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P.O. Box 1998, Burlington, NC 27216

**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WATERFORD WEST**

THIS DECLARATION is made this the 18th day of December, 2007, by **LAKEBRIDGE DEVELOPMENT, INC.**, a North Carolina corporation having an office in Alamance County, North Carolina, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the City of Burlington, Boone Station Township, Alamance County, North Carolina, which is more particularly described as follows:

- a) The real property shown on that certain plat entitled "SHEET 1 OF 3, FINAL PLAT, PHASE 1, WATERFORD WEST (AND RECOMINATION PLAT*)" prepared by Alley, Williams, Carmen & King, Inc., Gary R. Parrish, Professional Land Surveyor, dated July 3, 2007, Job #06068, a copy of which is duly recorded in Plat Book 72, Page 192 of the Alamance County Registry **BUT SAVING AND EXCEPTING THEREFROM THE FOLLOWING TRACTS OR PARCEL OF LAND WHICH ARE NOT BEING SUBJECTED TO THIS DECLARATION:** (a) Lots One Hundred Twenty-Three (123) and

One Hundred Twenty-Five (125) shown upon said plat which are not part of Waterford West; and (b) Lot Five (5) as shown on said plat.

- b) The real property shown on that certain plat entitled "SHEET 2 OF 3, FINAL PLAT, PHASE 1, WATERFORD WEST (AND RECOMINATION PLAT*)" prepared by Alley, Williams, Carmen & King, Inc., Gary R. Parrish, Professional Land Surveyor, dated July 3, 2007, Job #06068, a copy of which is duly recorded in Plat Book 72, Page 193 of the Alamance County Registry
- c) Reference is further made to that property line curve table and line table set forth on that certain plat entitled "SHEET 3 OF 3, FINAL PLAT, PHASE 1, WATERFORD WEST (AND RECOMINATION PLAT*)" prepared by Alley, Williams, Carmen & King, Inc., Gary R. Parrish, Professional Land Surveyor, dated July 3, 2007, Job #06068, a copy of which is duly recorded in Plat Book 72, Page 194 of the Alamance County Registry

WHEREAS, it is the intent of the Declarant to develop Waterford West as a residential community consisting of single family detached residences and hereby to cause the above-described property and future phases of Waterford West to be subjected to this Declaration of Covenants, Conditions and Restrictions.

NOW, THEREFORE, Declarant hereby declares that all of the property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, such real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof. It is the intent of Declarant that the provisions of this Declaration in all respects conform and comply to the requirements set forth in the North Carolina Planned Community Act. To the extent any provision contained herein does not conform or comply with the North Carolina Planned Community Act, the provisions of the Act shall control.

ARTICLE I

DEFINITIONS

SECTION 1. "Additional Property" shall mean and refer to the property described in Schedule "A," attached hereto and incorporated herein by this reference, together with any other property located adjacent to the Properties. For the purpose of determining whether property is adjacent to the Properties, the rights of way of public roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise adjacent property.

SECTION 2. "Appropriate Local Governmental Authority" shall mean and refer to the City of Burlington or other appropriate local governmental authority having jurisdiction over the Properties.

SECTION 3. "Association" shall mean and refer to Waterford West Community Association, Inc., its successors and assigns.

SECTION 4. "Common Elements" or "Common Area" shall mean all real property owned by the Association (whether owned in fee or by way of license or easement) or leased by the Association, other than a Lot. The Common Elements to be owned by the Association at the time of the conveyance of the first Lot is described as follows:

That certain tract or parcel of land lying and being in the City of Burlington, Boone Station Township, Alamance County, North Carolina, adjoining the 50 foot right of way of Lochshire Drive, Lots 6 and 7 as shown upon the plat hereinafter referenced, and the waters of Waterford Lake (i.e., lands of WLT Development Company, Inc. as described in Deed Book 2412, Page 866), and being more particularly described as follows:

BEGINNING at an existing iron pipe lying in the southern margin of the 50 foot right of way of Lochshire Drive and marking the northern corner of Lot 6 as shown upon the plat hereinafter referenced; thence proceeding along and with the southern margin of the 50 foot right of way of Lochshire Drive, North 49° 04' 36" East 82.02 feet to an existing iron pipe marking the western corner of Lot 7 as shown upon the plat hereinafter referenced; thence proceeding along and with the western line of Lot 7 as shown upon the plat hereinafter referenced, South 40° 55' 24" East 238.79 feet to an existing iron pipe; thence, South 40° 55' 24" East 10 feet to a calculated point lying in the northern pool elevation line for Waterford Lake; thence proceeding along and with the northern pool elevation line for Waterford Lake, the following courses and distances: South 44° 02' 31" West 31.70 feet to a calculated point; South 68° 05' 45" West 13.42 feet to a calculated point; North 68° 43' 45" West 15.40 feet to a calculated point; North 35° 56' 32" West 23.44 feet to a calculated point; North 35° 56' 32" West 28.99 feet to a calculated point; North 40° 35' 34" West 34.30 feet to a calculated point; North 50° 13' 35" West 26.51 feet to a calculated point; North 69° 26' 58" West 22.82 feet to a calculated point; South 53° 56' 17" West 20.69 feet to a calculated point lying in the eastern line of Lot 6 as shown upon the plat hereinafter referenced; thence proceeding along and with the northeastern line of Lot 6 as shown upon the plat hereinafter referenced; North 40° 37' 07" West 10 feet to an existing iron pipe; thence, North 40° 37' 07" West 79.08 feet to the point and place of BEGINNING and being all of that "Common Area & Open Space" containing 0.334 acres, more or less, as shown on that plat of survey entitled "SHEET 1 OF 3, FINAL PLAT, PHASE 1, WATERFORD WEST (AND RE-COMBINATION PLAT)", prepared by Alley, William Carmen & King, Gary R. Parrish, Professional Land Surveyor, dated July 3, 2007, Job No. 06068, a copy of which is duly recorded in Plat Book 72, Page 192 of the Alamance County Registry.*

Declarant reserves the right, in its sole discretion, to convey or cause to be conveyed to the Association from time to time and without the consent of the Association or its Members, additional property to the Association, which property may include any portion of the Properties, including any Additional Property annexed by Declarant pursuant to Article XI, Section 4 hereof. The Association shall accept any such conveyance of property and thereafter such property shall be held and maintained by the Association as Common Elements. Declarant may

construct or cause to be constructed (**BUT SHALL NOT BE OBLIGATED TO CONSTRUCT**) walkways and recreational facilities on any such Common Elements. Other improvements, which may include, but shall not be limited to, roadways, retention or detention ponds or erosion control devices, may be located on any such Common Elements. Declarant does not contemplate the construction of recreational improvements and amenities upon the Common Elements of Waterford West. Except as otherwise provided in Section 47F-3-113 of the Planned Community Act, the Association shall be required to promptly repair and replace any portion of the Common Elements for which the Association is required to maintain casualty insurance pursuant to the Bylaws of the Association which is damaged or destroyed. All Common Elements shall be conveyed to the Association in their "as is" condition without any express or implied warranty. **DECLARANT HEREBY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE COMMON ELEMENTS.**

The Association also may acquire additional Common Elements with the consent of the Members of the Association entitled to cast at least two-thirds (2/3) of the votes of each class of Members of the Association, who are voting, in person or by proxy, at a meeting duly called for such purpose; provided, however, during Declarant's Development Period no such action shall be effective without Declarant's consent and approval. For such a conveyance to be effective, the deed or instrument conveying to the Association additional Common Elements must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by the officers executing the instrument on behalf of the Association that the requisite owner and Declarant approval has been obtained and is evidenced by written acknowledgments signed by the owners approving the amendment and if required, Declarant, and that such acknowledgments are made a part of the minute book of the Association; and (3) be properly recorded in the Alamance County Registry.

Certain portions of the Common Area may be designated as "Limited Common Area" and reserved for the exclusive use or primary benefit of Owners of specific Lots. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be allocated among the Owners of the Lots to which the Limited Common Area is assigned. Any Limited Common Area shall be designated as such in the deed conveying such area to the Association which deed shall also identify the Lots to which the Limited Common Area is assigned. In the event of any conflict between the subdivision plat relating to such Limited Common Area and the deed conveying such area to the Association, the deed shall control. The Limited Common Elements to be owned by the Association at the time of the conveyance of the first Lot is described as follows:

That certain tract or parcel of land lying and being in the City of Burlington, Boone Station Township, Alamance County, North Carolina, adjoining the 50 foot right of way of Dunmore Drive, Lots 77 – 89 (both inclusive), as shown upon the plat hereinafter referenced, and Lots 76 and 90 as shown on that plat entitled "SHEET 2 OF 3, FINAL PLAT, PHASE 1 OF WATERFORD WEST (AND RE-COMBINATION PLAT)", prepared by Alley, William Carmen & King, Gary R. Parrish, Professional Land Surveyor, dated July 3, 2007, Job No. 06068, a copy of which is duly recorded in Plat Book 72, Page 193 of the Alamance County Registry, and being more particularly described as follows:*

BEGINNING at an existing iron pipe lying in the western margin of the 50 foot right of way of Dunmore Drive and marking the northern corner of Lot 77 as shown upon the plat hereinafter referenced; thence proceeding along and with the northern line of Lot 77 as shown upon the plat hereinafter referenced, South 70° 21' 45" West 154.88 feet to an existing iron pipe marking the northwestern corner of said Lot 77; thence proceeding along and with the western line of the aforesaid Lot 77, South 30° 15' 10" East 133.57 feet to an existing iron pipe marking the northwestern corner of Lot 78 as shown upon the plat hereinafter referenced; thence proceeding along and with the western line of Lot 78 as shown upon the plat hereinafter referenced, South 30° 15' 10" East 112.0 feet to an existing iron pipe marking the western corner of Lot 79 as shown upon the plat hereinafter referenced; thence proceeding along and with the western line of Lot 79, South 30° 15' 10" East 111.99 feet to a calculated point marking the common corner of Lots 79, 80, and 81 as shown upon the plat hereinafter referenced; thence proceeding along and with the northern line of Lot 81 as shown upon the plat hereinafter referenced, South 49° 04' 36" West 126.00 feet to an existing iron pipe marking the northern corner of Lot 82 as shown upon the plat hereinafter referenced; thence proceeding along and with the northern line of the aforesaid Lot 82, South 49° 04' 36" West 102.29 feet to an existing iron pipe marking the eastern corner of Lot 84 as shown upon the plat hereinafter referenced; thence proceeding along and with the eastern line of Lot 84, North 37° 31' 12" West 97.21 feet to an existing iron pipe marking the southeastern corner of Lot 85 as shown upon the plat hereinafter referenced; thence proceeding along and with the southeastern line of the aforesaid Lot 85, North 24° 58' 02" West 94.28 feet to an existing iron pipe marking the southeastern corner of Lot 86 as shown upon the plat hereinafter referenced; thence proceeding along and with the eastern line of the aforesaid Lot 86, North 12° 04' 45" West 94.28 feet to an existing iron pipe marking the southeastern corner of Lot 87 as shown upon the plat hereinafter referenced; thence proceeding along and with the eastern line of the aforesaid Lot 87, North 00° 48' 33" East 94.28 feet to an existing iron pipe marking the southeastern corner of Lot 88 as shown upon the plat hereinafter referenced; thence proceeding along and with the eastern line of the aforesaid Lot 88, North 10° 55' 43" East 101.70 feet to an existing iron pipe marking the southern corner of Lot 89 as shown upon the plat hereinafter referenced; thence proceeding along and with the eastern line of Lot 89, North 22° 49' 30" East 107.55 feet to an iron pipe set marking the common corner of the aforesaid Lots 89, 90, and 76; proceeding along and with the western line of the aforesaid Lot 76, South 28° 07' 08" East 81.65 feet to an iron pipe set; thence proceeding along and with the southern line of the aforesaid Lot 76, North 70° 21' 45" East 158.63 to an existing iron pipe and control corner marking the southeastern corner of the aforesaid Lot 76 and lying in the western margin of the 50 foot right of way of Dunmore Drive; thence proceeding along and with the 50 foot right of way of Dunmore Drive along a curve to the left having a radius of 225 feet and a chord bearing and distance of South 19° 38' 15" East 20.00 feet to the point and place of BEGINNING and being all of that Common Area / Open Space containing 2.00 acres, more or less. The above description is from a plat of survey entitled "SHEET 1 OF 3, FINAL PLAT, PHASE 1, WATERFORD WEST (AND RE-COMBINATION PLAT)", prepared by Alley, William Carmen & King, Gary*

R. Parrish, Professional Land Surveyor, dated July 3, 2007, Job No. 06068, a copy of which is duly recorded in Plat Book 72, Page 192 of the Alamance County Registry.

Such Limited Common Area is reserved for the exclusive use or primary benefit of Owners of Lots Seventy-Seven (77) through Eighty-Nine (89), both inclusive, shown on that certain plat entitled "SHEET 1 OF 3, FINAL PLAT, PHASE 1, WATERFORD WEST (AND RECOMINATION PLAT*)" prepared by Alley, Williams, Carmen & King, Inc., Gary R. Parrish, Professional Land Surveyor, dated July 3, 2007, Job #06068, a copy of which is duly recorded in Plat Book 72, Page 192 of the Alamance County Registry and the Owners of Lots Seventy-Six (76) and Ninety (90) shown on that certain plat entitled "SHEET 2 OF 3, FINAL PLAT, PHASE 1, WATERFORD WEST (AND RECOMINATION PLAT*)" prepared by Alley, Williams, Carmen & King, Inc., Gary R. Parrish, Professional Land Surveyor, dated July 3, 2007, Job #06068, a copy of which is duly recorded in Plat Book 72, Page 193 of the Alamance County Registry.

SECTION 5. "Conservation Area" shall mean and refer to those tracts or areas designated as "Delineated Wetland Areas", "Stream Conservation Areas" or with words of similar import any plat or map of the Properties including that map previously recorded in Deed Book 2412, Page 859 of the Alamance County Registry.

SECTION 6. "Declarant" shall mean and refer to Lakebridge Development, Inc., as well as its successors and assigns, pursuant to an express assignment or conveyance of any special declarant rights hereunder to such successor or assign, all of which rights, including Declarant's voting, architectural review, easement and development rights, shall be assignable and may be apportioned on a lot-by-lot basis.

SECTION 7. "Declarant's Development Period" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Office of the Register of Deeds, Alamance County, North Carolina, and continuing for so long as Declarant shall have the right to annex any portion of the Additional Property pursuant to the provisions of Article XI, Section 4 hereof or Declarant or any affiliate of Declarant shall own any portion of the Properties.

SECTION 8. "Enhanced Operating Cost" shall mean and refer to the cost differential between the annual operating cost of a hypothetical conventional street lighting system upon the Properties and the annual operating cost of the enhanced lighting system which is actually constructed upon the Properties as computed by the City of Burlington.

SECTION 9. "Lot" shall mean and refer to any separately numbered plot of land shown upon any now or subsequently recorded subdivision plat of the Properties intended for single family detached residential purposes and shall include any improvements constructed thereon and "Lots" shall refer to all such lots collectively. The term "Lot" shall exclude any real property designated as Common Area. Those Lots adjoining Waterford Lake are "Waterfront Lots" and those Lots not adjoining Waterford Lake are "Standard Lots". Declarant hereby reserves the right to reconfigure, from time to time and without the consent of the Owners or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant and to thereby create additional Lots, eliminate existing Lots or create additional Common Elements; provided,

however, in no event shall the Properties contain a greater number of Lots than the number from time to time permitted by the Appropriate Local Governmental Authority, nor shall any Lot within the Properties contain fewer square feet than the minimum number of square feet from time to time required by the Appropriate Local Governmental Authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by Declarant, Declarant shall record a revised plat of the affected Lot or Lots. Upon the recording by Declarant of such a revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a "Lot" as defined in this Declaration and each newly configured lot shown on the revised plat shall be a "Lot" as defined in this Declaration. Any easements reserved pursuant to the provisions of Article VIII, Section 1 hereof shall apply to the Lots as reconfigured provided that no previously existing easements areas are in actual use for the purposes stated in said section.

SECTION 10. "Master Plan" shall mean and refer to the plan(s) for the Properties and the Additional Property now or hereafter approved by the Appropriate Local Governmental Authority, as such plan(s) may be from time to time amended and approved.

SECTION 11. "Member" shall mean and refer to every person or entity who holds Membership with voting rights in the Association.

SECTION 12. "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, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 13. "Period of Declarant Control" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Office of the Register of Deeds, Alamance County, North Carolina, and continuing until the earlier of: (i) twenty (20) years from the date this Declaration is recorded in the Office of the Register of Deeds, Alamance County, North Carolina; or (ii) such time as seventy-five percent (75%) of the lots shown on the Master Plan have been conveyed by Declarant or an affiliate of Declarant to an Owner other than Declarant or an affiliate of Declarant; provided, however, if after the expiration of such period of time, the Master Plan is amended to add additional lots and fewer than seventy-five percent (75%) of the lots shown on the Master Plan have been conveyed by Declarant or an affiliate of Declarant to an Owner other than Declarant or an affiliate of Declarant, such period of time shall be reinstated and shall continue until the earlier of: (i) twenty (20) years from the date this Declaration is recorded in the Office of the Register of Deeds, Alamance County, North Carolina; or (ii) such time as seventy-five percent (75%) of the lots shown on the Master Plan have been conveyed by Declarant or an affiliate of Declarant to an Owner other than Declarant or an affiliate of Declarant.

SECTION 14. "Planned Community Act" shall mean and refer to the provisions of Chapter 47F of the General Statutes of North Carolina.

SECTION 15. "Properties" shall mean and refer to all of the real property hereby or hereafter made subject to the terms, covenants and conditions of this Declaration, as amended from time to time.

ARTICLE II

PROPERTY RIGHTS

SECTION 1. RECREATIONAL AMENITIES WHICH MAY BE LOCATED IN THE COMMON ELEMENTS. Declarant hereafter may construct or cause to be constructed (**BUT SHALL NOT BE OBLIGATED TO CONSTRUCT AND PRESENTLY DOES NOT PLAN TO CONSTRUCT**) walkways and other recreational facilities on a portion of the Common Elements.

During Declarant's Development Period, Declarant or its affiliate shall have the right to require the exclusive (or, at the discretion of Declarant or its affiliate, non-exclusive) use of all or certain portions of any Common Elements for events promoting the sale of lots or homes in Waterford West; provided, however, no such use by Declarant or its affiliate shall unreasonably interfere with or obstruct ingress, egress and regress to or from the Lots.

Pursuant to rules and regulations from time to time promulgated by the Association, upon request and after such notice as the rules and regulations may require, the Association, in the sole discretion of the Association's Executive Board or its designee, may allow a Member of the Association exclusive use of all or certain portions of any Common Elements for private events for a period not to exceed twenty-four (24) hours. Such rules and regulations may require that fees and/or deposits be paid to the Association in connection with such exclusive private use. Any damage to the Common Elements or any improvements located thereon during any such private event and any liability incurred by the Association as a result thereof not covered by insurance maintained by the Association (including any deductible) shall be the personal obligation of the Member or Members (joint and several) reserving the Common Elements and if not paid within thirty (30) days of written demand therefore shall be deemed to be assessments as set forth in Article IV hereof.

SECTION 2. MAINTENANCE OF WATERSHED IMPROVEMENTS. The Association shall maintain any lake and any retention or detention ponds, rip rap and other drainage or erosion control devices located on the Common Elements now or hereafter conveyed to the Association by Declarant that are required to be maintained by the governmental office(s) having jurisdiction for watershed protection as directed by such governmental office(s). In the event the Association is dissolved or otherwise defaults on its obligation to maintain any such drainage or erosion control device, Declarant, for each Lot owned within the Properties, hereby covenants and each Owner for any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of such pond or erosion control device.

SECTION 3. MAINTENANCE OF CONSERVATION AREAS. Those Conservation Areas located upon the Common Elements shall be maintained in perpetuity by the Association

in their natural or mitigated condition. In the event the Association is dissolved or otherwise defaults on its obligation to maintain the Conservation Areas located upon the Common Elements, Declarant, for each Lot owned within the Properties, hereby covenants and each Owner for any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of such Conservation Areas. Those Conservation Areas located upon a Lot shall be maintained in perpetuity by the Lot Owner in their natural or mitigated condition. This Section, the provisions of Article VI, Section 13, as well as the amendment provisions in Article XI, Section 3 are intended to ensure continued compliance with the mitigation condition of a Clean Water Act authorization issued by the United States of America, U.S. Army Corps of Engineers, Wilmington District, Action ID, and therefore may be enforced by the United States of America. In the event of a conflict between this Section 3 relating to conservation areas and Article II, Section 2 hereof relating to watershed improvements, this Section 3 shall control.

SECTION 4. RULES AND REGULATIONS. The Executive Board of the Association may establish reasonable rules and regulations concerning the use of the Common Elements and any improvements located thereon. The Association may impose reasonable monetary fines and other sanctions for the violation established rules and regulations and for the violation of any of the covenants and conditions contained in this Declaration, which monetary fines and sanctions shall be assessed and collected pursuant to the provisions of Articles IV and XI hereof. Copies of such rules and regulations and the amendments thereto shall be furnished by the Association to all owners prior to the effective date thereof. All such rules and regulations shall be binding upon the owners, their families, tenants, guests, invitees and agents until and unless such regulation, rule or requirement shall be specifically overruled, canceled, or modified by the Executive Board of the Association or by the Members of the Association entitled to cast at least two-thirds (2/3) of the votes of the Association, who are voting, in person or by proxy, at a meeting duly called for such purpose; provided, however, during any Period of Declarant Control, Declarant must also consent to such action.

SECTION 5. OWNERS EASEMENTS OF ENJOYMENT OF COMMON ELEMENTS. Every Owner shall have a right and easement of enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) the easements herein reserved by Declarant or created in favor of the Association, including, without limitation the easements set forth in Article VIII hereof;
- (b) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Elements;
- (c) the right of the Association to suspend the voting rights by the Owner(s) of any Lot for any period during which any assessment against such Lot remains unpaid and for any period during which such Lot or any Owner or occupant thereof is in violation of the terms of this Declaration or the published rules and regulations of the Association and for a period not to exceed sixty (60) days after any such violation;

