

STATE OF NORTH CAROLINA



Department of The
Secretary of State

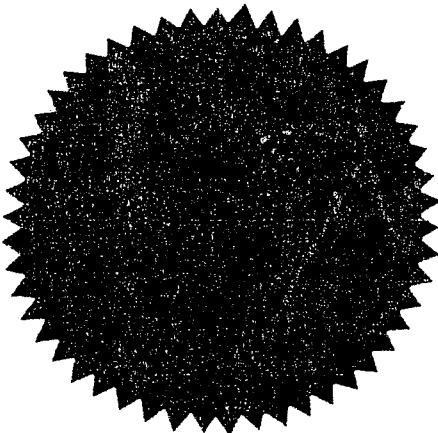
To all whom these presents shall come, Greetings:

I, Rufus L. Edmisten, *Secretary of State of the State of North Carolina*, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION
OF
AKELA COVE HOMEOWNER'S ASSOCIATION

the original of which was filed in this office on the 12th day of August, 1993.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 12th day of August, 1993.



Rufus L. Edmisten

Secretary of State

ARTICLES OF INCORPORATION
OF

AUG 12 1993

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AKELA COVE HOMEOWNER'S ASSOCIATION RUFUS L EDMISTEN
SECRETARY OF STATE
NORTH CAROLINA

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation, and hereby certifies:

ARTICLE I

Name

The name of the corporation is: "Akela Cove Homeowner's Association" (the "Association").

ARTICLE II

Registered Office

The initial registered office of the Association is located at 3411-D West Wendover Avenue, Greensboro, Guilford County, North Carolina 27407.

ARTICLE III

Registered Agent

Barry S. Siegal, whose address is 3411-D West Wendover Avenue, Greensboro, Guilford County, North Carolina 27407, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

Purpose and Powers of the Association

This Association does not contemplate pecuniary gain or profit to its members. The specific purposes for which the Association is formed is to provide for maintenance, preservation and architectural control of the lots ("Lots") and common area ("Common Area") within that certain tract of property which is more particularly described as Tract 4 on the Exclusion Map for James Landing recorded in the Guilford County Registry in Plat Book 109, Pages 36 and 37 (the "Property") and to promote the health, safety, and welfare of the residents within the Property and any additions thereto as may hereafter be brought within the jurisdiction of this Association, and for this purpose to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants,

Conditions and Restrictions for Akela Cove to be recorded in the Office of the Register of Deeds of Guilford County, North Carolina, and in any and all additional declarations of covenants, conditions or restrictions, applicable to the Property which may subsequently be recorded in the Office of the Register of Deeds of Guilford County, North Carolina, and as the same may be amended from time to time as therein provided (collectively hereinafter referred to as the "Declarations"), said Declarations being incorporated herein as if set forth at length;

(b) fix, levy, collect, and enforce payment, by any lawful means, of all charges or assessments pursuant to the terms of the Declarations: to pay all expenses in connection therewith: and to pay all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the Property or the Association;

(c) acquire (by gift, purchase, or otherwise) own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) borrow money, and with the assent of not less than two-thirds (2/3) of each class of voting members of the Association, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell, 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 of the Association. No such dedication, sale, or transfer shall be effective unless and until an instrument has been signed by not less than two-thirds (2/3) of each class of voting members of the Association, agreeing to such dedication, sale or transfer;

(f) participate in mergers and consolidations with other non-profit corporations organized for the same, or similar, purposes as the Association, provided, however, that any such merger or consolidation shall have the assent of not less than two-thirds (2/3) of each class of voting members of the Association;

(g) annex additional residential property and Common Area pursuant to the provisions of the Declarations: and

(h) have and to exercise any and all powers, rights, and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina law may now or hereafter have or be entitled to exercise.

ARTICLE V
Membership

Every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which is subject by declarations, conditions, or covenants of record to assessment by the Association, including contract sellers, shall be a voting member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Such membership shall be appurtenant to, and may not be separated from, ownership of any Lot which is subject to assessment by the Association.

ARTICLE VI
Voting Rights

The Association shall have two classes of voting membership:

Class A. Class A Member(s) shall be (i) the Declarant, its successors, and assigns as to Lots retained by the Declarant upon the termination of the Class B membership, and (ii) all Owners other than the Declarant. Class A members shall be entitled to cast one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members; however, the vote for such Lot shall be exercised as such members among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot, and no fractional votes may be cast.

Class B. The Class B member shall be the Declarant, and shall be entitled to cast three (3) votes for each Lot owned as to which the Declarant is not a Class A member. The Class B membership shall cease to exist, and shall be converted to Class A membership, on the happening of either of the following events, whichever occurs earlier:

- (a) the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) seven (7) years after the date hereof.

With the recording of new sections of Akela Cove, and the annexation of additional lands subject to the jurisdiction of the Association, new Class A and Class B memberships shall be created, and the conversion of Class B memberships to Class A memberships shall be made separately with respect to each such section of Akela Cove.

ARTICLE VII
Board of Directors

The affairs of this Association shall be managed by a Board of Directors, the number of directors to be determined in accordance with the Bylaws of the Association, who may, but need not be, members of the Association. The name and address of the person who is to act in the capacity of director until the selection of any successors is:

<u>NAME</u>	<u>ADDRESS</u>
Barry S. Siegal	3411-D West Wendover Avenue Greensboro, NC 27407 (Guilford County)
Roberta D. Maynard	3704 Waldenbrook Road Greensboro, NC 27407 (Guilford County)
John Pace	1822 Pembroke Road Greensboro, NC 27408 (Guilford County)

ARTICLE VIII
Dissolution

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of voting members of the Association. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this 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 IX
Duration

The duration of the Association shall be perpetual.

ARTICLE X
Amendments

Amendments to these Articles of Incorporation shall require the written assent of not less than two-thirds (2/3) of the each class of voting members of the Association.


ARTICLE XI
Indemnification

The Association hereby agrees to indemnify each director and officer, and each former director and officer, to the fullest extent permissible under N.C.Gen.Stat. §§ 55A-17.1, 55A-17.2, and 55A-17.3.

ARTICLE XII
Incorporator

The name and address of the incorporator is as follows: Barry S. Siegal, 3411-D West Wendover Avenue, Greensboro, Guilford County, North Carolina 27407.

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this the 26 day of July, 1993.



Barry S. Siegal, Incorporator

NORTH CAROLINA

GUILFORD COUNTY

This is to certify that on the 26th day of July, 1986, before me, Margie K. Ward, a Notary Public of said County and State, personally appeared Barry Siegel, who, I am satisfied is the person named in and who executed the foregoing Articles of Incorporation of Akela Cove Homeowner's Association, and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed. 93 MW

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this the 26th day of July, 1993.

Margie K. Ward
Notary Public

My Commission Expires:

MARGIE K. WARD
NOTARY PUBLIC
GUILFORD COUNTY, N. C.
COMMISSION EXPIRES 4-17-94

4-17-94

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
AKELA COVE

THIS DECLARATION, made on the date hereinafter set forth, by AKELA TRAIL PROPERTIES, INC., a North Carolina corporation having its principal office in Guilford County, North Carolina, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the City of High Point, County of Guilford, State of North Carolina, which is more particularly described as follows:

See Exhibit A attached hereto and incorporated herein by reference (hereinafter referred to as "Akela Cove").

WHEREAS, it is the intent of the Declarant hereby to cause Akela Cove to be subjected to this Declaration of Covenants, Conditions and Restrictions.

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

ARTICLE I

DEFINITIONS

SECTION 1. "Akela Cove" shall mean and refer to that certain real property described in Exhibit A hereto, and such additions thereto as may hereafter be brought within the jurisdiction of the Declarant or the Association.

SECTION 2. "Architectural Control Committee" shall mean a committee duly organized by the Association, in conformance with the Association's Bylaws, comprised solely of Members of the Association, whose purpose shall be as set forth herein.

North Carolina - Guilford County
The certificate (s) of _____

Katherine Lee Payne

A Notary (Notaries) Public is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time shown here.

KATHERINE LEE PAYNE, REGISTER OF DEEDS

Katherine Lee Payne
Assistant/Deputy Register of Deeds

747695

RECORDED
KATHERINE LEE PAYNE
REGISTER OF DEEDS
GUILFORD COUNTY, NC
THIS <u>24</u> DAY OF <u>January</u>
1994. TIME <u>9:36 AM</u>
BOOK <u>4165</u> PAGE <u>1858</u>

01/24/94

1 MISC DOCUMENT 747695
16 MISC DOC ADDN PGS

6.00
32.00

1 PROBATE FEE

2.00

SECTION 3. "Association" shall mean and refer to Akela Cove Homeowner's Association, a North Carolina nonprofit corporation, its successors and assigns.

SECTION 4. "Declarant" shall mean and refer to Akela Trail Properties, Inc., as well as its successors and assigns, if Declarant shall make an express conveyance of its rights as developer hereunder to such successor or assign.

SECTION 5. "Lot" shall mean and refer to any separately numbered plat of land shown upon any recorded subdivision map of the Akela Cove.

SECTION 6. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

SECTION 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of Akela Cove, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

ARTICLE II

JAMES LANDING PROPERTY OWNER'S ASSOCIATION

This Declaration is independent of and in addition to the Declaration of Covenants, Conditions and Restrictions of James Landing Property Owner's Association recorded in the Guilford County Registry at Book 4098, Page 604 (the "James Landing Declaration"). Accordingly, each Owner acknowledges and agrees that each Lot subject to the covenants, conditions, restrictions, assessments and other provisions in this Declaration shall also be subject to additional covenants, conditions, restrictions and assessments as set forth in the James Landing Declaration.

ARTICLE III

LEASE OF LOTS

Any lease agreement between an Owner and a lessee for the lease of such Owner's Lot shall expressly provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration of Covenants, Conditions and Restrictions, and the Articles of Incorporation and Bylaws of the Association, and that any failure by the lessee to comply with the terms of such document shall be a default under the terms of the lease. All leases of Lots shall be in writing. Other than the foregoing, there is no restriction on the right of any Owner to lease his Lot.

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ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

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

SECTION 2. The Association shall have two classes of voting membership:

Class A. Class A Member(s) shall be (i) the Declarant, its successors, and assigns as to Lots retained by the Declarant upon the termination of the Class B membership, and (ii) all Owners other than the Declarant. Class A Members shall be entitled to cast one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members; however, the vote for such Lot shall be exercised as such Members among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot, and no fractional votes may be cast.

Class B. The Class B Member shall be the Declarant, and shall be entitled to cast three (3) votes for each Lot owned as to which the Declarant is not a Class A Member. The Class B membership shall cease to exist, and shall be converted to Class A membership, on the happening of either of the following events, whichever occurs earlier:

- (a) the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) seven (7) years after the date hereof.

With the recording of new sections of Akela Cove, and the annexation of additional lands subject to the jurisdiction of the Declarant or the Association, new Class A and Class B memberships shall be created, and the conversion of Class B memberships to Class A memberships shall be made separately with respect to each such section of Akela Cove.

ARTICLE V

COVENANT FOR MAINTENANCE AND ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within Akela Cove, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(i) annual assessments or charges; (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessment shall not pass to his successors in title unless expressly assumed by them.

SECTION 2. PURPOSE OF ASSESSMENTS.

(a) The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents of the Akela Cove and in particular for the acquisition, improvements and maintenance of properties, services and facilities devoted to this purpose; the maintenance of open spaces and streets which have not been accepted for dedication by a public authority, roadway medians and islands (including medians and islands located in dedicated rights-of-way); the procurement and maintenance of insurance in accordance with the Bylaws; the maintenance of dams and other areas surrounding water to the extent not maintained or provided for by James Landing Property Owner's Association; the maintenance of any "sign easement" areas located on any Lot, as shown on a recorded plat; the performance of all of the Association's obligations set forth in that certain Agreement Regarding Maintenance and Preservation of Entrance Statement dated July 27, 1993, by and among the Association, the Peninsula at James Landing Homeowner's Association, and Yorktown Pointe Homeowner's Association; the maintenance of road medians and islands and entranceways; the lighting of streets (whether public or private); the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and such other needs as may arise.

(b) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of portions of Akela Cove which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

(c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Properties, or to the proper undertaking of all acts and duties imposed upon it by virtue of this

Declaration, the Articles of Incorporation and the Bylaws of the Association. As monies for any assessment are paid to the Association, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Lot. When any Owner shall cease to be a member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Properties.

SECTION 3. MAXIMUM ANNUAL ASSESSMENT. Until December 31, 1994, the maximum annual assessment shall be One Hundred Twenty Dollars (\$120.00) per Lot, and may be collected in monthly installments of Ten Dollars (\$10.00) per Lot.

(a) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed fifteen percent (15%) of the maximum annual assessment of the previous year.

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

SECTION 4. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTION 3. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 of this Article V shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) 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 sixty (60) days following the preceding meeting.

SECTION 5. RATE OF ANNUAL ASSESSMENT. Both annual and any special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly, or annual basis.

SECTION 6. DATE AND COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATES. The annual assessments provided for herein shall commence as to a Lot on the happening of any of the following events, whichever occur earlier; (a) the first day of the third month following the issuance of a certificate of occupancy for the residence constructed on that Lot; (b) the first day of the month that the residence constructed on that Lot is occupied; or (c) the first day of the month after a builder sells the residence. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment and promptly thereafter the Board of Directors shall cause written notice thereof to be sent to every Owner subject thereto. In the event the Board of Directors shall fail to fix the amount of annual assessments as described above, the assessment fixed for the immediately preceding year shall continue in effect until a new assessment amount is fixed. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

SECTION 7. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum or the maximum rate allowed by law, whichever is lower. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosures of Deeds of Trust, and interest, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

ARTICLE VII

USE RESTRICTIONS

SECTION 1. DECLARANT'S AUTHORITY. The Declarant shall have the sole authority to consider, oversee, authorize, and enforce all provisions of this Article VII until such time as the Declarant, in its sole discretion, elects to grant such authority to the

Association or the Architectural Control Committee thereof. Unless and until it receives such authority from the Declarant, neither the Association nor the Architectural Control Committee shall have any authority or power whatsoever with respect to any provision of this Article VII.

SECTION 2. APPROVAL OF RESIDENCE DESIGN AND SITE PLAN. No residence, building, fence, wall, driveway, or structure shall be erected, altered, remodeled, added to, or allowed to remain upon any Lot unless the plans and specifications therefor, including a comprehensive plan showing all site improvements (including tree removal and all site preparation) and the location thereof, have been submitted to and approved in writing by the Declarant. The Declarant shall have the sole right and authority to approve or disapprove the plans and specifications for any reason, including, but not limited to, exterior colors and appearances, landscaping, location of the structure or structures and aesthetics. In the event that the Declarant does not approve the plans and specifications in writing within sixty (60) days from the date they are received by him, approval will not be required and this covenant will be deemed to have been complied with fully.

SECTION 3. RESIDENTIAL USE OF PROPERTY. All Lots shall be used for single-family, residential purposes only, and no business or business activity shall be carried on or upon any Lot at any time, except with the written approval of the Declarant; provided, however, that nothing herein shall prevent Declarant or any builder of homes in Akela Cove approved by Declarant from using any Lot owned by Declarant or such builder of homes for the purpose of carrying on business related to the development, improvement and sale of property in Akela Cove; and provided, further that, to the extent allowed by applicable zoning laws, private offices may be maintained in dwellings located on any of the Lots so long as such use is incidental to the primary residential use of the dwellings.

SECTION 4. SETBACKS AND BUILDING LINES. Each dwelling which shall be erected on any Lot shall be situated on such Lot in accordance with the building and setback lines approved for each lot in writing by the Declarant before commencement of lot clearing preparatory to construction unless a variance shall have been granted by the Declarant. In no event shall any dwelling be erected and located upon any such Lot in a manner which violates the requirements and provisions of any applicable zoning ordinances and subdivision regulations.

SECTION 5. WALLS AND FENCES. No fence or wall shall be erected, placed, or altered on any Lot nearer to any street than said minimum building setback line unless the same be a retaining wall of masonry or timber construction which does not in any event rise above the finished grade elevation of the earth embankment so retained, reinforced, or stabilized, except that this restriction shall not apply to fences or walls which have been approved by the

Declarant. The exposed part of retaining walls shall be made of clay brick, natural stone, stucco, railroad ties, or veneered with brick or natural stone. Chain link fences are prohibited.

SECTION 6. SUBDIVISION OF LOT. One or more Lots or parts thereof may be subdivided or combined to form one single Lot when approved, in writing, by Declarant, and, in such event, the building line requirements provided herein shall apply to any such Lot as resubdivided or combined; provided, however, that each resulting Lot must comply with all zoning restrictions in effect as of the date of the recording of this Declaration of Covenants, Conditions, and Restrictions with the office of the Guilford County Register of Deeds.

SECTION 7. TERRACES; EAVES AND DETACHED GARAGES. For the purpose of determining compliance or noncompliance with the foregoing building line requirements, terraces, stoops, eaves, wing-walls, and steps extending beyond the outside wall of a structure shall not be considered as a part of the structure. No side yard shall be required for any detached garage or accessory outbuilding which has been approved, in writing, by the Declarant; provided, all such detached structures must be to the rear of the main dwelling and must not encroach upon the Lot of an adjacent Owner.

SECTION 8. BUILDING REQUIREMENTS. The heated living areas of the main structure, exclusive of open porches, porte cocheres, garages, carports and breezeways, shall be not less than 2,000 square feet. Declarant reserves the right to increase the foregoing minimum square footage requirements with respect to all or a portion of the additional land annexed to Akela Cove in accordance with Article X, Section 5, Subsection (b) by recording an instrument which sets forth the increased minimum square footage requirement in the Office of the Register of Deeds, Guilford County, prior to or contemporaneous with the annexation of such additional land or portion thereof by Declarant.

SECTION 9. OBSTRUCTIONS TO VIEW AT INTERSECTIONS. No part of any structure nor the lower branches of trees or other vegetation shall be permitted to obstruct the view at street intersections.

SECTION 10. USE OF OUTBUILDINGS AND SIMILAR STRUCTURES. No structure of temporary nature shall be erected or allowed to remain on any Lot, and no trailer, camper, shack, tent, garage, barn or other structure of a similar nature shall be used as a residence, either temporarily or permanently: provided, this Section shall not be construed to prevent the Declarant and those engaged in construction from using sheds or other temporary structures during

construction.

SECTION 11. COMPLETION OF CONSTRUCTION. The Declarant shall have the right to take appropriate legal action, whether at law or in equity, to compel the immediate completion of any residence not completed within one (1) year from the date of commencement of construction.

SECTION 12. LIVESTOCK. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot, except that dogs, cats, or other small household pets may be kept provided that they are not kept, bred, or maintained for any commercial purposes. Such household pets must not constitute a nuisance or cause unsanitary conditions.

SECTION 13. OFFENSIVE ACTIVITIES. No noxious, offensive, or illegal activities shall be carried on upon any Lot, nor shall anything be done thereon which is or may become an annoyance or nuisance to the owners of other Lots in Akela Cove.

SECTION 14. SIGNS. No advertising signs or billboards shall be erected on any Lot. This restriction shall not apply to signs used to identify and advertise the subdivision as a whole, nor to signs for selling Lots and/or houses during the development and construction period. Also, the provisions of this Article shall not apply to notices posted in connection with judicial or foreclosure sales conducted with respect to first mortgages. Realtor signs may be displayed on Lots listed for sale, provided such signs are of standard size.

SECTION 15. AESTHETICS, NATURE GROWTH, SCREENING, UNDERGROUND UTILITY SERVICE. Trees which have a diameter in excess of six inches (6") measured two feet (2') above ground level, and distinctive flora, shall not be intentionally destroyed or removed except with the prior approval, in writing, of the Declarant. Clotheslines, garbage cans and equipment shall be screened to conceal them from view of neighboring Lots and streets. All residential utility service and lines to residences shall be underground.

SECTION 16. ANTENNAE. No radio or television transmission or reception towers or antennae shall be erected on any structure or within the property without the prior written approval of the Declarant. In no event shall freestanding transmission or receiving towers, or satellite dishes or disks be permitted.

SECTION 17. TRAILERS, TRUCKS, SCHOOL BUSES, BOATS, BOAT TRAILERS. No house trailers or mobile homes, school buses, trucks or commercial vehicles over one (1) ton capacity, boats or boat trailers shall be kept, stored or parked overnight either on any street or on any Lot, except within enclosed garages or screened from the streets. Notwithstanding the foregoing, passenger

automobiles may be parked in driveways, if the number of vehicles owned by Owner exceeds the capacity of the garage. The foregoing will not be interpreted or construed or applied to prevent the temporary nonrecurrent parking of any vehicle, boat, or trailer for a period not to exceed 48 hours upon any Lot.

SECTION 18. GARBAGE AND REFUSE DISPOSAL. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers designed for that purpose. All incinerators or other equipment for the storage or disposal of such waste material shall be kept in a clean and sanitary condition. If such litter or other materials is found on any Lot, the same will be removed by the Lot Owner of such Lot, at the Lot Owner's expense, upon written request of the Declarant.

SECTION 19. CHANGING ELEVATIONS. No Lot Owner shall excavate or extract earth for any business or commercial purpose. No elevation changes shall be permitted which materially affect surface grade of surrounding Lots, unless previously approved in writing by the Declarant.

SECTION 20. SEWAGE SYSTEM. Sewage disposal shall be through municipal system or type approved by appropriate State and local agencies.

SECTION 21. WATER SYSTEM. Water shall be supplied through municipal system or type approved by appropriate State and local agencies.

SECTION 22. UTILITY FACILITIES. Declarant reserves the right to approve the necessary construction, installation and maintenance of utility facilities, including but not limited to water, telephone and sewage systems, within Akela Cove, which may be in variance with these restrictions.

SECTION 23. MODEL HOMES. Declarant, as well as any builder of homes in Akela Cove approved by Declarant, shall have the right to construct and maintain model homes on any of the Lots. "Model Homes" shall be defined as those homes used for the purpose of inducing the sale of other homes within Akela Cove.

SECTION 24. DRIVEWAYS AND ENTRANCE TO GARAGE. All driveways and entrances to garages shall be concrete or other substance approved in writing by Declarant and of a uniform quality.

SECTION 25. USE OF LAKES AND PONDS. No Lot owner may use any lake, pond, or other body of water located within or adjacent to Akela Cove except as may be provided in the James Landing Declaration.

SECTION 26. WAIVER OF SETBACKS, BUILDING LINES AND BUILDING REQUIREMENTS. The Declarant may, for good cause, waive a minor violation of the setbacks, building lines and building requirements provided for in this Article VII. Such waiver shall be in writing and recorded in the Guilford County Registry. A document executed by the Declarant shall be, when recorded, conclusive evidence that the requirements of this Article VII have been complied with. For the purpose of this Section 26, any violation which does not exceed twenty percent (20%) shall be considered a minor violation. Nothing contained herein shall be deemed to allow the Declarant to waive violations which must be waived by an appropriate governmental authority.

ARTICLE VIII

EASEMENTS

SECTION 1. UTILITIES. Easements for installation and maintenance of utilities (including cable television service) and drainage facilities are reserved as indicated on the Exclusion Map for James Landing recorded in the Guilford County Registry at Plat Book 109, Page 36-37, and as may be indicated on any other recorded plats affecting Akela Cove. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the drainage easements, or which may obstruct or retard the flow of water through drainage channels in the easements. An easement is hereby established for the benefit of the City of High Point and Guilford County (and any other person or firm providing services to Lots within Akela Cove under agreement with or at the direction of the Association) as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting of fires and collection of garbage. The Declarant shall have the power and authority to grant or to change such additional easements as are necessary or desirable for the providing of service or utilities to any Lot.

SECTION 2. SIGN EASEMENTS. Easements for the maintenance of subdivision signs and landscaping and lighting surrounding same are reserved as indicated on recorded plats. Declarant hereby grants, gives and conveys to the Association a perpetual, non-exclusive easement over any portions of Lots designated as "sign easements" on the plats, to maintain, repair and replace the subdivision signs which may be located thereon, and the lighting fixtures and landscaping surrounding same. The costs of all such maintenance, repair and replacement shall be part of the common expenses of the Association. In addition to the easement granted above as to the portion of Lots designated "sign easement," Declarant hereby gives, grants and conveys to the Declarant the right of ingress, egress and regress over other portions of such Lots as shall be reasonably

necessary to effectuate the purposes stated above. The easements hereby granted shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or a part of Akela Cove.

ARTICLE IX

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

SECTION 1. ENTITIES CONSTITUTING INSTITUTIONAL LENDERS.

"Institutional Lenders" as the term is used herein, shall mean and refer to banks, savings and loan associations, insurance companies or other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors.

SECTION 2. OBLIGATION OF ASSOCIATION TO INSTITUTIONAL LENDERS. So long as any Institutional Lender shall hold any first lien upon any Lot, or shall be the Owner of any Lot, such Institutional Lender shall have the following rights:

(a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Board of Directors of the Association, such financial statement or report to be furnished by April 15 of each calendar year.

(b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or Bylaws of the Association or of any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association.

(c) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Lot encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

SECTION 3. REQUIREMENTS OF INSTITUTIONAL LENDER. Whenever any Institutional Lender desires to avail itself of the provisions of this Article, it shall furnish written notice thereof to the

Association by CERTIFIED MAIL at the address shown in the Articles of Incorporation identifying the Lot or Lots upon which any such Institutional Lender holds any first lien or identifying any Lot or Lots owned by such Institutional Lender and such notice shall designate the place to which notices, reports or information are to be given by the Association to such Institutional Lender.

ARTICLE X

GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. The Declarant, the Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration, the Articles or Incorporation or Bylaws of the Association, except as provided to the contrary herein. Failure by any person or entity having the right to do so to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Declarant shall have the right to request that law enforcement, public safety and animal control officers come on the Properties to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

SECTION 2. SEVERABILITY. Invalidation of any one of the covenants or restrictions by judgment or court order shall in no wise affect any provision 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 unless during the last year of such initial or then current renewal term of the Owner of seventy-five percent (75%) of the Lots agree in writing to terminate this Declaration at the end of such term. The Declaration, as amended, shall be rights and interests appurtenant to the realty owned by Declarant referred to hereinabove and shall run with the land at law. This Declaration may be amended during the first twenty (20) year period by an instrument signed by the Owners of not less than ninety percent (90%) of the Lots, and thereafter by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots, provided that (1) no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein, (2) no amendment shall adversely affect any rights or interest of Declarant as provided herein, unless agreed to in writing by Declarant, (3) no amendment shall have priority over any amendment made by Declarant in accordance with Section 4 of this Article X, as long as Declarant owns a Lot, and (4) no amendment

shall alter, modify or rescind any right, title, interest or privilege herein granted or accorded to any Mortgagee of a Lot affected thereby unless such holder shall consent in writing thereto, which consent shall be filed with such amendment. Any amendment or termination must be properly recorded.

SECTION 4. FEDERAL LENDING REQUIREMENTS. Declarant may (at Declarant's option) amend and modify this Declaration without obtaining the consent or approval of the Owners if such amendment or modification is necessary to cause this Declaration to comply with the requirements of the Federal Housing Administration, the Veterans Administration, Fannie Mae or other similar agency. Any such amendment must be with the consent and approval of such agency and must be property recorded.

SECTION 5. ANNEXATION.

(a) Additional residential property may be annexed to the Properties only with the consent of two-thirds (2/3 of each class of Members.

(b) Additional land within the area described in the metes and bounds description attached hereto as Exhibit B and incorporated herein by reference may be annexed by the Declarant without the consent of Members within ten (10) years of the date of this instrument.

SECTION 6. AMPLIFICATION. The provisions of this Declaration are amplified by the Articles and Bylaws; but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration on the one hand, and the Articles and Bylaws on the other be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything in the Articles or Bylaws to the contrary.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed in its name and its corporate seal hereto affixed as of the 20 day of January, 1994.

AKELA TRAIL PROPERTIES, INC.

By: m. Welf T. Lee

President

ATTEST:

[Signature]
Secretary

[CORPORATE SEAL]

STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

I, Carolyn Paulin, a Notary Public for said County and State, do hereby certify that Benny Siegal, personally came before me this day and acknowledged that he is Secretary of Akela Trail Properties, Inc, a 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 himself as its Secretary.

Witness my hand and official seal, this 19 day of JAN., 1994.

Carolyn Paulin
Notary Public

(OFFICIAL SEAL)

My Commission Expires: MY COMMISSION EXPIRES JULY 29, 1996

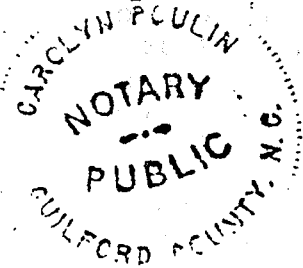


EXHIBIT A

All of Tract 4 on the Exclusion Map for James Landing recorded in the Guilford County Registry in Book 109, Pages 36 and 37.

001873

EXHIBIT B

All or a portion of Tract 5 on the Exclusion Map for James Landing recorded in the Guilford County Registry in Book 109, Pages 36 and 37.

BY-LAWS
OF
AKELA COVE HOMEOWNER'S ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is the Akela Cove Homeowner's Association, hereinafter referred to as the "Association". The principal office of the corporation shall be located at 3411-D West Wendover Avenue, Guilford County, Greensboro, North Carolina, 27408 but meetings of members and directors may be held at such places within the State of North Carolina, County of Guilford, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to the Akela Cove Homeowner's Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 4. "Lot" shall mean any separately numbered plot of land, regardless of size as shown on a recorded subdivision map of Akela Cove which has been approved by Declarant and shall include the Dwelling Unit constructed thereon.

Section 5. "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 6. "Member" shall mean and refer to every person or entity entitled to membership with voting rights in the Association as provided in this Declaration.

Section 7. "Declarant" shall mean and refer to Arappco, Inc. as well as its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot.

Section 8. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions of Akela Cove applicable to the Properties recorded in the Office of the Register of Deeds of Guilford County, North Carolina in Book __, Page __.

ARTICLE III

MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. Every Owner of a Lot or Unit which is subject to assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot subject to assessment. The voting rights of the Members shall be as provided by the Declaration.

Section 2. Property Rights. Each Member shall be entitled to the use and enjoyment of the facilities as provided in the Declaration. The rights and privileges of such delegates are subject to suspension to the same extent as those of the Member.

ARTICLE IV

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 10 days before such meeting to each member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of Membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be

present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) Directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting, the Members shall elect (5) directors. The term of office of the two (2) directors receiving the highest plurality of votes shall be established at three (3) years, the term of office of the two directors receiving the next highest plurality of votes shall be established at two (2) years, and the term of office of the one (1) director receiving the next highest plurality of votes shall be established at one (1) year. Thereafter, as many directors of the Association shall be elected at each annual meeting as there are regular terms of office of directors expiring at such time, and the term of office of the directors as elected at the annual meeting of the Members each year shall be for three (3) years, expiring at the third annual meeting following their election, and thereafter until their successors are duly elected and qualified.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board, and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nominations for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the

annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly, or at such other periodic intervals as may be established by the Board of Directors from time to time, without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area, and the personal conduct of the Members, and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to the use of any recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment, dues or charge levied by the Association. Such rights may also be suspended after

notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations.

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association, and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

(e) employ a professional manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and

(f) employ attorneys to represent the Association when deemed necessary.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot or Unit, which assessment shall be fixed at a uniform rate for all Lots and Condominium Units, at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(d) foreclose the lien against any property for which assessments are not paid within ninety (90) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(e) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(f) procure and maintain liability insurance covering the Association, its directors, officers, agents and employees in an amount not less than \$1,000,000 for bodily injury and

property damage for any single occurrence and to procure and maintain hazard insurance on the real and personal property owned by the Association in an amount equal to 100% of the current replacement cost thereof;

(g) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(h) cause the Common Area to be maintained.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Duties. The duties of the officers are as follows:

President

(a) the president shall preside at all meetings of the Board of Directors or the Members; shall see that orders and resolutions of the Board are carried out; shall sign all

leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) the vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) the secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) the treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 8. Multiple Offices. The office of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

ARTICLE X

COMMITTEES

The Board of Directors shall appoint a Nominating Committee, as provided in these By-Laws and a Landscaping and Architectural Control Committee as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of

Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within ninety (90) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessments. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot or Unit.

ARTICLE XIII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Akela Cove Homeowner's Association, North Carolina.

ARTICLE XIV

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XV

FISCAL YEAR

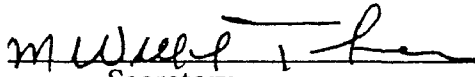
The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

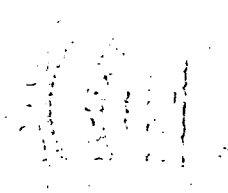
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the Akela Cove Homeowner's Association, a North Carolina corporation, and

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors on the 12th day of August, 1993.


Secretary



[CORPORATE SEAL]