

DRAWN BY & MAIL TO: Ted R. Reynolds, Smith Moore Smith Schell & Hunter
Post Office Box 27525, Raleigh, N. C. 27611

NORTH CAROLINA
WAKE COUNTY

DECLARATION OF MASTER COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
LOCHMERE
RECORDED: SEE ATTACHED EXHIBIT A

BOOK 3361 PAGE 631

THIS DECLARATION, made this 20th day of September, 1984, by
MACGREGOR DEVELOPMENT COMPANY, a North Carolina corporation with
its principal office and place of business in Wake County, North
Carolina, and J. P. GOODSON ENTERPRISES, INC., a North Carolina
corporation with its principal office and place of business in
Wake County, North Carolina hereinafter collectively referred to
as the Declarant;

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Swift
Creek Township, County of Wake, State of North Carolina, and
other persons and/or entities joining in the execution of these
Master Covenants are owners of portions of the property therein
described in attached Exhibit A all of which is more
particularly described as:

SEE ATTACHED EXHIBIT A

AND WHEREAS, Declarant will convey the said property,
subject to certain protective covenants, conditions,
restrictions, reservations, and charges as hereinafter set
forth; and

WHEREAS, Declarant has heretofore conveyed portions of that
property described in attached Exhibit A to other persons and/or
entities and those persons and/or entities have joined with
Declarant in the execution of this document for the purpose of
subjecting those previously conveyed tracts or parcels of land
to these Master Covenants; and

WHEREAS, Declarant desires to create thereon a planned
community with a mix of housing types; and

WHEREAS, Declarant desires to provide for the preservation
and enhancement of the property values, amenities and
opportunities in said community and for the maintenance of the
properties and improvements thereon, and to this end desires to
subject the real property described in Exhibit A together with
such additions as may hereafter be made thereto to the
covenants, restrictions, easements, charges, and liens
hereinafter set forth, each and all of which is and are for the
benefit of said property and each owner thereof; and

WHEREAS, Declarant has deemed it desirable for the efficient
preservation of the values and amenities in said community to
create an agency to which should be delegated and assigned the
powers of owning, maintaining and administering the community
properties and facilities, administering and enforcing the

REC'D
REGISTERED
REGISTRATION
OCT 4 10 48 AM '84
STEPH C. WILKINS
REGISTER OF DEEDS
WAKE COUNTY

LOCHMERE MASTER COVENANTS

BOOK 3361 PAGE 682

The provisions of these covenants apply to all single and multi-unit residential neighborhoods in Lochmere.

Page No.

ARTICLE I DEFINITIONS 2

1. Lochmere Association
2. Lochmere
3. Common Area (greenways, walks, drives and parking areas)
4. Limited Common Area (lakes & ponds)
5. Site
6. Undeveloped Sites
7. Dwelling Unit
8. Member
9. Owner
10. Declarant
11. Board of Directors
12. Book of Resolutions
13. VA and HUD
14. Bylaws

ARTICLE II COMMON AREA OWNERSHIP AND MAINTENANCE 3

1. Members Easement of Enjoyment
2. Delegation of Use
3. Rules and Regulations
4. Leasing Common Area Facilities
5. Operating Common Area Facilities
6. Common Area Facilities Admission Fees
7. Suspensions

BOOK 3361 PAGE 683

- 8. Declarants covenant to Convey Title to Common Area
- 9. Mortgaging the Common Area
- 10. Common Area Dedication or Transfer

ARTICLE III LAND USE 5

- 1. Restrictions
- 2. Designated Residential Property Restrictions
- 3. Common Area Restrictions
- 4. Common Area Offensive Use
- 5. Common Area Construction or Alteration
- 6. Nuisance or Annoying Activity
- 7. Parking and Antennas

ARTICLE IV ARCHITECTURAL CONTROL 6

- 1. Architectural Committee
- 2. Plan or Design Approval
- 3. Effect of Failure to Approve or Disapprove
- 4. Right of Inspection
- 5. Exterior Maintenance

ARTICLE V MEMBERSHIP AND VOTING RIGHTS 7

- 1. Members
- 2. Member Classes and Voting Rights
- 3. Voting Rights Suspension
- 4. Right to Designate Members of Board of Directors

ARTICLE VI ASSESSMENTS 9

- 1. Creation of Lien and Personal Obligation

BOOK 3361 PAGE 681

- 2. Purpose of Assessments
- 3. Annual Assessment
- 4. Special Assessment for Repairs
- 5. Special Assessment for Capital Improvements
- 6. Uniform Rate of Assessment
- 7. Date of Commencement of Annual Assessments
- 8. Remedies for Non-Payment of Assessments
- 9. Subordination of Lien to Mortgages and Ad Valorem Taxes
- 10. Exempt Property
- 11. Annual Budget

ARTICLE VII EASEMENTS 12

- 1. Walks, Drives, Parking Areas, Utilities, Etc.
- 2. Encroachments and Declarant's Easement to Correct Drainage
- 3. Private Streets and Limited Common Areas
- 4. Easement to Town of Cary

ARTICLE VIII ANNEXATION OF ADDITIONAL PROPERTIES . . . 14

- 1. Annexation by Members
- 2. Annexation by Declarant

ARTICLE IX GENERAL PROVISIONS 16

- 1. Enforcement
- 2. Rights of Lenders and Insurers of First Mortgage
- 3. Amendment by Owners
- 4. Amendment to Achieve Tax-Exempt Status

BOOK 3361 PAGE 635

- 5. Certification and Recordation of Amendment
- 6. Effect and Validity of Amendments
- 7. Exchange of Common Area
- 8. Protective Covenants for Multi-Unit Dwellings
- 9. Conflicts
- 10. Severability

| | | |
|------------|--|-----------|
| ARTICLE X | DISSOLUTION OR INSOLVENCY OF THE LOCHMERE ASSOCIATION | <u>18</u> |
| ARTICLE XI | VA AND HUD APPROVAL | <u>19</u> |

covenants and restrictions, collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety, and welfare of the residents; and

WHEREAS, Declarant has incorporated under the laws of the State of North Carolina the Lochmere Association as a non-profit corporation for the purpose of exercising the functions, aforesaid, among others;

NOW, THEREFORE, Declarant and other persons and/or entities joined herein hereby declare all of the property described herein in the attached Exhibit A to be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, all of which shall run with the real property, shall be binding on all parties having or acquiring any right, title, or interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. Lochmere Association shall mean and refer to Lochmere Association, a North Carolina non-profit corporation, its successors and assigns.

Section 2. Lochmere shall mean and refer to that certain real property subject to this Declaration and such additions thereto as may hereafter be brought within the jurisdiction of Lochmere Association.

Section 3. Common Area shall mean and refer to all real property within Lochmere owned by Lochmere Association for the common use and enjoyment of all Members.

Section 4. Limited Common Area shall mean those lands not owned by Lochmere Association that serve only a limited number of Dwelling Units and which may include, but specifically are not limited to, driveways and walkways serving townhouse Sites, plats over townhouses and other cluster Dwelling Units, parking spaces, buildings or areas serving only specified Dwelling Units, and such other similar areas as may be designated by Lochmere Association. Limited Common Areas shall be maintained at the expense of the Owners of Dwelling Units served thereby and not at the expense of Lochmere Association.

Section 5. Site shall mean any plot of land regardless of size as shown on a recorded subdivision map of Lochmere which has been approved by Declarant as required by this Declaration.

A Site may provide for or contain one or more Dwelling Units as provided for in the Planned Unit Development Plan approved by the Town of Cary, including any additions thereto.

Section 6. Undeveloped Site shall mean a site or an area of Lochmere yet undeveloped but intended to contain one or more residential units as provided in the general plan for Lochmere as approved by the Town of Cary, including any additions thereto.

Section 7. Dwelling Unit shall mean a residence containing sleeping facilities for one or more persons and a kitchen. A Dwelling Unit may be attached to other Dwelling Units, or may be separated from other Dwelling Units.

Section 8. Member shall mean and refer to every person or entity entitled to membership in Lochmere Association as provided in this Declaration.

Section 9. Owner shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Dwelling Unit or Site which is a part of Lochmere, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 10. "Declarant" shall mean and refer to MACGREGOR DEVELOPMENT COMPANY and J. P. GOODSON ENTERPRISES, INC. as well as their successors and assigns, if such successors or assigns should acquire more than one Undeveloped Site from the Declarant for the purpose of development.

Section 11. Board of Directors or Board means those persons elected or appointed to act collectively as the directors of the Lochmere Association.

Section 12. Book of Resolutions shall mean and refer to the document containing rules and regulations and policies adopted by the Board of Directors.

Section 13. VA shall mean Veterans Administration and HUD shall mean Department of Housing and Urban Development.

Section 14. Bylaws mean the bylaws of Lochmere Association as they now or hereafter exist.

ARTICLE II

COMMON AREA OWNERSHIP AND MAINTENANCE

Section 1. Owners' Easements of Enjoyment: Every Owner shall have a right of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Site or Dwelling Unit.

Section 2. Delegation of Use: Any Owner may delegate his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, contract purchasers who reside on the property, or his guests.

Section 3. Rules and Regulations: The Board of Directors shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Area. 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 reasonably convenient to the Members and available to them for inspection during normal business hours.

Section 4. Leasing Common Area Facilities: The Board of Directors shall have the power to lease and use of any recreational facility for functions, lessons or special events, and to allow such lessee to charge admission or other fees for functions, lessons, or special events.

Section 5. Operating Common Area Facilities: The Board of Directors shall have the power to limit the number of guests, to regulate hours of operation and behavior, and to curtail any use or uses it deems necessary for either the protection of the facilities or the peace and tranquility of adjoining residents.

Section 6. Common Area Facilities Admission Fees: The Association may charge reasonable admission and other fees for the use of any Common Area recreational facility.

Section 7. Suspensions: The Board of Directors shall have the power to suspend the voting rights and right to the use of any Common Area facility of a Class A Member or any person to whom that Member has delegated his right of enjoyment for any period during which any assessment against his Dwelling Unit or Site remains unpaid; and for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations.

Section 8. Declarants Covenant to Convey Title to Common Area: The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the property that will be designated Common Area and portions thereof to Lochmere Association, at such time as it conveys the first lot to some person other than Declarant within the specific area to be developed, as contained in a recorded subdivision plat or map, subject to easements of record for utilities, television antenna, drainage, access or other services and rights of access to the cemetery located there on. Similarly, Declarant will convey to Lochmere Association properties that will be designated as Common Area which become parts of Lochmere as those portions are annexed in the future until all designated properties have been conveyed to Lochmere Association.

Section 9. Mortgaging Common Area: The Lochmere Association shall have the power to borrow money for the purpose of improving the Common Area and facilities and pursuant thereto to mortgage the Common Area, or any portion thereof; provided, however, that the execution of such mortgage shall require the same approval of the membership which is required for special assessments for capital improvements as set forth in Article VI, Section 5 of this Declaration. The rights of such mortgagee in said Common Area properties shall not be subordinate to the rights of the members.

Section 10. Common Area Dedication or Transfer: The Lochmere Association shall have the right to dedicate or transfer all or any part of the Common Area to any 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 signed by Members entitled to cast two-thirds (2/3) of the votes of the membership has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Member and not less than thirty (30) days in advance.

ARTICLE III

LAND USE

Section 1. Restrictions: Each Dwelling Unit or Site and the facilities on the Common Area shall be subject to both the restrictions herein, and, those set forth in the Bylaws.

Section 2. Designated Residential Property Restrictions: All property designated for residential use shall be used, improved and devoted exclusively to residential use.

Section 3. Common Area Restriction: All Common Area recreational facilities and amenities shall be used, improved and devoted exclusively to recreational purposes for the benefit of the Owners.

Section 4. Common Area Offensive Use: No immoral, improper, offensive or unlawful use shall be made of Lochmere, any Dwelling ordinances, and regulations of all governmental agencies having jurisdiction thereof shall be observed.

Section 5. Common Area Construction or Alteration: No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Area except at the direction of and with the express written consent of the Lochmere Association.

Section 6. Nuisance or Annoying Activity: No obnoxious or offensive activity shall be carried on, in or upon Lochmere, nor shall anything be done which may be or may become a nuisance or

annoyance to any resident within Lochmere. In addition, no Owner of a Dwelling Unit or Site shall store or keep a trailbike, motorcycle, motorized tri-wheel bike, tractor, truck, or other such motorized riding vehicle on the premises except one pick-up truck and one or more operational automobiles without specific written approval by the Lochmere Association. In granting such approval, the Lochmere Association may attach specific conditions which shall be binding on the Owner and occupants of the Dwelling Unit or Site.

Section 7. Parking and Antennas: The Lochmere Association may regulate the parking of boats, campers, trailers, and the placing of tents and other such items on the Common Area (including the provision of special facilities for which a reasonable charge may be made). No automobiles, trucks, tractors, boats, campers, or trailers shall be regularly parked within the right-of-way of any street in or adjacent to Lochmere. The Lochmere Association may regulate or prohibit the erection of antennas on Dwelling Units.

ARTICLE IV

ARCHITECTURAL CONTROL

Section 1. Architectural Committee: An Architectural Committee consisting of three (3) persons shall be appointed at or prior to the sale and transfer of title to the first Site by the Declarant. At such time as the Class B membership expires, the Architectural Committee shall be appointed by the Board of Directors of Lochmere Association. J. P. Goodson Enterprises, Inc. shall be entitled to control the selection of one of this three (3) person architectural committee and that person so selected shall have the right to control the vote of such committee on all decisions of the architectural committee relating to the property within Lochmere and owned now by J. P. Goodson Enterprises, Inc. This right and power shall continue until January 1, 1999 or until J. P. Goodson Enterprises, Inc. has sold seventy-five (75%) percent of all properties in its name and shown on the general plan of development of Lochmere.

Section 2. Plan or Design Approval: No site preparation or initial construction, erection, or installation of any improvements, including, but not limited to, Dwelling Units, outbuildings, fences, walls, signs, antennas, clotheslines, and other structures, excavation, or changes in grade shall be undertaken upon any Site unless the plans and specifications therefore, showing the nature, kind, shape, height, materials, and location of the proposed improvements shall have been submitted to the Architectural Committee and expressly approved in writing. No subsequent alteration or modification of any existing improvements or construction, erection or installation of additional improvements may be undertaken or allowed to remain on any of the Sites without the review and express written approval of the Architectural Committee.

Section 3. Effect of Failure to Approve or Disapprove: In the event that the Architectural Committee fails to approve or disapprove the design of any proposed improvements within thirty (30) days after plans and specifications therefore have been submitted and received, approval will not be required, and the requirements of this Article will be deemed to have been fully satisfied; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Architectural Committee if they contain erroneous data or fail to present adequate information upon which the Architectural Committee can arrive at a decision.

Section 4. Right of Inspection: The Architectural Committee shall have the right, at its election, to enter upon any of the Sites in Lochmere during preparation, construction, erection, or installation of any improvements to determine that such work is being performed in conformity with the approved plans and specifications.

Section 5. Exterior Maintenance: The exterior maintenance of Dwelling Units, Sites, and improvements constructed thereon shall be the duty of the Owners of such Dwelling Units or Sites (except where specifically provided otherwise) and shall not normally be interfered with by Lochmere Association or any person. If, however, in the opinion of Lochmere Association any Owner shall fail to maintain any Dwelling Unit or Site in a manner which is reasonably neat and orderly or shall fail to keep improvements constructed thereon in a state of repair so as not to be unsightly, Lochmere Association at its discretion, and following ten (10) days written notice to the Owner, may enter upon and make or cause to be made repairs to such improvement and perform such maintenance on the Dwelling Unit or Site such as, but not limited to, the removal of trash, cutting of grass, pruning of shrubbery, and seeding for erosion control. Lochmere Association, or its agents, shall have an easement for the purpose of accomplishing the foregoing. The costs incurred by the Lochmere Association in rendering all such services plus a service charge of twenty (20%) percent of such costs, shall be added to and become a part of such other assessments to which such Dwelling Unit or Site is subject.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Section 1. Members: The Declarant, for so long as it shall be an Owner, and every person or entity who is an Owner of a fee or undivided fee interest in any Dwelling Unit or Site which is subject by covenants of record to assessments by Lochmere Association, including contract sellers shall be a member of Lochmere Association. The foregoing does not include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of such Dwelling Unit or Site shall be the sole qualification for membership, and no

Owner shall have more than one membership, except as expressly provided hereinafter. Membership shall be appurtenant to and may not be separated from ownership of any Dwelling Unit or Site which is subject to assessment by Lochmere Association. The Board of Directors may make reasonable rules relating to the proof of ownership of a Dwelling Unit or Site in Lochmere.

Section 2. Member Classes and Voting Rights: The Lochmere Association shall have two (2) classes of voting Members:

Class A. Class A Members shall be all those Owners with the exception of the Declarant. Class A Members shall be entitled to one (1) vote for each Dwelling Unit or Site in which they hold the required ownership interest. When more than one person or entity holds such interest in any Dwelling Unit or Site all such persons shall be Members. The vote for such Dwelling Unit or Site shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Dwelling Unit or Site and no fractional vote may be cast with respect to any Dwelling Unit or Site.

Class B. The Class B Members shall be the Declarant. The Class B Member shall be entitled to seven (7) votes for each Dwelling Unit or Site in which it holds the required ownership 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 first:

- (a) The total votes outstanding in Class A membership equal the total votes outstanding in the Class B membership; provided, that the Class B membership shall be reinstated with all rights, privileges, responsibilities and voting power if, after conversion of the Class B membership to Class A membership, as provided hereunder, additional lands are annexed to the properties without the assent of the Members on account of the development of such additional lands by the Declarant, all within the times and as provided in Article VIII, Section 2; or
- (b) January 1, 1999.

Section 3. Voting Rights Suspension: The right of any Class A member to vote may be suspended by the Board of Directors of the Lochmere Association for just cause pursuant to its rules and regulations and according to the provisions of Article II, Section 7.

Section 4. Right of Declarant to Representation on Board of Directors of the Association: Notwithstanding anything contained herein to the contrary, until January 1, 1999, or until MACGREGOR DEVELOPMENT (MACGREGOR) shall have conveyed seventy-five percent (75%) of the properties shown on the

general plan of Lochmere heretofore submitted to the Town of Cary, North Carolina, and submitted to VA and HUD, whichever first occurs, MACGREGOR (or its express assignee of the right granted in this Section) shall have the right to designate and select a two-thirds majority of the Board of Directors of the Lochmere Association. Whenever MACGREGOR shall be entitled to designate and select any person or persons to serve on any Board of Directors, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of the Association. MACGREGOR shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any Director or Directors so removed. Any Director designated and selected by MACGREGOR need not be an Owner. Any representative of MACGREGOR serving on the Board of Directors of the Association shall not be required to disqualify himself from any vote upon any contract or matter between MACGREGOR and the Association where MACGREGOR may have a pecuniary or other interest. Similarly, MACGREGOR, as a member of the Association, shall not be required to disqualify itself upon any vote upon or entrance into any contract or matter between MACGREGOR and the Association where MACGREGOR may have a pecuniary or other interest.

ARTICLE VI

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessment: The Declarant, for each Site and each Dwelling Unit owned, hereby covenants, and every other Owner of any Site and any Dwelling Unit covered by this Declaration, by acceptance of a deed therefor, whether or not expressed in any such deed or other covenant, is deemed to covenant and agrees to pay to Lochmere Association:

- (a) Annual assessments or charges;
- (b) Special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided.

The annual and special assessments on a Dwelling Unit or Site together with 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 interest and costs, and reasonable attorney's fees (as provided in North Carolina General Statutes 6-21.2) incurred by Lochmere Association in collecting delinquent assessments shall also be the personal obligation of the person or entity who was the Owner of such Dwelling Unit or Site at the time when the

assessment became due. The obligation of an Owner for delinquent assessments shall pass to his successors or assigns in title unless expressly excused by Lochmere Association.

Section 2. Purpose of Assessments: The assessments levied by Lochmere Association shall be used exclusively for the purposes of promoting the beautification of Lochmere, the recreation, health, safety and welfare of the Owners in Lochmere, the enforcement of these covenants and the rules of Lochmere Association, and, in particular, the improvement and maintenance of the services and facilities of the Common Area.

Section 3. Annual Assessment: To and including December 31, 198__, the Annual Assessment shall be shared equally and shall not be in excess of _____ Dollars per Dwelling Unit or Site, except as otherwise provided herein, the exact amount of which shall be determined from time to time by the Board of Directors in accordance with the following provisions:

- (a) From and after December 31, 198__, the basic annual assessment may be increased by the Board of Directors of the Lochmere Association effective January 1 of each year, without the vote of the Members, by a percentage which may not exceed the percentage increase reflected in the U.S. City Average, Consumer Price Index-United States (published by the U.S. Bureau of Labor Statistics, Washington, D.C.) or such index as may succeed the Consumer Price Index, for the twelve month period ending the immediately preceding July 1.
- (b) After December 31, 198__, the basic annual assessment may be increased by the assent of two-thirds (2/3) of the votes of each class of the Members who are voting in person or by proxy at a meeting called for such purpose. For this purpose, the Class B Member shall be entitled only to one vote for each Dwelling Unit or Site as to which it owns the required ownership interest. Written notice of the meeting shall be given to all Members not less than thirty (30) days in advance of the meeting. The provisions of this Sub-Section shall not apply to nor be a limitation upon any change in the basic annual assessment undertaken as an incident to a merger or consolidation in which Lochmere Association is authorized to participate under its Articles of Incorporation.

Section 4. Special Assessment for Repairs: In the event any portion of any Common Area is damaged or destroyed by an Owner or any of his guests, tenants, licensees, agents, or family members, such Owner does hereby authorize Lochmere Association to repair said damaged area in a good and workmanlike manner. The amount necessary for such repairs, labor and material, shall become a special assessment upon the Dwelling Unit or Site of said Owner.

Section 5. Special Assessments for Capital Improvements: In addition to the Annual Assessments authorized above, the Lochmere Association may levy one or more special assessments applicable to that year only for the purpose of defraying the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of the Members (as defined and determined above in Section 3(b)) who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days in advance of the meeting.

Section 6. Uniform Rate of Assessment: Both Annual and Special Assessments, (with the exception of the Special Assessment authorized by Article VI, Section 4 above) must be fixed at a uniform rate for all Dwelling Units or Sites and may be collected on a monthly or quarterly basis in advance.

Section 7. Date of Commencement of Annual Assessments: Due Dates: The Annual Assessments provided for herein shall commence as to all Dwelling Units or Sites on the first day of the year following the date on which such Site has either: (a) had construction of a Dwelling Unit begun; or, (b) been owned by one other than Declarant for two (2) years. Notwithstanding anything herein to the contrary, Declarant's assessments shall be 25% of the Annual Assessment on all other Dwelling Units or Sites. The Board of Directors shall fix the amount of the annual assessment against each Dwelling Unit or Site 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. If the Board of Directors shall determine that it would be inequitable to require the payment of the full amount of the annual assessment (as might be the case if only a few of the recreational amenities are available for the use of the members at such time) the Board may waive payment of any portion of the assessment. The due dates and appropriate penalties for late payment shall be established by the Board of Directors. Lochmere Association, upon demand at any time, shall furnish a certificate in writing setting forth whether the assessments on a specified Dwelling Unit or Site have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment status.

Section 8. Remedies for Non-Payment of Assessments: Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at a rate not to exceed 10%. The Lochmere Association may bring an action at law against the Owner

personally obligated to pay any assessments and interest or foreclose the lien created herein in the same manner as prescribed by the laws of the State of North Carolina for the foreclosure of Deeds of Trust. Costs and reasonable attorney's fees (as set forth in Article VI, Section 1 above), of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by the nonuse of the Common Area or abandonment of his Dwelling Unit or Site.

In the event of such action at law and in the further event that such action results in a judgment being entered against the Owner and in favor of Lochmere Association, then, and in that event, Lochmere Association shall be further empowered to execute on that judgment in such manner and to the extent provided and permitted by the laws of the State of North Carolina.

Section 9. Subordination of the Lien to Mortgages and Ad Valorem Taxes: The lien of the assessments provided for herein on any Dwelling Unit or Site shall be subordinate to the lien of any first mortgage, deed of trust or first purchase money deed of trust representing a first lien on said property and shall be subordinate to ad valorem taxes. Sale or transfer of any Dwelling Unit or Site shall not affect the assessment lien; provided, however, that the sale or transfer of any Dwelling Unit or Site pursuant to a decree of foreclosure on a mortgage thereon or any proceeding in lieu of foreclosure thereof, shall extinguish the lien or such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Dwelling Unit or Site from liability or liens arising from assessments thereafter becoming due.

Section 10. Exempt Property: Any portion of Lochmere dedicated to, and accepted by, a local public authority shall be exempt from the assessments created herein; provided, however no land or improvements devoted to Dwelling Unit use shall be exempt from said assessments.

Section 11. Annual Budget: By a majority vote of the directors, the Board shall adopt an annual budget for the subsequent year of operation, which shall provide for allocation of expenses in such a manner that the obligations imposed by the Declaration and any and all Supplementary Declarations will be met.

ARTICLE VII

EASEMENTS

Section 1. Walks, Drives, Parking Areas, Utilities, Etc.: Lochmere, including Sites and Common Areas, shall be subject to such easements for driveways, walkways, parking areas, water

lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines, other utilities, maintenance access to the cemetery, ingress, egress and regress and otherwise as shall be established by the Declarant or by its predecessor in title, prior to the conveyance of the property designated to be the Common Area to Lochmere Association; and Lochmere Association shall have the power and authority to grant and establish further easements upon, over, under and across the Common Area.

Section 2. Encroachments and Declarant's Easement to Correct Drainage: All Dwelling Units or Sites and the Common Area shall be subject to easements for the encroachment of initial improvements constructed on adjacent Sites by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, bay windows, steps and walls. If this Declaration as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be and remain a valid easement for such encroachment for the maintenance of the same. For a period of twenty-five (25) years from the date of conveyance of the first Site in a parcel, phase or section, the Declarant reserves a blanket easement and right on, over and under the ground within that parcel, phase or section to maintain and to correct drainage or surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary. After such action has been completed, the Declarant shall restore the affected property to its original condition to the extent practicable. Declarant shall give reasonable notice of intent to take such action to all affected Owners. These rights and reservations are assignable by the Declarant.

Section 3. Private Streets and Limited Common Areas: Private streets and Limited Common Areas may be created upon any Site to serve the needs of multiple Dwelling Units thereon. Such private streets and Limited Common Areas shall be subject to an easement in favor of every Dwelling Unit to which they are adjacent or which they are designed to serve and shall be deemed appurtenant to each Dwelling Unit whereby the Owner of such Dwelling Unit shall be entitled to use them as a means of ingress, egress and regress and such other uses as shall have been designated.

Section 4. Easement to Town of Cary: An easement is hereby established for municipal, state or public utilities serving the area, their agents and employees over all Common Area hereby or hereafter established for setting, removing, and reading utility meters, maintaining and replacing utility or drainage

BOOK 3361 PAGE 698

connections, and acting with other purposes consistent with the public safety and welfare, including, without limitation, police and fire protection.

ARTICLE VIII

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation by Members: Except as provided in Section 2 of this Article, additional lands may be added and annexed to Lochmere only if two-thirds (2/3) of each class of all the votes entitled to be cast, in the aggregate, by Members are cast in favor of annexation. In such event the holder of Class B voting rights shall be entitled only to one vote for each Dwelling Unit or Site owned. A meeting shall be duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days in advance of the meeting.

For the purpose of such meeting, the presence thereof of Members or authorizing proxies entitled to cast sixty (60%) percent of the votes, in the aggregate, of the Members, shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called within sixty (60) days thereafter, subject to the notice requirement set forth above, and the required quorum of such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting.

If a quorum is present and a majority of the votes are cast in favor of the annexation, but the majority is less than the two-thirds (2/3) majority of each class required for approval of the annexation, and it appears that the required two-thirds (2/3) of each class may be achieved if the Members not present or voting by proxy assent to the annexation, then and in that event, the Members not present or voting by proxy may assent to or dissent from the proposed annexation in writing within one hundred twenty (120) days following the date of the meeting at which he is entitled under Article V, Section 3 of this Declaration either in favor of or against the annexation. If the number of votes cast at the meeting in favor of the annexation, together with the votes deemed to have been cast by the Members assenting to the annexation, shall constitute the requisite two-thirds (2/3) majority of each class of all votes entitled to be cast, the annexation shall stand approved.

Section 2. Annexation by Declarant: The Declarant or either of them may annex additional lands to Lochmere in the following manner:

- (a) If, within fifteen (15) years of the date of incorporation of Lochmere Association, the Declarant or either of them should develop additional lands within

the boundaries shown on the general plan of Lochmere heretofore submitted to the Town of Cary, VA or HUD, such additional lands may be annexed to Lochmere without the assent of the Members.

- (b) If, within fifteen (15) years of the date of incorporation of the Lochmere Association the Declarant or either of them should develop, from time to time, an additional tract or additional tracts of land, other than as set forth in Sub-Section (a) above, consisting of any property contiguous to the boundaries shown in the general plan of Lochmere heretofore submitted to the Town of Cary, VA or HUD, such additional lands may be annexed to Lochmere without the assent of the Members; provided, however, that such annexation shall be approved by the Town of Cary if such approval is required by ordinances of the Town of Cary, and further provided that the annexation of such additional lands referred to in this Section shall not exceed five hundred (500) acres in size or two thousand (2000) Dwelling Units, whichever is less.
- (c) The Declarant or either of them may annex to Lochmere the additional land described in Sub-Section (a) and (b) of this Section 2 by recording in the Wake County Registry a Declaration of Annexation, duly executed by Declarant, describing the lands annexed and incorporating the provisions of this Declaration. The additional land may be deemed annexed to Lochmere on the date of recordation of the Declaration of Annexation, and no other action or consent shall be necessary except the Town of Cary approval, as provided in Sub-Sections (a) and (b) of this Section and except as required by Section 4 of this Article.
- (d) Subsequent to recordation of the Declaration of Annexation by such Declarant, the Declarant or either of them shall deliver to the Lochmere Association one or more deeds conveying any property that will be designated as Common Area within the lands annexed as such designated property is developed. It is understood, however, that the Common Area facilities which have been planned for inclusion within the general plan of Lochmere referred to in this Section 2 are intended for the use of the occupants of an estimated 2000 to 4000 Dwelling Units and it is also estimated that the adequate maintenance of such amenities will require dues from 2000 Members in order to avoid excessive charges to the Members. Notwithstanding any provision in this instrument to the contrary, if less than 3000 Dwelling Units are constructed within the boundaries shown on the general plan of Lochmere referred to in Sub-Section (1) of this

Section 2, no additional amenities shall be required on account of the annexation of additional properties outside the boundaries shown on the general plan of Lochmere until the number of Dwelling Units within the outside said boundaries exceed 4000 Dwelling Units.

ARTICLE IX

GENERAL PROVISIONS

Section 1. Enforcement: The Lochmere 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 Lochmere 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. Rights of Lenders and Insurers of First Mortgages: Lenders and insurers of first mortgages shall have the following rights:

- (a) In the event that any Member is in default in any obligation hereunder which default remains uncured for a period of sixty (60) days, every lender who is a mortgagee as to the Dwelling Unit or Site of the defaulting Member and the insurer of any such first mortgage, shall be immediately notified of such default, provided that such lender and/or insurer shall have given written certified notice to the Lochmere Association that it is a mortgagee or insurer as to the Dwelling Unit or Site of such Member and shall have requested the notice of default as herein set forth.
- (b) Every first mortgagee and/or insurer of the first mortgage of the Dwelling Unit or Site of a Member of the Lochmere Association shall have the right, during regular business hours, to examine the books and records of Lochmere Association.

Section 3. Amendment by Owners: The covenants, conditions and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by Lochmere Association, or the Owner of any Dwelling Unit or Site subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. The Covenants, Conditions and Restrictions of the Declaration may be amended during the first thirty (30) year period or thereafter by an instrument signed by the Owners of not less than ninety percent

(90%) of the Dwelling Units or Sites, provided, however, that the Board of Directors of the Lochmere Association (with prior approval of VA or HUD) may amend this Declaration to correct any obvious error or inconsistency in drafting, typing or reproduction or amendment requested by VA, HUD or the Federal National Mortgage Association, without action or consent of the Owners, and such amendment shall be certified as an official act of the Board and recorded in the Wake County Registry.

Section 4. Amendment to Achieve Tax-Exempt Status: The Declarant, MacGregor Development Company, for so long as it shall retain control of the Board of Directors of Lochmere Association, and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, with the consent and approval of VA or HUD, and without the consent of any Owner, in order to qualify the Lochmere Association or Lochmere, or any portion thereof, for tax-exempt status. Such amendment shall become effective upon the date of its recordation in the Wake County Registry.

Section 5. Certification and Recordation of Amendment: Any instrument amending these covenants, conditions and restrictions, (other than an amendment by the Board to correct an error or inconsistency in drafting, typing, or reproduction) shall be delivered, following approval by the Owners, to the Board of Directors. Thereupon, the Board of Directors shall, within thirty (30) days after delivery, do the following:

- (a) Reasonably assure itself that the amendment has been duly approved by the Owners as provided in Section 3 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 be examined).
- (b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Lochmere Association.
- (c) Within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Wake County Registry.

Section 6. Effect and Validity of Amendments: All amendments shall be effective from the date of proper recordation in the Wake County Registry. When any instrument purporting to amend the covenants, conditions and restriction has been certified by the Board of Directors and recorded as provided in this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to the Owners of all Dwelling Units or Sites in Lochmere.

Section 7. Exchange of Common Area: Notwithstanding any provision herein to the contrary, other than Section 4 of this Article IX, it is expressly provided that the Lochmere

BOOK 3361 PAGE 702

-18-

Association may convey to the Declarant, as well as any other Member, for fair market value any portion of the Common Area theretofore conveyed to the Lochmere Association, as provided in the Articles of Incorporation of the Lochmere Association. Any such conveyance shall be subject to prior VA or HUD approval. Upon such conveyance, the area conveyed shall cease to be Common Area and shall cease to be subject to the provisions of these covenants relating to the Common Area. Any area purchased by the Lochmere Association pursuant to the foregoing language shall become Common Area and subject to the provisions of these covenants relating to the Common Area. (The following hypothetical situation is by way of illustration, but not of limitation: Due to a surveying error an undesirable drainage area is designated for the location of dwelling unit sites. Under this provision, the Declarant and the Lochmere Association exchange deeds so that the Dwelling Unit or Sites may be relocated within the Common Area and the area previously designated for Dwelling Units or Sites may be converted to Common Area.)

Section 8. Protective Covenants for Multi-Unit Dwellings: Nothing herein shall affect the Declarant's right to establish, from time to time, appropriate specific additional covenants for the development and use of Sites for attached or detached Dwelling Units on single unit or multiple unit Sites in Lochmere.

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

Section 10. Severability: Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

ARTICLE X

DISSOLUTION OR INSOLVENCY OF THE LOCHMERE ASSOCIATION

Lochmere Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of Lochmere Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which Lochmere Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XI

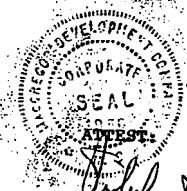
VA AND HUD APPROVAL

As long as there is a Class B member, the following acts will require the prior approval for compliance with established VA and HUD guidelines: Annexation of additional properties, dedication of common area, and amendment of this Declaration of Covenants, Conditions and Restrictions, such approval to be not unreasonably withheld.

IN WITNESS WHEREOF, the undersigned MacGregor Development Company and J. P. Goodson Enterprises, Inc., by the Declarant have caused this instrument to be executed in their respective corporate names by their respective Presidents and those signatures to be attested and their respective seals to be affixed by their respective corporate secretaries all by order and authority duly granted by their respective corporate boards of directors and all other persons and/or corporate entities joining in the execution of these Master Covenants for the limited purpose of subjecting lots or parcels of land within Lochmere heretofore conveyed to them to these Master Covenants have hereunto set their individual hands and have adopted the word "SEAL" set opposite their hands as and for their personal seals or have caused this instrument to be executed in their corporate name by their duly elected and authorized officers all as authorized by their boards of directors all in the day and year first above written.

MACGREGOR DEVELOPMENT COMPANY ✓

BY: *Russell Buxton*
Russell Buxton, III, President



Michael F. Whitehead
Michael F. Whitehead, Secretary

J. P. GOODSON ENTERPRISES, INC. ✓

BY: *J. P. Goodson*
J. P. Goodson, President



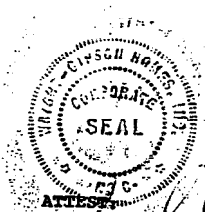
W. Gerald ...
Secretary

BOOK 3361 PAGE 704

-20-

WRIGHT/GIPSON HOMES, INC. ✓
(a.k.a. Wright-Gipson-Homes, Inc.)

BY: [Signature]
President



[Signature]
Secretary

JIM LEMON CONSTRUCTION COMPANY ✓

BY: Jimmy L. Lemon
President



Billie L. Lemon
Secretary

TALL HOUSE BUILDING COMPANY ✓

BY: [Signature]
President



[Signature]
Secretary

-21-

BOOK 3351 PAGE 705



WALKER DEVELOPMENT CORPORATION
BY: Joseph W. Walker
President

ATTEST:
James F. Hubben
Secretary

WITT-BANKS CONSTRUCTION COMPANY, INC. ✓

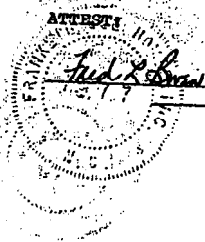
BY: Charles J. Witt
President



ATTEST:
Carl H. Bank
Secretary

FRANKLIN-LEE HOMES, INC.

BY: Paul F. Lee
President



ATTEST:
Paul F. Lee
Secretary

-22-

BOOK 3361 PAGE 706

DIXIE CONSTRUCTION COMPANY, INC. ✓

BY: George Rucker Jr
President

ATTEST:
Deborah A. Rucker
Secretary

Cary S. Kasdorf (SEAL) ✓
Cary S. Kasdorf

Diane B. Kasdorf (SEAL) ✓
Diane B. Kasdorf

L. A. TAYLOR BUILDING COMPANY, INC. ✓

BY: William A. Taylor
President

ATTEST:
Barbara H. Taylor
Asst. Secretary

J. S. GOODSON BUILDER, INC. ✓

BY: Clayton S. Goodson
President

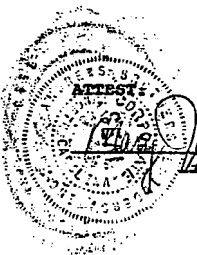
ATTEST:
Clayton S. Goodson
Secretary

BOOK 3361 PAGE 707

-23-

ANDREWS BROTHERS BUILDERS, INC. ✓

BY: [Signature]
President



[Signature]
Secretary

[Signature] (SEAL) ✓
William F. Hagan, Jr.

[Signature] (SEAL) ✓
Peggy Sheriff Hagan

DAVID R. WILLIAMS, BUILDER, INC. ✓

BY: [Signature]
President



[Signature]
Secretary

-24-

BOOK 3361 PAGE 738

BEECHNUT DEVELOPMENT CO. ✓
(a Joint Venture)

BY: JPG, INC., partner

BY: J. D. Gordon
President



W. Donald Stewart
Secretary

BY: ROBERT D. SWAIN COMPANY, partner ✓

BY: Robert D. Swain
President



Robert D. Swain
Secretary

BY: GREAT CENTURY MORTGAGE COMPANY ✓

BY: John S. Smith
President



John S. Smith
Asst. Secretary

-25-

BOOK 3361 PAGE 709

KING CONSTRUCTION COMPANY OF RALEIGH, INC. ✓

BY: *Shirley M. King*
President

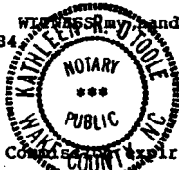


Russell D. King
Secretary

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the 20th day of September, 1984, before me personally came Russell Buxton, III, President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and Michael F. Whitehead is the Secretary of MacGregor Development Company, the corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said President and that the said President and Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

Witness my hand and official seal this 20th day of September, 1984.



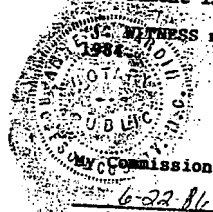
Kathleen R. O'Donoghue
Notary Public

My Commission Expires:

10-27-85

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the 27th day of September, 1984, before me personally came J. P. Goodson, President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and W. Donald Hooten is the Secretary of J. P. Goodson Enterprises, Inc., the corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said President and that the said President and Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.



WITNESS my hand and official seal this 27th day of September, 1984.

David J. Hardin
Notary Public

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the 27th day of September, 1984, before me personally came Harvey Wright, President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and Thomas Gipson is the Secretary of Wright/Gipson Homes, Inc., the corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said President and that the said President and Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.



1984 WITNESS my hand and official seal this 27th day of September.

Arthur D. Dale
Notary Public

My Commission expires:
11-27-85

STATE OF NORTH CAROLINA

COUNTY OF WAKE

This is to certify that on the 30th day of September, 1984, before me personally came Dimmy L. Lemon, Dimmy L. Lemon President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Dimmy L. Lemon President and Billie E. Lemon is the Billie E. Lemon Secretary of Jim Lemon Construction Company, the Jim Lemon Construction Company described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said Dimmy L. Lemon President and that the said Dimmy L. Lemon President and Billie E. Lemon Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

1984 W. R. O'DOLE and official seal this 30th day of September,



W. R. O'DOLE
Notary Public

My Commission Expires:

10-29-85

STATE OF NORTH CAROLINA

COUNTY OF WAKE

This is to certify that on the 29th day of September, 1984, before me personally came Richard D. Tillet, Richard D. Tillet President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Richard D. Tillet President and Samuel C. Fowler is the Samuel C. Fowler Secretary of Tall House Building Company, the Tall House Building Company described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said Richard D. Tillet President and that the said Richard D. Tillet President and Samuel C. Fowler Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

1984 W. R. O'DOLE and official seal this 29th day of September,



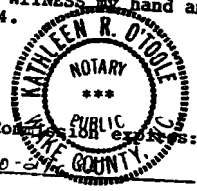
W. R. O'DOLE
Notary Public

My Commission Expires:

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the 30th day of September, 1984, before me personally came JOSEPH W. DAIKIE, JR. President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and JAMES H. WALKER Secretary of Walker Development Corporation, the (CORPORATION) described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said President and that the said President and Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal this 30th day of September, 1984.



Kathleen R. O'Dole
Notary Public

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the 21st day of September, 1984, before me personally came A. Wayne Witt President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and Carl R. Banks Secretary of Witt-Banks Construction Company, INC., the (CORPORATION) described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said President and that the said President and Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal this 21st day of September, 1984.



Kathleen R. O'Dole
Notary Public

My Commission expires:

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the _____ day of September, 1984, before me personally came George F. Rucker, Jr. President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the _____ President and Delores A. Rucker is the _____ Secretary of Dixie Construction Company, Inc., the company described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said _____ President and that the said _____ President and _____ Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

WITNESSETH my hand and official seal this 26th day of September, 1984.

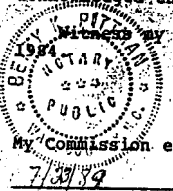


Kathleen B. Torre
Notary Public

My Commission expires: 10-27-85

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the 20th day of September, 1984, Cary S. Kasdorf and Diane B. Kasdorf each personally appeared before me and acknowledged the due execution of the forgoing instrument.



Witness my hand and official seal this 20th day of September, 1984.

Betty K. Pittman
Notary Public

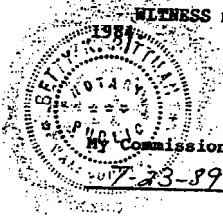
My Commission expires: 7/27/89

STATE OF NORTH CAROLINA

COUNTY OF WAKE

This is to certify that on the 21st day of September, 1984, before me personally came William A. Taylor, Vice President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Vice President and Dana G. Taylor is the Asst. Secretary of L. A. Taylor Building Company, Inc., the corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said Vice President and that the said Vice President and Asst. Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal this 21st day of September, 1984.



Betty K. Pittman
Notary Public

STATE OF NORTH CAROLINA

COUNTY OF WAKE

This is to certify that on the 27th day of September, 1984, before me personally came Jersey S. Goodson, President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and June S. Goodson is the Secretary of J. S. Goodson Builder, Inc., the corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said President and that the said President and Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal this 27th day of September, 1984.



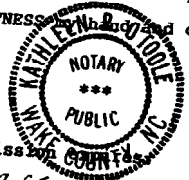
Kathleen R. O'Toole
Notary Public

BOOK 3361 PAGE 715

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the 27th day of September, 1984, before me personally came Donald R. Andrews, President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Asst Secretary of Andrews Brothers Builders, Inc., is the Asst Secretary of Andrews Brothers Builders, Inc., the corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said Asst President and that the said Asst President and Asst Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal this 27th day of September, 1984.



William R. D. Orle
Notary Public

My Commission Expires: 10-27-85

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the 20th day of September, 1984, William F. Hagan, Jr. and Peggy Sheriff Hagan each personally appeared before me and acknowledged the due execution of the forgoing instrument.

WITNESS my hand and official seal this 20th day of September, 1984.



William R. D. Orle
Notary Public

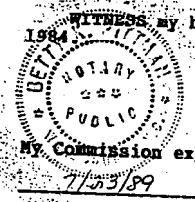
My Commission Expires: 10-27-85

STATE OF NORTH CAROLINA

COUNTY OF WAKE

This is to certify that on the 30th day of September, 1984, before me personally came David R. Williams, President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and Doris E. Williams is the Secretary of David R. Williams, Builder, Inc., the _____ described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said _____ President and that the said _____ President and _____ Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal this 30th day of September, 1984.



Betty K. Pittman
Notary Public

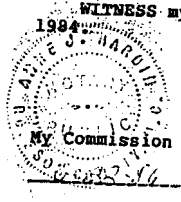
My Commission expires:
7/23/89

STATE OF NORTH CAROLINA

COUNTY OF WAKE

This is to certify that on the 27th day of September, 1984, before me personally came J. P. Burdick, President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and David Thurston is the Secretary of JFG, Inc., the _____ described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said _____ President and that the said _____ President and _____ Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal this 27th day of September, 1984.



Anne D. Hardin
Notary Public

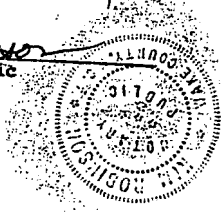
My Commission expires:
12/22/84

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the 20th day of September, 1984, before me personally came Robert D. Swain, President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and John Leggett is the Asst. Secretary of Robert D. Swain Company, the Corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said President and that the said President and Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal this 20th day of January, 1984.

[Signature]
Notary Public



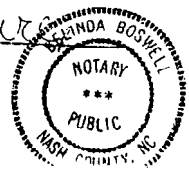
My Commission expires: 10-9-84

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the 20th day of September, 1984, before me personally came Lark F. Bowette, President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and William H. Merrill is the Asst. Secretary of Great Century Mortgage Company, the Corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said President and that the said President and Asst. Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal this 21 day of September, 1984.

[Signature]
Notary Public



My Commission expires: 5-14-85

-34-

BOOK 3361 PAGE 718

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the 25th day of September, 1984, before me personally came ROBERT D. KING III, President, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and RENEE D. KING is the Secretary of King Construction Company of Raleigh, Inc., the Company described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said President and that the said President and Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation and that the said instrument is the act and deed of said corporation.

WITH my hand and official seal this 25th day of September, 1984.



Nathaniel R. O'Toole
Notary Public

My Commission Expires: 10-27-85

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This is to certify that on the 25th day of September, 1984 before me personally came Paul F. Beck, President with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and Fred L. Bivens is the Secretary of Franklin-Lee Homes, Inc., the corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation, that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed thereto by the said President and that the said President and Secretary subscribed their names thereto, and said common seal was affixed all by order of the Board of Directors of said corporation, and that the said instrument is the act and deed of said corporation.

Witness my hand and official seal this 25th day of September, 1984.



William L. L. L.
Notary Public

My commission expires: 8-19-85

NORTH CAROLINA - WAKE COUNTY

The foregoing certificate of Nathaniel R. O'Toole
Walter J. Hardaway, Peter P. Pittman
Kenneth C. Wilkins, Delinda Boswell
Melvin C. G. G. Notary (ies) 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
Deputy Register of Deeds

BOOK 3361 PAGE 719

NORTH CAROLINA
WAKE COUNTY

EXHIBIT A

1. Being all of Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 Phase 1, Section 1A Lochmere Subdivision as the same are shown on maps recorded in Book of Maps 1984 Page 631 and Book of Maps 1984 Page 744 Wake County Registry.
2. Being all of Lots 14, 15, 16, 17, 18, and 19 Phase 1, Section 1B Lochmere Subdivision as the same are shown on maps recorded in Book of Maps 1984 Page 632 and Book of Maps 1984 Page 745 Wake County Registry.
3. Being all of Lots 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33 and 34 Phase 1, Section 1C Lochmere Subdivision as the same are shown on maps recorded in Book of Maps 1984 Page 633 and 1984 Page 746 Wake County Registry.
4. BEGINNING at a point marking the Northeasternmost corner of the tract now described, said point also marking the Southeasternmost corner of a 13.3157 acre tract of land shown on a map of same recorded in Book of Maps 1984 Page 715 Wake County Registry and said point also being in the West right of way line of Summerwinds Drive; runs thence from said BEGINNING point in a Southwesterly direction and following the West right of way line of Summerwinds Drive South 36 degrees 08 minutes 52 seconds West 48.76 feet to a point; runs thence, continuing with the West right of way line of Summerwinds Drive in a Southwesterly direction on a slight curve to the right having a radius of 356.97 an arc distance of 46.40 feet to a point; runs thence, continuing with the West right of way line of Summerwinds Drive in a Southwesterly direction on a curve to the left having a radius of 413.47 an arc distance of 159.78 feet to a point; runs thence, continuing with the West right of way line of Summerwinds Drive in a Southwesterly direction on a slight curve to the left having a radius of 307.50 an arc distance of 72.52 feet to a point; runs thence, continuing with the West right of way line of Summerwinds Drive South 07 degrees 56 minutes 31 seconds West 61.50 feet to a point; runs thence, continuing with the West right of way line of Summerwinds Drive on a slight curve to the left having a radius of 597.96 an arc distance of 25.34 feet to a point; runs thence, continuing with the West right of way line of Summerwinds Drive South 05 degrees 30 minutes 51 seconds West 335.42

BOC: 3361 PAGE 720

Exhibit A Continued

Page 2

feet to a point; runs thence, continuing with the West right of way line of Summerwinds Drive in a Southwesterly direction on a curve to the right having a radius of 763.94 an arc distance of 253.12 feet to a point; runs thence, continuing with the West right of way line of Summerwinds Drive South 25 degrees 08 minutes 26 seconds West 268.24 feet to a point; runs thence, continuing with the West right of way line of Summerwinds Drive South 30 degrees 04 minutes 38 seconds West 102.37 feet to a point; runs thence, continuing with the West right of way line of Summerwinds Drive as it curves to the right into the North right of way line of Lochmere Drive, that curve having a radius of 30.00 an arc distance of 45.85 feet to a point in the North right of way line of Lochmere Drive; runs thence in a Northwesterly direction with the North right of way line of Lochmere Drive on a slight curve to the right having a radius of 916.73 an arc distance of 70.25 feet to a point; runs thence, continuing with the North right of way line of Lochmere Drive in a Northwesterly direction North 57 degrees 46 minutes 50 seconds West 39.12 feet to a point; runs thence, leaving the North right of way line of Lochmere Drive North 38 degrees 34 minutes 12 seconds West 234.92 feet to a point; runs thence, North 20 degrees 10 minutes 27 seconds West 147.54 feet to a point; runs thence North 37 degrees 05 minutes 56 seconds East 162.06 feet to a point; runs thence North 01 degree 29 minutes 52 seconds West 172.49 feet to a point; runs thence North 16 degrees 31 minutes 58 seconds East 192.78 feet to a point; runs thence North 37 degrees 51 minutes 57 seconds East 229.22 feet to a point; runs thence North 02 degrees 04 minutes 45 seconds West 48.99 feet to a point in the North line of a storm sewer easement; runs thence with the North line of that storm sewer easement North 62 degrees 12 minutes 52 seconds East 385.93 feet to a point; runs thence, continuing with the North line of that storm sewer easement North 85 degrees 49 minutes 19 seconds East 140.86 feet to the point and place of BEGINNING and being a tract of land containing 10.9444 acres as shown on a map of same recorded in Book of Maps 1984 Page 715 Wake County Registry which map was prepared by Runa A. Cooper, Land Surveyors, Cary, North Carolina, dated April 2, 1984 and entitled "Boundary Survey, Site AR-4, Lochmere P. U. D. Cary, Wake County, North Carolina".

860: 3361 PAGE 721

EXHIBIT A CONTINUED

Page 3

5. Being all of Tract 2A (9.2468 acres) and Tract 2B (14.0080 acres) as shown on maps recorded in Book of Maps 1984 Page 342, Book of Maps 1984 Page 512 and Book of Maps 1984 Page 578 Wake County Registry.