



Drafted By: Bruce R. Hubbard
Mail after recording to: Bruce Hubbard
2110 Cloverdale Ave
Winston-Salem, NC, 27103

NORTH CAROLINA)
)
FORSYTH COUNTY)

**SECOND AMENDMENT TO THE
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR KENSINGTON VILLAGE**

WHEREAS, PENNSTON CORP., a corporation organized and existing under the laws of the State of North Carolina, with its principal office and place of business in the City of Winston-Salem, Forsyth County, North Carolina (hereinafter "Declarant"), caused the Declaration of Covenants, Conditions and Restrictions for Kensington Village to be recorded in the Office of the Forsyth County Register of Deeds in Book 2131, Pages 2124-2150, Forsyth County Registry, and subsequently amended as recorded in Book 2229, Pages 2055-2081 Forsyth County Registry (hereinafter "Declaration"), which applies to all lots in Kensington Village as recorded in Plat Book 42, pages 199-202, and Plat Book 44, Pages 65 and 66, Forsyth County Registry; and

WHEREAS, Declarant has the right pursuant to Article XI, Section 3. of the original Declaration of Covenants, Conditions and Restrictions for Kensington Village to amend said Declaration, and

WHEREAS, Declarant does hereby desire to amend said Declaration.

NOW, THEREFORE, Declarant modifies the Declaration of Covenants, Conditions and Restrictions for Kensington Village as follows:

1. **Article I, Section 14**, is hereby added as follows:

Section 14. "Buffer yard" shall mean and refer to the area identified on the recorded plat located on the perimeter boundary of the Kensington Village development. Said buffer yard is located on most Village Lots. The buffer plantings and existing vegetation located within the buffer yard shall be maintained in compliance with local zoning ordinances. The use of the buffer yard area shall be in compliance with local zoning ordinance.

2. **Article VI, Section 17**, is hereby added as follows:

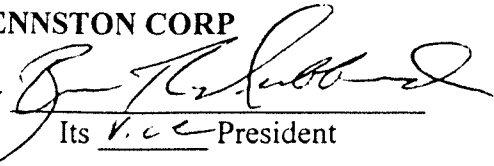
Section 17. The buffer yard as shown on the recorded plats shall be maintained and used in accordance with local zoning ordinances. No change to the property within the buffer yard is permitted without approval of the Board of Directors of the Association. No improvements, including but not limited to driveways, patios, dwellings, and garages, are permitted within the buffer yard. Fencing is permitted but must first be approved by the Board of Directors of the Association and be installed in compliance with local zoning ordinance and as approved by the Board of Directors of the Association. All tree plantings and existing vegetation within the buffer yard have been approved by the local zoning officer and provide the required screening. Each Village Lot owner on which the buffer yard is located shall be responsible for maintaining the portion of the buffer yard within his/her lot in accordance with local zoning ordinance.

3. Except as expressly amended herein, the restrictive covenants contained in the Declaration of Covenants, Conditions, and Restrictions for Kensington Village, as aforesaid, shall remain in full force and effect without change or modification.

IN TESTIMONY WHEREOF, PENNSTON CORP, has caused the foregoing document to be executed in its corporate name and by a duly authorized officer by authority of its Board of Directors, this the 2nd of April, 2003.

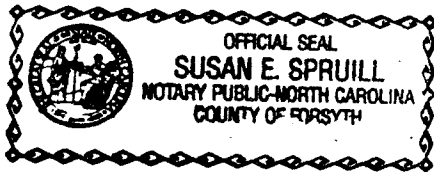
PENNSTON CORP

By


Its Vice President

NORTH CAROLINA - FORSYTH COUNTY

I, SUSAN E. SPRUILL, a Notary Public of
FORSYTH County, North Carolina, certify that
BRUCE X. HUBBARD personally came
before me this day and acknowledged that he is Vice President of
PENNSTON CORP., a corporation, and that he, as Vice President, being
authorized to do so, executed the foregoing instrument on behalf of the
corporation. Witness my hand and official seal, this the 2ND of April,
2003.



Susan E. Spruill
Notary Public
My Commission Expires: 9-24-05

NORTH CAROLINA - FORSYTH COUNTY

The foregoing (or annexed) certificate _____ of _____
is (are) certified to be correct.
This the _____ day of _____, 20____.
Probate and filing fee \$ _____ paid.

Register of Deeds, Forsyth County

By _____

FORSYTH CO, NC 46 FEE: \$ 92.00
PRESENTED & RECORDED: 01/30/2002 09:58AM
BICKIE C. WOOD REGISTER OF DEEDS BY: HODDVA
BK 2229 P 2055 - P 2081

Drafted By: Zachary T. Bynum, III
Mail after recording to: Zachary T. Bynum, III - Box #10

FIRST AMENDMENT TO THE DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
KENSINGTON VILLAGE

THIS DECLARATION, made on the date hereinafter set forth by Pennston Corp, a North Carolina corporation (hereinafter referred to as "Declarant"):

WITNESSETH:

WHEREAS, Declarant has the right pursuant to the original Declaration of Covenants, Conditions and Restrictions for Kensington Village to amend said instrument and does amend said instrument originally recorded in Book 2131, Pages 2124-2150, Forsyth County Registry. Declarant with this amendment changes and amends the original Declaration of Covenants, Conditions and Restrictions for Kensington Village in its entirety as follows:

WHEREAS, Declarant is the owner of approximately 28.97 acres of real property located in Kernersville Township, Forsyth County, North Carolina, which is being shown as Kensington Village, Section 1, Phase 1, recorded in Plat Book 42, Page(s) 199-201, and Kensington Village, Section 2, Phase 1, recorded in Plat Book 42, Page 202 in the Forsyth County Registry, and Kensington Village, Section 1, Phase 1 Townhomes H-1 through H-4 and H-17 through H-20, recorded in Plat Book 44, Page(s) 65 and 66, Forsyth County Registry.

WHEREAS, Declarant desires to create thereon an exclusive residential community of lots for individual homes and townhomes which shall be known as Kensington Village; and

WHEREAS, Declarant wishes to preserve the attractiveness of the subdivision and to prevent any future impairment thereof, to avoid nuisances, and to maintain the landscape and grounds of all the townhomes, the exterior of the townhome units and the Common Area and Townhome Common Area; and accordingly, Declarant shall subject the real property previously described, together with any additions thereto, to the covenants, conditions, restrictions, easements, charges, and liens hereinafter set forth, for the benefit of the property itself and all future owners thereof;

WHEREAS, Declarant has created an organization which shall oversee the maintenance of the real property, the administration and enforcement of the covenants and restrictions, and the collection and disbursement of the assessments, dues and charges hereinafter mentioned;

WHEREAS, said organization known the KENSINGTON VILLAGE ASSOCIATION, INC., (the "Association") has been formalized under North Carolina law as a non-profit corporation for the purpose of performing the aforementioned functions;

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

ARTICLE I DEFINITIONS

Section 1. "Association" shall mean and refer to KENSINGTON VILLAGE ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Board of Directors" shall mean and refer to the Board of Directors of the Association duly elected in accordance with its By-Laws.

Section 3. "Common Area" shall mean all real property owned and maintained by the Association for the common use and enjoyment of the Owners in Kensington Village. The Common Area also includes the area shown and referred to as Stormwater Retention Pond (the "Pond"). The Common Area may also be designated as "Village Green", "Village Park", "The Storm Water Pond", or such other areas as designated as Common Area on the recorded plat(s).

The Village Lots and Townhome Lots are not part of the Common Area, Townhome Common Area or Limited Common Area. The Common Area(s) or Townhome Common Area(s) or Limited Common Area(s) are expressly not dedicated for use by the general public but shall be conveyed by the Declarant to

the Association for the common use and enjoyment of the Owners in Kensington Village as more specifically provided hereinafter in this Declaration.

Section 4. "Townhome Common Area" shall mean and refer to all real property located within the area adjacent to Townhome Lots being the front, back, side yards and alleys within the designated boundaries as shown on the recorded plat(s). The Townhome Common Area shall be limited to the use and enjoyment of the Townhome Lot owners and their guest.

Section 5. "Limited Common Area" shall mean and refer to common area immediately adjoining Townhome Lots and shall primarily be the parking pads and rear yards, court yards, special areas adjacent to Townhome Lots which may be separately fenced and maintained by the Townhome Owner. These areas may be used to the exclusion of the other Owners and may be maintained and fenced by the adjoining townhome owner, however, all fencing, landscaping or other improvements must be approved by the Association and the Declarant, or its designee.

Section 6. "Declarant" shall mean and refer to Pennston Corp, a North Carolina corporation, its successors and assigns.

Section 7. "Village Lot" shall mean and refer to any numbered lot on which a detached single family home may be constructed and so designated upon the recorded subdivision plat(s) of the Properties.

Section 8. "Townhome Lot" shall mean and refer to any numbered lot on which an attached Townhome may be constructed and so designated upon the recorded subdivision plat(s) of the Properties.

Section 9. "Townhome" shall mean and refer to the dwelling and garage constructed on a Townhome Lot and shall be a separately numbered lot shown on a recorded plat of the subdivision. However, it shall not include exclusive use and access of the exterior of said townhome, or the land situated around said townhome, which shall be owned and designated as Townhome Common Area or Limited Common Area.

Section 10. "Lots" shall mean and refer to both Village Lots and Townhome Lots.

Section 11. "Owner" shall mean and refer to the record Owner (other than Declarant), whether one or more persons or entities, of a fee simple title to any Village or Townhome 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. However, the Declarant shall be considered an Owner for those Village Lot or Townhome Lot which has a dwelling thereon and which is owned by the Declarant.

Section 12. "Properties" shall mean and refer to that certain real property hereinabove described.

Section 13. "Member" shall mean and refer to every person or entity that holds membership in the Association.

ARTICLE II PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF THE KENSINGTON VILLAGE ASSOCIATION, INC.

Section 1. Area of Development. The real property which is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration, and within the jurisdiction of the Association, is approximately 29.53 acres of land located in Forsyth County, North Carolina, a portion of which is more particularly described as being the property shown as Kensington Village, Section 1, Phase 1, and Kensington Village, Section 2, Phase 1, as recorded in the Forsyth County Registry as heretofore stated, and any recombination or resubdivision thereof as are effected by recordation of any subsequent plat(s).

Section 2. Annexation. The Declarant without the consent of members may annex the remaining undeveloped land of the Kensington Village community master plan (Exhibit "A").

ARTICLE III PROPERTY RIGHTS

Section 1. Owner's Easement of Enjoyment. Every Owner, the Association and the Declarant shall have a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Village Lot and Townhome Lot.

Townhome Lot Owners, the Declarant and the Association shall have exclusive access to the areas designated as Townhome Common Area and any Limited Common Areas within the townhome community boundaries as shown on the recorded plat(s). Townhome Lot Owners shall enjoy the special rights and easements as hereinabove designated for Limited Common Areas. Village Lot Owners shall have the exclusive right to own and enjoy the area within their lot

subject to reasonable and necessary use of the lot for maintenance of any public utilities.

The Association shall have the right and easement to use the each Townhome Lot, Common Area, Townhome Common Area(s) and Limited Common Areas for the purpose of maintenance, repair and upkeep of landscaping yards, exterior (including the roof) of all Townhomes, subject to the following provisions' and the Owners use of each Village Lot shall be subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees, subject to the provisions of the Kernersville City Code, for the use of any recreational facility situated upon the Common Area;

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

(c) the right of the Association to dedicate or transfer all or any part of the Common Area and Townhome Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless a written instrument signed by at least sixty-six and two-thirds percent (66-2/3%) of each class of Members, agreeing to such dedication or transfer, has been recorded and provided that this subsection shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of sewer, utility (including CATV) and drainage facilities upon, over, under and across the Common Area and Townhome Common Area without the assent of the Members when, in the opinion of the Board, such easements are necessary for the convenient use and enjoyment of the Properties. The Common Area and Townhome Common Area shall be preserved for the perpetual benefit of the Owners or for the public in general and shall not be conveyed except to the City of Kernersville or to another non-profit corporation with similar ideas as those of the Association;

(d) the right of the Association to impose reasonable rules and regulations for the use and enjoyment of the Common Area, Townhome Common Area, Limited Common Area and Village and Townhome Lots and improvements thereon, which regulations may further restrict the use of the Common Area, Townhome Common Area, Limited Common Area and Lots;

(e) the right of the Association, with the written assent of Owners entitled to at least two-thirds (2/3) of the votes appurtenant to the Class A and Class B membership, to mortgage or pledge any or all real or personal property owned by the Association as security for money borrowed or debts incurred by the Association, subject to the property rights of the Owners and Declarant as set forth herein;

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment and access granted to every Owner in Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence.

(b) Tenants or Contract Purchasers. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the Owner to his tenants or contract purchasers who occupy a residence or a portion of said residence within the Properties as their principal residence.

(c) Guests. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated to the guests of the Owner, tenants or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors governing said use.

(d) Appurtenant to Ownership. The right and easement of enjoyment in and to the Common Area may not be separated from the ownership of any Village Lot or Townhome Lot. The right and easement of enjoyment in and to the Townhome Common Area and the Limited Common Area, may not be separated from the ownership of any Townhome Lot.

Section 3. Parking Rights.

(a) Parking Spaces. There will not be specifically designated spaces for the Owners and their guests. The Board of Directors of the Association may modify the parking arrangement from time to time as it may determine is in the best interest of the Owners.

(b) Recreational or Commercial Vehicles. No campers, trailers, boats, tractors, trucks, vans, or other recreational or commercial vehicles may be parked or kept within the Properties, unless they are kept within enclosed garages or at locations specifically designed for such parking by the Board of Directors of the Association. The Board of Directors may make reasonable

charges for parking of such vehicles in designated areas and may refuse to allow any such parking within the Properties.

(c) Parking Rules and Regulations. The Board of Directors may wish such reasonable rules and regulations as it may elect with respect to the parking of vehicles aforesaid and may amend and vary the requirements of this Section without the consent of the Owners.

Section 4. Conveyance of Title to the Association. Declarant covenants for itself and its successors and assigns, that it shall convey fee simple title to the Common Area, Townhome Common Area and Limited Common Area to the Association. Declarant reserves an easement to, from, over and across the Common Area, Townhome Common Area and Limited Common Area for the purpose of constructing additional dwellings/units upon the Village and Townhome Lots or for the purpose of constructing any amenities or improvements upon the Common Area, Townhome Common Area or Limited Common Area. Such conveyance shall be free and clear of all encumbrances and liens, except as to any drainage, utility, landscape and sign maintenance easements shown on the recorded plat(s) of Kensington Village or referred to herein.

ARTICLE IV MEMBERSHIP AND VOTING RIGHTS

Section 1. Declarant and every Owner of a Village or Townhome Lot, shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Village or Townhome Lot.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the Lots, recorded or unrecorded, as shown on Exhibit "A". There shall be two (2) classes of voting memberships:

(a) Class A. Class A Member(s) shall be (i) the Declarant, its successors or assigns, as to Lots retained by the Declarant upon the termination of Class B membership, and (ii) all Owners other than the Declarant. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest (other than leasehold or a security interest) in any Lot, all such persons shall be Members. The vote or votes for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast nor shall fractional voting be allowed with respect to any Village or Townhome Lot.

(b) Class B. The Class B Member shall be the Declarant as to all Lots, either recorded or unrecorded, as shown on Exhibit "A", owned by the Declarant which have not been converted to Class A as provided in subparagraphs (1)-(3) below. The Declarant shall be entitled to three (3) votes for each recorded and unrecorded Village or Townhome Lot it owns. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier.

- (1) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (2) upon ten (10) years after the date of recordation of the Declaration, or
- (3) upon the resignation of Declarant as a Class B Member.

Section 3. In the event that any Owner ceases to occupy the Townhome or home on a Village Lot as his or her personal residence, then the votes of Owners of such vacant or rental units, shall not be entitled to any weight greater than forty-nine percent (49%) on any matter pending before the Association.

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation of Assessments. Each Owner of a Village Lot or Townhome Lot by acceptance of a deed, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, (2) special assessments for capital improvements, replacements and repairs to the Common Area and improvements thereon, (3) monthly assessments for lawn and landscape maintenance of the Townhome Common areas, exterior maintenance of the Townhomes and dwelling insurance for the Townhomes (paid for by the Townhome Lot Owners only), and (4) all charges or amounts paid by the Association on behalf of an Owner, such assessments and charges to be established and collected as hereinafter provided.

"Annual Assessments" and "Special Assessments" shall be for the maintenance, repairs, and expenses related to the Common Area (including the stormwater control retention pond), utility cost, the administrative, legal, financial, and management cost related to the operation of the Association; the maintenance of

the berm along Hopkins Road and the entrance signage. These assessments shall be paid by the Owners of all the Lots.

"Administrative Fees" shall be paid to the Association by the purchaser of a Village or Townhome Lot whenever the lot transfers ownership. Said fee shall be \$100.00 and may be adjusted annually by the Board of Directors, but in no event shall the increase be more than 5% of the previous year's fee. These fees shall be used to meet the obligations for which "Annual Assessments" and "Special Assessments" are collected.

"Townhome Monthly Assessments" and "Townhome Special Assessments" shall be for the maintenance, repairs, reserves and expenses related to the Townhome Common Area, Limited Common Area and the exteriors of the Townhomes; the administrative, legal, financial and management cost related to the Townhomes; and, the annual premium for dwelling insurance for the Townhomes. These assessments shall be paid by the Townhome Lot Owners only.

Village Lot Owners shall maintain their own yards in a reasonable manner consistent with the community.

Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the promotion of the recreation, health, safety, and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose; for the exterior maintenance, reserves for painting and roofing, and dwelling insurance premiums of the Townhome; for the grounds maintenance, utility cost, repairs and reserves for the private alleys and parking pads for the Townhome Common Area; for the promotion of the use and enjoyment of the Common Area; for the payment of taxes and special assessments levied against the Common Area; for the procurement and maintenance of insurance in accordance with the By-Laws; for the payment of employment contracts, including those of attorneys to represent the Association when necessary; for the lighting, maintenance and landscaping of the Common Area and the entrance landscaped berm along Hopkins Road and entrances located on Carlisle Park Drive; for the payment of utility charges attributable to the entrances and Common Area; for the administrative, legal, financial and management cost of the Association; and for the payment of stormwater retention pond maintenance located in the Common Area, in accordance with the applicable North Carolina General Statutes.

If there should be any disagreement as to the special assessments for maintenance and repair of the Townhomes or Townhome Common Area or Limited Common Area among the Board of Directors then the Directors who are

actual Townhome Lot Owners shall be entitled to decide that portion of the assessment.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be One hundred forty three Dollars (\$143.00) per Lot; the maximum Townhome Monthly Assessment shall be Ninety Two Dollars (\$92.00) per month per Townhome Lot.

- (a) Thereafter the maximum Annual assessment and Townhome Monthly Assessment 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 ten percent (10%) of the maximum annual assessment of the previous year; and
- (b) The maximum Annual Assessment and Townhome Monthly Assessment may be increased without limit by a vote of sixty-six and two-thirds percent ($66\frac{2}{3}\%$) of the Class B Members (so long as there is a Class B Member) and by a vote of sixty-six and two-thirds percent ($66\frac{2}{3}\%$) of the Class A Members who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 4. Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized under Sections 2 or 3 of this Declaration shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast fifty percent (50%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half ($1/2$) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. Rate of Annual Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a quarterly basis. Monthly assessments for Townhome Lot Owners shall be uniform and monthly assessments for Village Lot Owners shall be uniform.

Section 6. Date of Commencement of the Assessments: Due Dates. The Annual Assessments provided for herein shall be collected on a annual basis and shall commence as each Lot is sold to an Owner by the Declarant. Townhome Monthly Assessments shall commence on shall commence on the date the dwelling on the lot is first occupied. Until such time, the builder/owner

shall be responsible for the ground maintenance. The first annual assessment shall not exceed the maximum annual assessment set forth in Section 3 and shall be prorated for the number of days remaining in the calendar year.

At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual and monthly assessment. Within fifteen (15) days before January 1 of each year, the Board of Directors shall send written notice of such assessment to every Owner subject thereto. The due dates for the payment of annual, monthly and special assessments 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. This certificate shall constitute conclusive evidence of payment of any assessment to any third party, acting in reliance on the statement.

Section 7. Effect of Nonpayment of Assessments: Remedies. Any assessment not paid within ten (10) days after the due date shall incur a late charge as established by the Board of Directors and, if not paid within thirty (30) days, shall bear interest from the date at the rate of ten percent (10%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, and to enforce the lien against the property. Interest, costs and reasonable attorney's fees shall be added to the amount of such assessment. 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. The personal liability for delinquent assessments shall not pass to his successor in title unless expressly assumed by them, but any delinquent assessment shall constitute an encumbrance on the property despite passage of title.

Section 8. Effect of Nonpayment of Taxes or Public Capital Improvement Assessments. The Association shall be responsible for the payment of local taxes and payments of assessments for public and private capital improvements made to or for the benefit of the Common Area and Townhome Common Area and Limited Common Area. Taxes on improvements in the Limited Common Area shall be the responsibility of individual Owner. Upon default by the Association in the payment to the government authority entitled thereto of any ad valorem taxes levied against the Common Area, Townhome Common Area or Limited Common Area or assessments for public improvements to the Common Area or Townhome Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay the taxing or assessing governmental authority a portion of such taxes or assessments for the Common Area only in an amount determined by dividing the total taxes and/or

assessments due the governmental authority by the total number of Village and Townhome Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of the notice of the amount due, then such sum shall become a continuing lien on the lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law against the Owner personally obligated to pay the same or may elect to foreclose the lien against the Lot of the Owner. The same shall be applicable for taxes or assessments levied against the Townhome Common Area and Limited Common Area, which shall be the sole responsibility of the Townhome Lot Owners.

Section 9. Effect of Conveyance on Lien. Sale or transfer of any Lot shall not affect the assessment lien or liens as provided for in the preceding section. No such sale or transfer shall relieve such Village or Townhome Lot from liability for any assessments or from the lien thereof.

Section 10. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien or liens as provided for in the preceding sections. However, the sale or transfer of any Lot which is subject to any first mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage or deed of trust.

Section 11. Exempt Property. All Lots and all other property owned by the Declarant as shown on Exhibit A and all property dedicated to, and accepted by public authority and all Properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, Declarant shall not be exempt the payment of a Special Assessment levied on all the Lots it owns in Kensington Village solely for the purpose of maintenance or repair of the Stormwater retention pond.

ARTICLE VI USE RESTRICTIONS

Section 1. Land Use and Building Type. Every Lot shall be used for residential purposes only, and no structures shall be erected or allowed to remain on any Lot except one dwelling not exceeding two stories (excluding the

basement level). Only one family may occupy such Lot as a principal residence at any one time. Declarant or its designee may maintain a sales office, model, and construction office in one or more units in accordance with the Kernersville City Code.

Section 2. Prohibition Against Commercial Use: Nuisances. No Lot shall be used for business, manufacturing or commercial purposes, nor shall any animals or fowls be kept or allowed to remain on any Lot for commercial purposes, and no animals other than household pets shall be kept or allowed to remain on any Lot for any purpose, nor shall any activity be done on any Lot which is a nuisance or any annoyance to the community. No unlicensed motor vehicle, nor any motor vehicle, which has been nonoperational for more than one (1) week, shall be allowed to remain in the open on any part of the Properties.

Section 3. Building Lot Area. No Building Lot may be subdivided by sale or otherwise so as to reduce the total area of the Building Lot as will be shown on the plats of Kensington Village to be recorded in the Forsyth County Registry, except by written consent of the Declarant or the Association after the termination of the Class B membership. Said consent may be withheld in the discretion of the Declarant or the Association. Said division shall be in accordance with the Town of Kernersville ordinances and shall require a recombination deed of the parcel.

Section 4. Dwelling Size. No townhome shall be erected or allowed to remain on any Townhome Lot unless such dwelling shall contain at least 1,400 square feet of heated, finished living area. No home shall be erected or allowed to remain on any Lot unless such dwelling shall contain at least 1,600 square feet of heated, finished living area. All computations of square footage as above required shall exclude basements and open porches. No floor or level of any residence, which floor or level is wholly or partially below the natural grade of the front elevation of the townhome constructed on the lot, shall be included in the computation of the above-required square footage.

Section 5. Approval of Residence Design and Site Plan and Requirement of "neoclassical" Style Architecture.

(a) No site preparation or initial construction, erection or installation of any improvements, including, but not limited to, outbuildings, fences, walls, signs, mailboxes, flags, lampposts and other structures, or excavation, or changes in grades, or landscaping shall be undertaken upon any Lot unless the complete plans and specifications, showing the nature, kind, shape, height, type of materials and location of the proposed improvements on the Lot, shall have been submitted to the Declarant or its designee and expressly approved in writing.

No subsequent alteration or modification of any existing improvements or construction, changes in exterior paint or roof colors, plantings in the Common Area or Townhome Common Area, plantings in the Limited Common Area if the plants maturity height is taller than the fencing enclosing the Limited Common Area, erection or installation of additional improvements including fencing, athletic or playground equipment (including but not limited to basketball goals), may be undertaken or allowed to remain without the review and express written approval of the Declarant or its designee. An Architectural Control Committee appointed by the Board of Directors may be appointed to control all improvements after the initial sale of a home on a Village Lot or Townhome to an Owner.

(b) Both Townhomes and homes on Village Lots shall be built in an architectural style which incorporates architectural features commonly known as "neoclassical". The architectural features may include the use of classical windows such as cameo windows, eyebrow dormers, round-head windows and clerestory windows. The windows trim may incorporate the use of decorative shutters, heads, aprons and cornices. The doors shall be panel style and may include transom or sidelight trim. Porches shall be used on all townhomes and the majority of single-family homes. The porches are one and/or two bay porch styles with column supports. The roof type shall be hip and gabled with a minimum of three off set roof pitches. Dormers shall be considered a roof pitch.

(c) In the event that the Declarant or its designee fails to approve or disapprove any improvement designated in subparagraph (a) within thirty (30) days after plans and specifications have been submitted and received, approval will not be required, and the requirements of this Section 5 will be deemed to have been fully satisfied; provided that the plans and specifications required to be submitted shall not be deemed to have been received by the Declarant or its designee, or if they contain erroneous data or fail to present full and adequate information upon which the Declarant or its designee can arrive at a decision.

(d) The Declarant or its designee shall have the right, at its election, to enter upon any of the Lots during preparation, erection or installation of any improvements to determine that such work is being performed in conformity with the approved plans and specifications.

(e) No approval of plans, location or specifications shall be construed as representing, warranting or guaranteeing that any improvements thereto will be built in a good workmanlike manner or that the plans and specifications with respect thereto shall result in an improvement of any particular quality. The Declarant or its designee shall not be responsible or liable for any defects in any plans and specifications submitted, revised or approved under the restrictive

covenants, nor shall Declarant or its designee have any responsibility for defects in construction pursuant to any such plans and specifications. Each Owner shall have sole responsibility for compliance with the plans and specifications as approved by the Declarant or its designee.

(f) Upon the termination of the Class B membership, all powers of the Declarant outlined in this section shall transfer to the Association.

Section 6. Use of Common Area. The Common Area shall not be used in any manner except as shall be approved or specifically permitted by the Declarant or by the Association following the termination of the Class B membership.

Section 7. Temporary Structures. No structure of a temporary character shall be erected or allowed to remain on any Lot and no outbuilding erected on any Lot shall be used as a residence either permanently or temporarily.

Section 8. Streets, Fences, Walls and Signs. No street shall be laid out or opened across or through any Lot, nor shall any fence or wall be created or allowed to remain on said property, except with the written consent of the Declarant. No banner or signs shall be erected or allowed to remain on said property. A "For Sale" sign or "For Rent" sign not exceeding three feet in width and two feet in height shall be permitted in front of the Townhome or in the front yard of the Village Lot. Notwithstanding the foregoing, walls, fences, signage, and landscaping may be erected, placed and may remain as part of the Common Area or Townhome Common Area with the written consent of the Declarant, except that chain link fences and fences in excess of eight feet in height are prohibited on any Lot, but may be placed around the Stormwater Control Pond.

Section 9. Sanitary Sewer. No townhome or home shall be erected or allowed to remain on any Village or Townhome Lot that is not connected with the sanitary sewer system serving Kensington Village.

Section 10. Waiver of and Consent to Violations. The Declarant may, in its sole discretion, waive any unintentional violation of Article VI of this Declaration by appropriate instrument in writing.

Section 11. Utility Lines, Satellite Dish, Radio and Antennas. Electrical service, telephone, cable television, and other such utility lines shall be placed underground and no outside electrical lines shall be placed overhead. This section also applies to satellite antennas less than one meter in diameter, off-the-air television antennas and multipoint distribution services (MDS) antennas less than one meter in diameter (hereinafter collectively referred to as "Antenna"). If

reception will not be impaired, the Antenna shall be located inside the unit. An Owner will not be permitted to install an Antenna as hereinabove defined in any area which will be visible to the residents or their guests and invitees. Furthermore, an Antenna shall not be installed in any of the "Common Areas".

If an Owner selects a dish and it cannot be located inside the unit, the Homeowner shall be required to paint or screen the Antenna thereby providing as minimal visual intrusion as possible. MDS Antennas in excess of 12 feet above the roofline of any unit are prohibited. For the safety and well being of the residents, the Antenna shall not be affixed to the roofs of the units. The primary purpose for the aforementioned restrictions is to maintain the integrity of the values of the units so that all of the unit owners will benefit from a uniform increase in value. No exterior satellite dish may exceed 22 inches in diameter.

Section 12. Garbage Disposal. All garbage shall be stored within the garage of each Owner or in the storage facilities, if any provided for said residence at the time the dwelling is constructed. No Owner may change or supplement the garbage disposal facilities provided for said residence at the time the dwelling is constructed. Nothing contained herein shall prevent an Owner from complying with the specific requirements of public health authorities or other public agencies regarding garbage disposal. All garbage cans shall be screened from view from any public street except for a 24-hour period when the garbage is to be picked up by the collection service.

Section 13. Clothes Drying. No drying or airing of any clothing or linens shall be permitted outdoors on any Village or Townhome Lot or in any other unenclosed area within the Properties.

Section 14. Garages. When in the Townhome areas, garages are provided as a part of the Townhome Lot. All garages on Townhome Lots and Village Lots shall be used solely for automobile storage and such accessory storage or other use as shall not interfere with its use for automobile storage. No garage may be converted to residential or recreational use.

Section 15. Application of Restrictions. The foregoing covenants and restrictions shall apply only to the Properties and nothing contained herein shall preclude Declarant from altering the location of any private drives other than such portions of such private drives as abut said property.

Section 16. Regulations. Reasonable rules and regulations governing the use of the Common Area and external appearance of the Townhomes may be made and amended from time to time by the Board of Directors of the Association. Copies of such rules and regulations and amendments thereto shall be furnished to each Member by the Association upon request.

ARTICLE VII EASEMENTS

Section 1. Access and Utility Easements. Easements for the installation and maintenance of driveway, walkway, water line, gas line, telephone, cable television, electric power line, sanitary sewer and storm drainage facilities and for other public utility installation are reserved as shown on the recorded plat or other recorded documents.

(a) Declarant reserves an easement for and the right at any time in the future to grant rights of way for the installation and maintenance of public utilities across, on, or under any Village Lot at a distance of not more than ten (10) feet from the rear and side lines of any Village Lot, but such rights of way must be used so as to interfere as little as possible with the use of said property by its Owners.

(b) Within any easement, no structure, planting or other material shall be placed which may interfere with the installation of any utility, or which may change the direction of flow or drainage of water.

(c) The Association shall also have the right but not the obligation to maintain all sewer and water lines located on the Village Lots, Common Area, Townhome Common Area or Limited Common Area and/or located within or under the Townhomes.

(d) Declarant reserves an easement on, over and under the Properties to maintain and to correct the drainage or surface water runoff. Such right expressly includes the right to cut or remove any trees, shrubs, make any gradings of the soil, or take any other similar action reasonably necessary. After such action has been completed, Declarant shall restore the affected property to its original condition to the extent practicable.

(e) The Association shall have the right to enter onto a Village Lot for the purpose of maintaining the lawns, trees, shrubbery and any improvements to the Lot which are, in the Boards opinion, in a state of disrepair.

Section 2. Easement of Support. Every Townhome Lot shall be burdened with the easement or lateral support in all party walls for the benefit of the abutting townhome. A party wall is a wall that is placed on a common boundary line between Townhome Lots. The general rules of law regarding party walls, lateral support and below ground construction and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(a) The cost of reasonable repair and maintenance of a party wall shall be shared by the joint Owners who make use of the wall. The Owner who bears the cost of repair shall be entitled to the right of contribution from the adjoining Owner. This right shall be appurtenant to the land and shall pass to the Owner's successors in title.

(b) If a party wall is destroyed by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportionate amounts.

(c) Every Owner of and adjoining Townhome shall have an easement and right of entry upon the adjoining Townhome Lot to the extent reasonably necessary to perform repair, maintenance or reconstruction of a party wall. The Owner shall restore the adjoining Townhome Lot(s) to the same or similar condition as that which prevailed to commencement of the work as is reasonably practicable.

(d) If any Owner desires to sell his or her property, he or she may, in order to assure a prospective purchaser that no adjoining property Owner has a right of contribution, request a certification from the adjoining Owners that no right of contribution exists. All Owners must make such certification immediately upon request and without charge. If an Owner claims a right to contribution, the certification shall contain a recital of the amount claimed.

(e) In the event of any dispute arising concerning a party wall, such Dispute shall be settled by arbitration as provided by the laws of North Carolina.

Section 3. Easement of Governmental Access. An easement is hereby established over and across the Common Area, Townhome Common Area and Limited Common Area and Village and Townhome Lots for the benefit of any agencies performing governmental duties such as garbage collection, mail delivery, police and fire protection, and the reading of utility meters.

ARTICLE VIII INSURANCE

Section 1. Association's Responsibilities. The Association shall maintain liability insurance, in an amount not less than \$1,000,000.00, per occurrence and \$2,000,000 general aggregate insuring the Association and its Members against any injuries occurring upon the Common Area and Townhome Common Area and Limited Common Area. The Association shall also maintain replacement property insurance covering all assets (property and equipment) owned by the Association, Officers and Directors liability insurance for the Officers and Directors of the Association, a fidelity bond with a minimum coverage of \$25,000 on the Officers, Directors and employees (if any) of the Association. The Association shall also purchase a master insurance policy covering replacement cost of the Townhomes (the annual premium to be paid by the Townhome Owners only through the Townhome Monthly Assessments or the Townhome Special Assessments).

Insurance policies upon the Townhomes (other than title insurance) issued in accordance with the provisions of N.C.G.S. Chapter 47A-42 shall be purchased by the Association in the name of the Board of Directors of the Association, as Trustees for the Townhome Lot Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or mortgage endorsements to the holders of first mortgages on the Townhomes or any of them, and if the companies writing such policies will agree, the policies shall provide that the insurer waives its rights of subrogation as to any claims against Townhome Lot Owners, the Association and its respective servants, agents and guests. The Association shall not insure the personal property of any Owner nor provided liability coverage for such Owner.

The master policy shall be purchased from an insurance company having an AM Best Company Rating, Inc. of A covering the Townhome and all improvements upon the Townhome Lot and any heating, air conditioning or ventilation units, except such personal property as may be owned by the Townhome Lot Owners, shall be procured in an amount equal to the maximum insurance replacement value thereof (exclusive of excavation, foundations, streets and open parking facilities), to be adjusted annually in accordance with increased construction cost in the local area. Such coverage shall afford protection against: (i) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; (ii) such other risks as from time to time customarily shall be covered with respect to townhomes similar in construction, location and use, including vandalism and malicious mischief.

It is the intent hereof, that the Townhomes (for which the Association's insurance will be responsible) will include, but not be limited to, all interior drywall, paneling and molding, wooden flooring, ceramic floor covering, wall to wall carpeting, vinyl flooring, walls, studs, supports, and wall insulation, concrete slabs, floor and ceiling joists, wall covering, security systems, opening devices for doors and windows. Each Townhome building shall be deemed to include the interior and exterior of any and all doors, windows, sliding glass doors and other closures, door locks and hardware. Also included are heating and air conditioning systems serving the Townhome wherever located, electrical receptacles, all pipes, wires, conduits and other facilities for the furnishing of utilities and other services to the Townhome, fixtures, improvements and alterations that are a part of the building or structure; and appliances, such as those used of refrigeration, ventilating, cooking, dishwashing, laundering, security or housekeeping.

Public liability and property damage liability insurance in such amounts and in such forms as shall be required by the Association, including legal liability, hired automobile, non-owned automobile and off-premises employee coverage.

All liability insurance shall contain cross-liability endorsements to cover liabilities of the Owners as a group to a Village Lot Owner and Townhome Lot Owner.

All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees, as their respective interest may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. The Association shall hold such proceeds in trust for the benefit of the Association, the Owners and their respective mortgagees. If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost. Any proceeds remaining after defraying such costs shall be paid to the Association.

The insurance proceeds shall be used to repair or replace the damage done to the common area and any Townhome. All Townhomes shall be restored and any funds received from an insurance company in excess of the cost to repair or replace shall become the property of the Association.

Section 2. Owners' Responsibilities. All Village Lot Owners shall be responsible for maintaining insurance coverage on their own Village Lot and improvements thereon to protect against loss or damage from all hazards. In addition, all Village Lot Owners shall be responsible for maintaining personal liability insurance for injury to person or property occurring on his or her Village Lot.

The Owner of a Townhome covenants, by acceptance of a deed to such Townhome, to maintain a homeowner's Form 6 or "Condominium-Unit Owner's Form" as commonly known in the insurance industry; and shall name the Association as an additional insured on such policy. Each Townhome Owner, at its expense, shall keep in force comprehensive personal liability insurance covering liability for damages to person or property of others located within such Townhome or upon the Common Area or Townhome Common Area or Limited Common Area in such amounts as the Board of Directors shall, from time to time, determine, but in no case less than \$300,000.00 for each occurrence.

Each Townhome Lot Owner shall be responsible for the master policy deductible charged for damage to his or her Townhome.

ARTICLE IX MAINTENANCE

Section 1. Association Responsibilities. The Association shall provide exterior maintenance on each Townhome on a Townhome Lot and Townhome Common Area subject to assessments as outlined herein. Such exterior maintenance for Townhomes only includes, but is not limited to: painting, repair, and care of exterior building surfaces, roofs, gutters and downspouts, walkways, driveways and parking pads located within the Limited Common Area. The exterior maintenance responsibilities of the Association shall not include glass surfaces or the replacement of patios, or decks located on any Townhome Lot or within Limited Common Area for the Townhomes. In addition, the Association shall provide maintenance for the completed Stormwater retention pond as directed by the governmental office having jurisdiction for watershed protection. If the Association should be dissolved or cease to exist, then in that event, all the owners of record at the time of required maintenance shall be jointly and severally liable for any and all costs attendant thereto.

(a) The Association and its agents or employees shall have access to any Village Lot, Townhome Lot, Common Area, Townhome Common Area, or Limited Common Area from time to time during reasonable working hours for the purpose of performing the maintenance and repairs as authorized by the Board of Directors. The Association and its agents shall also have access to any Village or Townhome Lot at any time without notice as may be necessary to make emergency repairs to prevent damage to the Common Area, Townhome Common Area, Limited Common Area or any Village or Townhome Lot. If an Owner installs a fence or otherwise prevents access for maintenance, the Association shall have no obligation to maintain such area, including the

provision of lawn care. However, if an Owner installs a fence and fails to maintain the area, the Association has the right to enter the Village Lot or Limited Common Area and performance whatever maintenance the Board of Directors authorize and assess additional dues to the Owner for maintenance purposes.

(b) In the event that the need for maintenance, repair or replacement results from the willful or negligent act of the Owner, his family, guests, tenants, invitees, independent contractors, or contract purchasers, the cost of such maintenance, replacement or repair shall be added to the assessment for that Village or Townhome Lot.

Section 2. Owner's Responsibilities. Each Village Lot Owner shall maintain, repair or replace at his or her expense all improvements on his or her lot including the dwelling, garages, carports, sidewalks, driveways, patios, fences, decks, the watering of lawns, and the removal and replacement of dead trees and shrubbery. Each Village Lot Owner shall be responsible for the repair or replacement of his or her Village Lot damaged by casualty.

Each Townhome Lot Owner shall maintain, repair or replace at his or her own expense, the interior of his or her dwelling including, but not limited to, plumbing, electrical, lighting, the heating and cooling units servicing his or her dwelling, whether located on his or her Townhome Lot or in the Townhome Common Area or Limited Common Area, and the improvements located within the Limited Common Area (other than the parking pads, which shall be maintained by the Association). The Townhome Lot Owners shall also be responsible for replacement of exterior features (excluding the roof shingles) such as broken windows, broken exterior doors, shutters, guttering, decks and patios and fencing within the Limited Common Areas. The replacement work and materials shall be shall approved by the Board of Directors, contracted for by the Association and paid for by the Townhome Owner on whose Townhome the work is being performed through a "Special Townhome Assessment".

Section 3. Maintenance of the Permanent Stormwater Control Structure. The Association is responsible for maintaining the completed permanent storm water control structure as directed by the Watershed Administrator for the Town of Kernersville. If the Association should be dissolved or cease to exist, then in that event, all the owners of record title to any property within the Development

at the time of required maintenance shall be jointly and severally liable for any and all cost attendant thereto. Any amendments to the Association's Declaration of Covenants, Conditions and Restrictions relating to the maintenance and ownership of the permanent storm water control structure shall not be valid without review by, and approval of, the Town of Kernersville Watershed Review Committee.

ARTICLE X AMENDMENT AND APPROVAL

Section 1. Approval of Owners. Unless at least seventy-five percent (75%) of the Owners of Lots located within the Properties have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned by the Association. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause. The real property owned by the Association shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the City of Kernersville or to another non-profit corporation for the purposes set forth herein. Any sales or transfers of real property located within the Common Area shall be done in accordance with the Kernersville City Code.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot. The Declarant, unless the Declarant is the owner of a Townhome or Village Lot with a dwelling on said Village Lot, shall not be obligated for dues or assessments, except those required under the Stormwater maintenance control lien provision referred to herein. This provision may not be amended.

(c) By act or omission change, waive, or abandon any plan of regulation, or enforcement thereof, pertaining to the architectural design or the exterior appearance of residences located on Village or Townhome Lots, the maintenance of party walls or common fences and driveways, or the upkeep of lawns and landscaping in the subdivision.

(d) Fail to maintain fire and extended coverage insurance on insurable improvements in the Common Area, and Townhome Common Area on current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value.

(e) Use the proceeds of any hazard insurance policy covering losses to any part of the Common Area or Townhome Common Area for other than the repair, replacement or reconstruction of the damaged improvements.

(f) This Declaration may be amended by Seventy-Five Percent (75%) of the owners of lots located within the properties at a meeting specifically called for that purpose pursuant to Article V, Section 4 of this Declaration. However, such amendments shall not: alter any obligation to pay ad valorem taxes or assessments for public improvements; modify the obligation for maintenance of the permanent storm water treatment structure as stated herein; require the Declarant to pay dues or assessments other than those as stated herein; prohibit the Declarant from annexing any undeveloped land into the Association; or affect any lien for payment thereof established herein.

(g) Anything in this Article to the contrary notwithstanding the Declarant shall have the right to amend this declaration in its discretion as stated in Article XI, Section 3.

Section 2. Books and Records. Any Owner or holder of a first deed of trust on any Village or Townhome Lot, or the agent or agents of either, shall have the right to examine the books and records of the Association during any reasonable business hours.

Section 3. Payment of Taxes and Insurance Premiums. The Owners of Village or Townhome Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against any of the Common Areas and Townhome Common Areas and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy covering property owned by the Association. The persons, firms, or corporations making such payments shall be owed immediate reimbursement from the Association.

ARTICLE XI GENERAL PROVISIONS

Section 1. Enforcement. The Declarant or its assigns, the Association, or any Owner, shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Declarant, the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

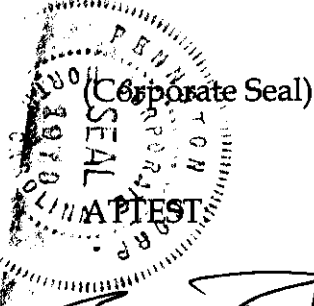
Section 3. Terms and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded after which time they shall be automatically extended for successive periods of ten (10) years unless a majority of the Owners consent in writing to their termination. In addition, prior to the sale of any Village or Townhome Lot by the Declarant, this Declaration may be amended or revoked by Declarant in its sole discretion, except, however, relating to the maintenance and ownership of the Stormwater retention pond, which amendments or revocations must be first reviewed and approved by the governmental office having jurisdiction for watershed protection. After the sale of Lots commences, this Declaration may be amended in Declarant's sole discretion to maintain the quality and integrity of the community or as otherwise provided herein, or by the owners as provided hereinabove, provided that such amendment shall not alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided; modify the obligation for maintenance of the permanent storm water treatment structure as stated in Article IX, Section 3; require the Declarant to pay dues or assessments other than those as stated herein; prohibit the Declarant from annexing any undeveloped land into the Association; or affect any lien for the payment thereof established herein.

Section 4. Federal Home Administration/Veterans Administration/FNMA Approval. In the event that any agency of the federal or state government or any federal corporation fails to issue mortgage insurance, extend or guarantee credit, refuse to acquire obligations secured by first deeds of trust on Lots subdivided in Kensington Village, or provide any other service relating to housing finance because of any provision of this Declaration, Declarant reserves the right to modify this Declaration to the extent necessary to make it acceptable to such agency or corporation. Any modification or amendment must be properly recorded in the Forsyth County Registry.

Section 5. Alley, Private Drive Maintenance and Emergency Access. Neither the City of Kernersville nor the state of North Carolina shall be responsible for failing to provide any emergency or regular fire, police, or other public service to the Properties, any Village or Townhome Lot or any Owner, occupant or guest thereof, when such failure is due to lack of access to the Properties or any Village or Townhome Lot thereof due to inadequate design, construction, or maintenance of such access, blocking of access routes, or any

other factor within the control of the Declarant, the Association, Builders, an Owner or occupant of any Village or Townhome Lot. Neither the City of Kernersville nor the State of North Carolina shall be responsible for maintaining any private drive or alley. Such responsibility shall rest with the Association and the Owners and occupants of the Properties.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed on this the 30th day of JANUARY, 2002.



PENNSTON CORP.

Bruce R. Hubbard
Secretary

By: Mary S. Hubbard
President

North Carolina - Forsyth County

I, a Notary Public of the County and State aforesaid, certify that BRUCE R. HUBBARD personally came before me this day and acknowledged that he is Secretary of PENNSTON CORP., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by himself/herself as its Secretary.

Witness my hand and official stamp or seal, this the 30th day of JANUARY, 2002.

My Commission Expires:

9-24-05

Susan E. Spruill
NOTARY PUBLIC



North Carolina - Forsyth County

The foregoing certificate(s) of Susan E. Spruill

is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

DICKIE C. WOOD, REGISTER OF DEEDS

BY:


~~DEPUTY/ASSISTANT~~