA, FORSYTH COUNTY

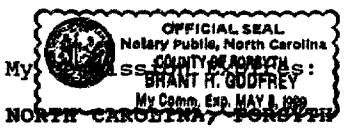
I, Faye Henning, a Notary Public of Forsyth County, North Carolina, do hereby certify that DAVID JAMES LEEDS and wife, LOIS GRAVEL LEEDS, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 17 day of September 1995.



Faye Henning
Notary Public
My Commission Expires: 9-18-99

NORTH CAROLINA, FORSYTH COUNTY

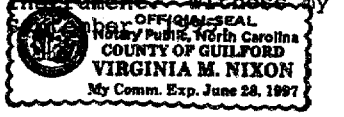
I, BRYANT H. GODFREY, a Notary Public of Forsyth County, North Carolina, do hereby certify that WALLACE C. WU and wife, MONA W. WU, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 28 day of September, 1995.



Bryant H. Godfrey
Notary Public
My Commission Expires: May 8, 1999

NORTH CAROLINA, FORSYTH COUNTY

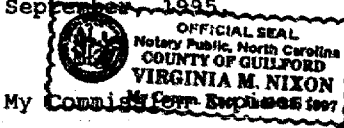
I, VIRGINIA M. NIXON, a Notary Public of GUILFORD County, North Carolina, do hereby certify that PHILLIP M. WILLIFORD and wife, SUSAN S. WILLIFORD, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 16TH day of September, 1995.



Virginia M. Nixon
Notary Public
My Commission Expires: 6-28-97

NORTH CAROLINA, FORSYTH COUNTY

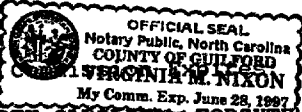
I, VIRGINIA M. NIXON, a Notary Public of GUILFORD County, North Carolina, do hereby certify that KEVIN RONALD WOOD and wife, EMILY SUSAN WOOD, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 16TH day of September, 1995.



Virginia M. Nixon
Notary Public
My Commission Expires: 6-28-97

NORTH CAROLINA, FORSYTH COUNTY

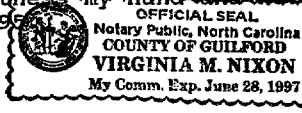
I, VIRGINIA M. NIXON, a Notary Public of GUILFORD County, North Carolina, do hereby certify that **MICHAEL J. VARGO and wife, ANGELA D. VARGO**, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 9TH day of September, 1995.
OCTOBER



Virginia M. Nixon
Notary Public
6-28-97

NORTH CAROLINA, FORSYTH COUNTY

I, VIRGINIA M. NIXON, a Notary Public of GUILFORD County, North Carolina, do hereby certify that **PETER K. DAVIS and wife, BETSY H. DAVIS**, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 27TH day of September, 1995.
NOVEMBER

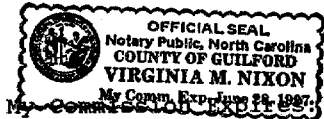


Virginia M. Nixon
Notary Public
6/28/97

My Commission Expires: 6/28/97

NORTH CAROLINA, FORSYTH COUNTY

I, VIRGINIA M. NIXON, a Notary Public of GUILFORD County, North Carolina, do hereby certify that **C. JAY SCHAFER and wife, CYNTHIA L. SCHAFER**, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and notarial seal, this 10TH day of October, 1995.



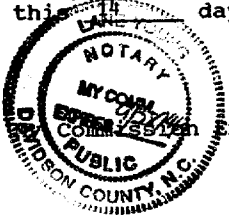
Virginia M. Nixon
Notary Public
6/28/97

My Commission Expires: 6/28/97

NORTH CAROLINA, FORSYTH COUNTY:

I, Lane Young, a Notary Public for Davidson County, North Carolina, certify that Lewis E. Hubbard personally came before me this day and acknowledged that he is Secretary of BRH, 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 Secretary. Witness my hand and official stamp or seal, this 11 day of December, 1995.

November



Lane Young
Notary Public

My Commission Expires: 9/28/96

NORTH CAROLINA, FORSYTH COUNTY:

The foregoing or annexed certificate(s) of _____
Lane Young N.P. of Davidson Co. NC
Virginia M. Nolen N.P. of Guilford Co. NC
Walter D. Higgins N.P. of Lenoir Co. NC
Faye Herrens N.P. of Forsyth Co. NC
Bobby Roddy N.P. of Transylvania Co. NC

_____ (are) certified to be correct. This the 19th day of December, 1995.

PRESENTED FOR
REGISTRATION
AND RECORDED

JOHN HOLLEMAN, REGISTER OF DEEDS REGISTER OF DEEDS

FORSYTH

'95 DEC 19 P4:41

BY: Victor B. Hood
Deputy - Assistant

John Holleman
Register of Deeds
Forsyth Co. N.C.

*1000000
D. Riddle*