

FILED
RUTH MACKIE
2001 APR 27 PM 2 57
REGISTER OF DEEDS
CATAWBA CO., N.C.

012206

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
LAWSON'S CREEK

W
e
D
✓
Prepared by:
Young M. Smith, Jr., Attorney
Hickory, North Carolina

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
LAWSON'S CREEK**

THIS DECLARATION is made this 1st day of April, 2001, by Henson Development, Inc., a North Carolina corporation, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property in Catawba County, North Carolina, which it desires to develop under the provisions of the North Carolina Planned Community Act into a residential community known as Lawson's Creek;

WHEREAS, Declarant desires to subject the property in Lawson's Creek to the covenants, conditions, and restrictions set forth below for the purpose of protecting the value and desirability of the property and for the purpose of providing for the maintenance and operation of the common areas located thereon;

NOW, THEREFORE, Declarant hereby agrees that all of the property described hereinafter shall be subject to the following easements, covenants, conditions, and restrictions, all of which shall be collectively referred to in this instrument as "restrictions".

**ARTICLE 1
DEFINITIONS**

The following terms when used in this Declaration or any Supplemental Declaration shall have the following meanings:

1.01. Act. "Act" shall mean the North Carolina Planned Community Act, North Carolina General Statutes, Chapter 47F.

1.02. Additional Land. "Additional Land" shall mean the real property described in Exhibit "A" attached hereto, all or any portion of which may from time to time be made subject to this Declaration and which, when so subjected, shall become a part of Lawson's Creek.

1.03. Agency. "Agency" shall mean the Federal Housing Administration and the Department of Veterans Affairs.

1.04. Articles. "Articles" shall mean the Articles of Incorporation of the Association and any amendments thereto.

1.05. Association. "Association" shall mean the Lawson's Creek Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

1.06. Board. "Board" or "Board of Directors" shall mean the Board of Directors of the Association.

1.07. Bylaws. "Bylaws" shall mean the Bylaws of the Association and any amendments thereto.

1.08. Common Area. "Common Area" shall mean all real property and easements over real property acquired by the Association for the common use and enjoyment of its Members. "Common Area" shall include any public road or right-of-way shown on Plats of the Property, and Declarant hereby grants to the Association a non-exclusive easement over all such roads and rights-of-way.

1.09. Completion of Sales. "Completion of Sales" shall mean the earlier of (a) the conveyance of all Lots to purchasers other than a successor Declarant hereunder or (b) expiration of the later of ten years from the conveyance of the first Lot by Declarant or five years from the conveyance of the first Lot in the Phase most recently made subject to this Declaration pursuant to the provisions of Section 2.02.

1.10. Declarant. "Declarant" shall mean Henson Development, Inc. and any successor or assign to whom Declarant shall expressly assign its interest as Declarant under this Declaration.

1.11. Declaration. "Declaration" shall mean this Declaration of Covenants, Conditions, and Restrictions and all amendments or supplements hereto.

1.12. FHA and VA. "FHA" and "VA" shall mean the Federal Housing Administration and the Department of Veterans Affairs, respectively.

1.13. Lawson's Creek, Phase 2. "Lawson's Creek, Phase 2" shall mean all of the property shown on a plat of Lawson's Creek, Phase 2, recorded in Plat Book 53 at Page 25, Catawba County Registry. Lawson's Creek, Phase 2, includes all of the property shown on a plat of Lawson's Creek, Phase 1, recorded previously in Plat Book 51 at Page 106, Catawba County Registry, which earlier plat has now been superseded and replaced by the plat recorded in Plat Book 53 at Page 25, Catawba County Registry.

1.14. Lot. "Lot" shall mean any numbered plot of land to be used for residential purposes shown upon any Plat of the Property designated for separate ownership by an Owner.

1.15. Management Documents. "Management Documents" shall mean this Declaration, the Articles and Bylaws of the Association, and the Rules and Regulations.

1.16. Member. "Member" shall mean a member of the Association.

1.17. Mortgage. "Mortgage" shall mean a mortgage or deed of trust which constitutes a first lien upon a Lot given to a bank, savings and loan association, or other institutional lender for the purpose of securing indebtedness owed to such lender.

1.18. Mortgagee. "Mortgagee" shall mean the holder of the beneficial interest in any Mortgage.

1.19. Owner. "Owner" shall mean the record owner, whether one or more persons or entities, of fee simple title to any Lot and shall include Declarant as to any Lot owned by Declarant.

1.20. Person. "Person" shall mean an individual, corporation, partnership, limited liability company, trustee, or other legal entity capable of holding title to real property.

1.21. Plat. "Plat" or "Map" shall mean a subdivision plat of a portion of the Property recorded in the Catawba County Registry.

1.22. Property. "Property" or "Lawson's Creek" shall mean Lawson's Creek, Phase 2, and all or any portion of the Additional Land as may hereafter be subjected to the terms and provisions of this Declaration.

1.23. Phase. "Phase" shall mean the real estate shown on each Plat of the Property, including Lawson's Creek, Phase 2, as recorded in the Catawba County Registry.

1.24. Rules and Regulations. "Rules and Regulations" shall mean reasonable and nondiscriminatory rules and regulations as may be adopted from time to time by the Association.

1.25. Special Declarant Rights. "Special Declarant Rights" or "Declarant's Rights" shall mean rights reserved for the benefit of the Declarant, including without limitation the Special Declarant Rights allowed to the Declarant under Section 47F-1-103(28) of the Act, which include without limitation the right to elect, appoint, or remove any officer or member of the Board of Directors of the Association during the period of Declarant control. All such Special Declarant Rights, as authorized by the Act, are reserved to the Declarant.

1.26. Supplemental Declaration. "Supplemental Declaration" shall mean a supplement to this Declaration recorded for the purpose of annexing additional property to Lawson's Creek and causing such property to be subject to the terms and provisions of this Declaration.

ARTICLE 2 PROPERTY SUBJECT TO THIS DECLARATION

2.01. Property Subject to this Declaration. Lawson's Creek, Phase 2, shall be held, transferred, sold, conveyed, occupied, and used subject to all of the covenants, conditions, and restrictions set forth herein.

2.02. Future Additions. Additional lands may hereafter be annexed and subjected to this Declaration in the following manner:

(a) The Declarant shall have the right from time to time to bring within the operation and effect of this Declaration portions of the Additional Land more particularly described in Exhibit "A" attached hereto. Such additions shall be made by recording in the Catawba County Registry a Supplemental Declaration. Such Supplemental Declaration need be executed only by the Declarant (and the owner of such additional land if the Declarant is not the owner thereof) and shall describe the additional land and state that it is subject to this Declaration. The additions authorized by this Section 2.02(a) shall not require the approval of the Association or its Members.

(b) Lawson's Creek may be further enlarged by the addition of other land not described in Exhibit "A" attached hereto, but only upon the written consent or affirmative vote of the holders of a majority of the votes of each class of members present in person or by proxy at a meeting duly called for such purpose. Such additions shall be made by recording in the Catawba County Registry a Supplemental Declaration. Such Supplemental Declaration need be executed only by the Declarant (and the owner of such additional land if the Declarant is not the owner thereof) and shall describe the additional land and state that it is subject to this Declaration.

(c) Any Supplemental Declaration may contain such complementary additions and modifications of the restrictions contained herein as may be necessary to reflect the different character, if any, of the added property, provided they are not inconsistent with this Declaration. In no event, however, shall any such supplement revoke, modify, or add to the restrictions established by this Declaration insofar as they pertain to the Property as the same exists prior to the supplement.

ARTICLE 3 COMMON AREA

3.01. Conveyance of Common Areas. The Declarant shall from time to time convey to the Association fee simple title to the Common Areas. At the time of the conveyance such Common Areas shall be free of any liens or encumbrances except for ad valorem taxes prorated to the date of conveyance and other title matters acceptable to the Association. The Association shall hold the Common Areas conveyed to it subject to the rights of Declarant set forth in the Management Documents and in the Act.

3.02. Community Use. The Common Areas conveyed to the Association shall be deemed property and facilities for the use and enjoyment, in common, of each Owner. Except as otherwise permitted by the provisions of this Declaration, no structure or improvement of any kind shall be erected, placed, or maintained on any Common Area except: (a) facilities and improvements designed exclusively for community use and (b) drainage and utility systems and facilities. The Common Areas may be improved and landscaped for the use and enjoyment of the Owners in common. No portion of any Common Area may be used exclusively by any Owner for a personal garden, storage facility, or other private use without the prior written approval of the Association. No Owner, except the Declarant, may place any signs in the Common Area or within the right of way of any street in the Property.

3.03. Owners' Easements of Enjoyment. Each Owner shall have a non-exclusive right and easement to use and enjoy the Common Areas for the purposes for which the same were designed. This right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the provisions of the Management Documents, including but not limited to the following:

(a) The right of the Association to adopt Rules and Regulations governing the use and enjoyment of the Common Area and to charge reasonable fees with respect to the use of any Common Area facilities;

(b) The right of the Association to suspend the right of an Owner to use any Common Area facilities for any violation of the Management Documents or for any period during which any assessment, fine, or other charge due to the Association remains unpaid;

(c) The right of the Association to dedicate, transfer, sell, convey, or encumber all of any part of the Common area and to grant easements, leases, licenses, and concessions upon, over, under, and across the Common Area; and

(d) The rights of the Association and of Declarant to the use of easements upon, over, under, and across the Common Area.

3.04. Delegation and Use. Any Owner may delegate, subject to the provisions of the Management Documents, his right of enjoyment of the Common Area to the members of his family and to his guests, tenants, and contract purchasers who reside on the property. The Association shall have the right to limit the number of guests of Owners.

3.05. Maintenance and Operation of Common Area. The Association shall manage, operate, repair, and maintain the Common Area.

3.06. Negligence. The cost of repair or replacement of any improvement to be maintained and kept in repair by the Association, which repair or replacement is required because of the act or omission of any Owner, shall be paid by such Owner.

3.07. Conveyance or Encumbrance of Common Area. Portions of the Common Area may be conveyed or subjected to a security interest by the Association if persons entitled to cast at least eighty percent (80%) of the votes appurtenant to both classes of membership agree in writing to that action. This paragraph shall not preclude the Association from granting easements, leases, licenses, and concessions through and over the Common Area without the assent of the membership as provided by the Act.

3.08. Rules and Regulations. The Association shall have the right to adopt, publish, and enforce reasonable Rules and Regulations governing the use and enjoyment of the Common Area.

ARTICLE 4 BOOK 2267 PAGE 913
MEMBERSHIP AND VOTING RIGHTS

4.01 Governing Body. The Association shall be the governing body for all Owners with respect to the management, administration, maintenance, repair, and replacement of the Property. Subject to the provisions of this Declaration and unless expressly prohibited herein, the Association shall have all of the rights, powers, and authority allowed or allowable to it under the Act. The Association shall be governed by a Board of Directors which can act in all instances on behalf of the Association unless the Management Documents or the Act provide otherwise.

4.02. Membership. Every Owner of a Lot, including Declarant, shall be a Member of the Association and entitled to vote as set forth below. Membership shall be appurtenant to and may not be separated from ownership of a Lot.

4.03. Voting. The Association shall have two classes of voting membership:

(a) Class A. Class A Members shall be all Owners with the exception of Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an ownership interest in any Lot, all such persons shall be Members, but no more than one vote shall be cast with respect to any Lot. The vote for any such Lot shall be exercised as the Members holding an interest in such Lot determine among themselves.

(b) Class B. The Class B Member shall be the Declarant, which shall be entitled to three votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the earlier of the following dates: (i) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, provided that the Class B membership shall be reinstated if thereafter additional lands are annexed to the Property as provided in Section 2.02 or (ii) December 31, 2011. The period of Declarant control shall continue until such time as the Class B membership ceases to exist, subject to reinstatement as provided in the preceding sentence.

4.04. Declarant's Voting Rights. Declarant shall have the right to cast votes attributable to Lots owned by Declarant on all matters submitted to a vote of the Members.

ARTICLE 5
COVENANTS FOR ASSESSMENTS

5.01. Covenant to Pay Assessments; Lien. Every Owner of a Lot, other than the Declarant, shall be obligated to pay to the Association such annual assessments and such special assessments as may be levied by the Association pursuant to the provisions of this Article 5. Any such assessment levied against a Lot remaining unpaid for a period of thirty days or longer shall constitute a lien upon that Lot when the Association files a claim of lien in the office of the Clerk of Superior Court of Catawba County. The lien provided for herein shall be prior to all other liens and encumbrances except (a) liens and encumbrances recorded before the docketing of the claim of lien for unpaid assessments, (b) liens for real estate taxes and other governmental assessments and charges against the Lot, and (c) the lien

of any first Mortgage on the Lot. The lien may be enforced by foreclosure pursuant to Section 47-3-116 of the Act or in any other manner allowed by law

5.02. Personal Obligation. Each annual or special assessment, together with any late charges, interest, collection costs, and reasonable attorneys' fees, shall be the personal obligation of the owner of the Lot at the time such assessment was levied. If more than one Person held an ownership interest in the Lot at such time, the personal obligation to pay such assessment shall be both joint and several. The personal obligation for delinquent assessments shall pass to such Owner's heirs and personal representative, but shall not pass to such Owner's assigns unless expressly assumed by them. Such assumption shall not relieve an Owner of his obligation. No Owner may exempt himself from payment of assessments by waiver of use or by non-use of the Common Area or by abandonment or leasing of his Lot.

5.03. Purpose of Assessments. The assessments levied by the Association shall be used to pay the costs and expenses which the Association shall incur in connection with the performance of its duties and responsibilities under the Management Documents and the Act and for all other purposes allowed or allowable to the Association under the Management Documents and the Act. Such costs and expenses are referred to herein as "Annual Expenses".

5.04. Regular Annual Assessments. Regular annual assessments shall be determined on a calendar year basis for the period from January 1 through December 31 of each year. For calendar year 2001 the regular annual assessment shall be \$100.00 per Lot owned by a Class A Member. For calendar year 2002 and for each calendar year thereafter the Board shall adopt a budget and fix the amount and due date of the regular annual assessment at least sixty days in advance of each assessment year. Within thirty days after the adoption of the budget the Board shall provide to all of the Members a summary of the budget and notice of a meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Members to consider ratification of the budget, such meeting to be held not less than ten nor more than thirty days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting it is rejected by at least sixty percent (60%) of all of the Lot Owners in the Association. In the event the proposed budget and assessment is rejected, the budget and assessment for the previous year shall be continued until such time as the Members ratify a subsequent budget proposed by the Board of Directors. If the Board fails to so fix the regular annual assessment, the assessment applicable for the previous year shall remain in effect until the Board shall fix a new regular annual assessment. Regular annual assessments shall be payable annually on the first day of January or at such other time as the Board may fix. The Association shall, upon demand and for a reasonable charge, furnish to any person having a legitimate interest a certificate signed by an officer of the Association stating whether the regular annual assessment and special assessments, if any, on a specified Lot have been paid and, if not, the amount due.

5.05. Special Assessments. If for any reason the budget adopted by the Board of Directors for any fiscal year shall prove to be inadequate or if the Board shall determine that it is in the best interest of the Association to levy a special assessment to pay the costs of any capital improvements or capital repairs, the Board may levy a special assessment against the Owners of all Lots other than the Declarant, provided that any such assessment may not be

levied without the approval of sixty-seven percent (67%) of the votes of each class of Members voting in person or by proxy at a meeting duly called for this purpose.

5.06. Lots Owned by Declarant. No Lot owned by the Declarant shall be subject to any assessment provided under this Article 5 for so long as said Lot is owned by Declarant. Upon the sale or conveyance of a Lot by the Declarant the assessments provided under this Article 5 shall be levied against such Lot, and the purchaser shall pay to the Association at the closing of the sale that portion of the assessment attributable to the balance of the year in which the closing takes place.

5.07. Delinquent Assessments. Any assessment not paid within fifteen days after the due date shall be delinquent. The Board may impose reasonable charges for late payment of assessments and other sums due and payable to the Association, including without limitation interest, late charges, collection costs, and reasonable attorney's fees. All such late payment charges, along with all other fees, fines, charges, and sums of any kind due and payable to the Association, shall constitute assessments secured by the lien under Section 5.01 hereinabove and shall be enforceable as assessments under this Article 5. Any interest charged by the Association for late payment of assessments shall be at the rate of eighteen percent (18%) per year and shall accrue from the due date until paid.

5.08. Assessment as Remedy. After notice and opportunity for hearing, the Board, without the vote or written consent of Members, may levy a special assessment against an Owner as a remedy to reimburse the Association for costs and reasonable attorneys' fees incurred in bringing the Owner, his Lot, or his residence into compliance with the provisions of the Management Documents.

5.09. Suspension of Privileges. The Association, after notice and opportunity for hearing, may suspend privileges or services provided by the Association (except rights of access to Lots) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty days or longer.

5.10. Subsidy. The Declarant shall subsidize the difference between revenues received from assessments and all reasonable and ordinary operating expenses of the Association until such time as the Class B membership ceases to exist.

ARTICLE 6 ARCHITECTURAL CONTROL

6.01. Architectural Review Committee. Upon the termination of the Class B membership the Board of Directors shall appoint an Architectural Review Committee consisting of not less than three members. Prior to that time the Declarant shall function as the Architectural Review Committee, and reference herein to such Committee shall mean the Declarant until the termination of its Class B. membership.

6.02. Approval of Plans. No building, outbuilding, pool, fence, wall, gazebo, awning, antenna, or other structure or improvement on any Lot shall be commenced or erected, constructed, placed, replaced, demolished, or altered until an application which includes site plans, building plans, and specifications showing the nature, kind, shape, height, materials, color, exterior finish, and location of the same shall have been submitted to and

approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Review Committee. Disapproval of plans, location, or specifications may be based upon any ground, including purely aesthetic considerations, which in its discretion the Committee deems sufficient. If the Architectural Review Committee fails to approve or disapprove an application within thirty days following its receipt, further approval will not be required, and this Article will be deemed to have been fully complied with. The Board of Directors shall be entitled to stop any construction in violation of this Section 6.02. For purposes of the public record, if a structure is completed without the filing of notice of disapproval by the Architectural Review Committee in the Catawba County Registry within sixty days after a certificate of occupancy has been issued by the County, then such plans and specifications shall be deemed to have been approved by the Architectural Review Committee. The Architectural Review Committee shall execute in recordable form a "Certificate of Approval" when the dwelling is completed, provided such certificate is presented to the Committee. This Article 6 shall not apply to the Declarant.

ARTICLE 7 MAINTENANCE AND USE RESTRICTIONS

7.01 Residential Use. No portion of the Property shall be used for other than residential purposes and for purposes incidental thereto. All Lots shall be known and described as residential lots, and no part of said Lots shall be used for any type of business or commercial activities other than a home occupation, provided that no home occupation shall be permitted that (a) changes the outside appearance of the residence or is visible from a street; (b) generates traffic or parking in excess of that which is normal in a residential area; (c) creates a hazard to persons or property or is a nuisance; (d) results in outside storage or display of anything; (e) is conducted in any structure other than the residence; (f) employs or uses persons who are not residents of the premises; (g) devotes more than twenty-five (25%) percent of the usable floor area of the residence to the home occupation; or (h) conflicts with local zoning ordinance restrictions and regulations. It shall be within the discretion of the Board to determine, on a case-by-case basis, which home occupation or business-related activities will be compatible with the residential nature of the subdivision.

7.02. Single Family Residence. No structure shall be erected, altered, placed, or permitted to remain on any Lot other than one detached single-family residence and any customary accessory buildings of the same type of construction as the residence which may be allowed by the Architectural Review Committee.

7.03. Resubdivision. No Lot shall be resubdivided so as to create an additional building lot. Where a residence has been erected on a plot consisting of more than one Lot, said plot shall not thereafter be resubdivided if such resubdivision would result in a violation of the zoning ordinance of the governmental body then having zoning jurisdiction over the Property, and in such case said plot shall be treated as one Lot for all purposes.

7.04. Unlawful Activity. No noxious, offensive, or unlawful activity shall be conducted on any Lot or on any other part of the Property, nor shall anything be done thereon that may be or become an unreasonable annoyance, inconvenience, or nuisance to

the residents of the Property or that unreasonably interferes with their quiet enjoyment of the Property.

7.05. Parking and Prohibited Vehicles and Structures. Unless otherwise permitted by the Rules and Regulations no boat, trailer, recreational vehicle, camper, or commercial vehicle shall be parked, stored, or left on any part of the Common Area or any Lot outside of an enclosed structure approved for this purpose by The Architectural Review Committee. This restriction shall not apply to sales trailers, construction trailers, or other vehicles used by Declarant and its agents and contractors in the conduct of their business. No boat, truck, trailer, camper, recreational vehicle, tent, garage, or any other kind of vehicle or outbuilding shall be used at any time as a residence, temporarily or permanently. No mobile home or trailer may be erected, placed, or permitted to remain on any Lot. No repairs to any automobile or other vehicle shall be made on any Lot except in the case of emergency and except as may be permitted by the Rules and Regulations.

7.06. Minimum Size Requirements. No residence shall be constructed on any Lot having a heated and finished living area of less than 1,600 square feet for a one-story residence, 1,800 square feet for a one and one-half story residence, and 2,000 square feet for a two story residence. Heated and finished living area is exclusive of unenclosed porches or porches enclosed only with wire screening, and is also exclusive of attic, garage, and basement areas (whether heated or unheated) below the front street level entrance.

7.07. Exterior Walls and Roofs. The exterior walls of all buildings constructed on any Lot shall be principally of brick, stone, stucco, cedar-type shakes, vinyl, or wood siding. No cement block, cinder block, or poured concrete walls shall appear above ground level unless coated in a manner to be approved by the Architectural Review Committee. No metal buildings whatsoever shall be permitted. Brick, stone, stucco, or cedar-type shakes must make up more than sixty percent of the front elevation of any home. All homes and other structures shall have a roof pitch of not less than 6 in 12 unless otherwise approved by the Architectural Review Committee.

7.08. Completion of Construction. The exterior of all homes and other structures must be completed within twelve months after the commencement of construction, except where such completion is delayed by strikes, fires, national emergencies, or natural calamities. No building materials shall be stored on any Lot except for the purpose of construction on such Lot and shall not be stored on such lot for longer than the length of time reasonably necessary for the construction of the building in which the same is to be used.

7.09. Drives and Walks. All drives and walks shall be constructed from concrete, asphalt, flagstone, brick, or other similar masonry material.

7.10. Mailboxes. All mailboxes shall conform to specifications set forth by the Architectural Review Committee.

7.11. Setback Requirements. All residences constructed shall have building setback requirements conforming to the requirements as set forth on the Plats of the property. In addition, a residence must be constructed within three feet of the required front setback line unless otherwise approved in writing by the Architectural Review Committee. Eaves, steps, stoops, porches, and chimneys shall not be considered a part of the building for purposes of

these setback requirements. Any deviation from the setback requirements not in excess of ten percent (10%) thereof shall not be construed as a violation of such requirements. Taking into consideration a Lot's size, shape, dimensions, topography, or other factors satisfactory to itself, the Architectural Review Committee may grant variances from the foregoing setback requirements.

7.12. Garages. All residences shall have garages, whether freestanding or constructed as a part of any residence. All garages shall be enclosed and shall have garage doors. Carports of any type are prohibited.

7.13. Signs. No signs shall be displayed on any Lot other than as may be permitted by the Rules and Regulations. Notwithstanding the foregoing, one sign of customary and reasonable dimensions, conforming to such reasonable standards as may be adopted by the Board, advertising a Lot for sale or rent may be placed by the Owner on his Lot. This Section 7.13 shall not apply to Declarant.

7.14. Antennas. Except for a satellite dish no more than eighteen inches in diameter that is not visible from the street and except as may be permitted by the Architectural Review Committee, no Owner shall construct, install, erect, or maintain any television or radio antenna, aerial, or satellite dish upon any Lot.

7.15. Laundry and Outside Storage. No laundry or wash shall be hung to dry at any place visible from outside any Lot. All storage tanks, including gas bottles and swimming pool filtration equipment, shall be either underground or surrounded by an enclosure at least twelve inches higher than the equipment. No above-ground swimming pool is permitted on any Lot.

7.16. Fences. No fence or wall shall be erected on any Lot closer to the street than the front of the home constructed on the lot. Perimeter fencing and privacy fencing around patios, decks, or pools may not exceed six feet in height. Perimeter fencing, unless constructed of brick or stone masonry, shall not have more than eighty percent (80%) of any of its surface closed as viewed from a point on a line of sight perpendicular to the line formed by the line of the fence. Chain link fencing is prohibited, except that 2" x 4" mesh may be used with split rail fencing to contain animals within the yard. The Architectural Review Committee may grant a variance from the foregoing fence restrictions.

7.17. Pets. No animals shall be raised, bred, or kept on any Lot except dogs, cats, or other household pets which are kept for personal enjoyment and not for commercial purposes. The number of household pets generally considered to be outdoor pets, such as dogs and cats, shall not exceed three in number except for newborn offspring of such household pets which are under nine months of age. No animal shall be allowed if such animal constitutes an unreasonable annoyance, inconvenience, or nuisance to any other Owner. If the Board receives any complaint that an animal constitutes such an unreasonable nuisance, the Board shall afford the Owner of such animal notice and opportunity for hearing, and if the Board finds that such animal constitutes an unreasonable annoyance, inconvenience, or nuisance, the Board may require that such animal be removed from the Property.

The Board may adopt Rules and Regulations concerning animals which are more restrictive than the provisions of this Declaration. The Board may also adopt a rule

prohibiting certain pets which is more restrictive than the provisions of this Declaration, except that such rule shall not apply to animals residing on the Property at the time such rule is adopted. In any event, the Board at any time may require that any animal found to be an unreasonable annoyance, inconvenience, or nuisance be removed as provided in the preceding paragraph.

7.18. Trash and Vegetation. No trash, rubbish, garbage, or other waste material shall be kept or permitted upon any Lot except in sanitary containers located in an appropriate area screened and concealed from view. No weeds, vegetation, rubbish, debris, garbage, waste materials, or other materials of any kind shall be placed or permitted to accumulate on any Lot or any portion of the Property which would render it unsanitary, unsightly, offensive, or detrimental to the Owner of any other Lot in the vicinity. Grass, hedges, shrubs, vines, and mass planting of any type on any Lot shall be mowed, trimmed, and cut at regular intervals so as to appear neat and attractive. Trees, shrubs, vines, and plants which die shall be promptly removed. If the Owner fails to do so, the Association shall have the right to enter upon such Lot and bring it into compliance with the foregoing maintenance requirements at the expense of the Owner.

7.19. Outbuildings, Gazebos, Trampolines, and Awnings. Except as may be permitted by the Architectural Control Committee, no Owner shall construct, install, erect or maintain upon any Lot any outbuilding, gazebo, trampoline, or awning, and in no event shall an approved outbuilding, gazebo, or trampoline be placed in the front or side yards of any Lot.

7.20. Decorative Structures. No decorative statues, birdbaths, fountains, ornaments, figurines, or any other decorative structures or items are permitted in the front or side yards of any Lot. Decorations for holidays and special occasions are permitted in such areas for a reasonable period of time as determined by the Board.

7.21. Maintenance. The maintenance, upkeep, and repair of the exterior of the residence and of the fences, walkways, landscaping, trees, shrubbery, lawn, drainage facilities, and other exterior improvements on each Lot ("exterior improvements") shall be the sole responsibility of the Owner and shall be subject to such reasonable requirements and standards as may from time to time be established by the Architectural Review Committee to insure the continuity and harmony of exterior design in Lawson's Creek. Each Lot, together with the exterior improvements thereon, shall be maintained in a neat and attractive condition by its Owner. Such maintenance shall include, but shall not be limited to, painting, repairing, replacing, or caring for roofs, gutters, downspouts, building surfaces, trees, shrubs, walls, or other exterior improvements. In the event an Owner shall fail to maintain the premises and the improvements thereon in a manner satisfactory to the Board of Directors, the Association shall, through its agents or representatives and after approval by a two-thirds (2/3) vote of the Board, have the right to enter upon said Lot and repair, maintain, and restore the Lot and the exterior improvements thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject, and the Owner shall be personally liable to the Association for the cost of such maintenance, and the cost, until paid, shall be a permanent charge and lien upon such Lot, enforceable to the same extent and collectible as provided in Article 5. Such entry shall not be a trespass, nor shall the Association be liable for doing anything reasonably necessary or appropriate in connection with carrying out these provisions, provided such entry shall be at reasonable

times and places so as not to interfere with the right of quiet enjoyment of the individual Owner.

ARTICLE 8 EASEMENTS

8.01. General. Each Lot or Common Area shall be subject to all easements shown on any Plat upon which such Lot or Common Area is shown.

8.02. Utilities and Drainage Easement. A five-foot easement along the front, rear, and side lines of all Lots is hereby reserved by Declarant. The purpose of this easement shall be to provide, install, construct, maintain, and operate public utilities and drainage facilities for each Lot. Within this easement and within such other easements shown on any Plat of the Property, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities or drainage facilities or which may change the flow of drainage in the easements without the approval of the Architectural Review Committee. The easement area of each Lot shall be maintained by the Owner. With ten days prior written notice to the Owner, the Association or the Declarant may exercise the right to remove obstructions in such easements upon the Owner's failure to do so. All such easements shall be accessible to the Declarant and the Association at all times and, likewise, shall be accessible to all persons installing, maintaining, or repairing such utilities and drainage facilities.

8.03. Common Area. The Association may reserve and grant easements for the installation and maintenance of utilities and drainage facilities in, across, under, and over the Common Area.

8.04. Landscaping Easements. Declarant hereby grants to the Association a perpetual exclusive landscaping easement over the rear fifteen feet of Lots 1, 2, 3, 4, 76, 77, and 78 along Sandy Ridge Road as shown on the Plat of Lawson's Creek, Phase 2. The purpose of this easement shall be for the installation, maintenance, and repair of landscaping and entrance signs along the outer perimeter of the Property. The Owners of these Lots, other than Declarant, shall have no right to add any improvements of any kind to the easement area except shrubbery and other landscaping elements as may be approved by the Architectural Review Committee.

ARTICLE 9 COMPLIANCE WITH MANAGEMENT DOCUMENTS

9.01 Management Documents. The administration of the Property shall be in accordance with the provisions of this Declaration, the Articles, the Bylaws, and the Rules and Regulations, herein referred to as the "Management Documents", and if there are any conflicts or inconsistencies in such documents, then the provisions of this Declaration shall control. In the event that anything shown on any Plat of the Property is inconsistent with the provisions of this Declaration, then the provisions of this Declaration shall control. Should

any of the provisions of this Declaration conflict with any provisions of the Act, the provisions of the Act shall control unless the Act permits the Declaration to override the Act, in which event the Declaration shall control.

9.02. Compliance with Management Documents. Each Owner, resident, or tenant of a Lot shall comply with the provisions of the Management Documents. The failure of any Owner to comply with any such provisions shall entitle the Association, the Declarant, or any Owner to maintain an action for the recovery of damages or for injunctive relief or both, and such persons or entities shall have the right to enforce all of the restrictions set forth in the Management Documents. Failure to enforce the provisions of the Management Documents shall not be deemed a waiver of the right to do so thereafter. All remedies provided in this Declaration shall be cumulative and in addition to any other remedies available under the law.

9.03. Fines and Suspension of Privileges. The Association, after notice and opportunity for hearing, may impose reasonable fines or suspend membership and voting rights (except rights of access to Lots) for reasonable periods for violation of the Management Documents. Any fine may be imposed, in an amount not to exceed that permitted by the Act, for each day after its imposition that the violation continues. Such fines shall be assessments secured by the lien under Article 5 hereinabove. If a suspension of membership rights and privileges is imposed, the suspension shall be continued until the violation or delinquency is cured.

ARTICLE 10 DECLARANT'S RIGHTS

10.01. Declarant's Rights. Notwithstanding anything to the contrary contained in this Declaration, the Declarant shall have the right to take such actions as it deems necessary, advisable, or convenient for the completion and improvement of the Property as a residential community and for the sale, rental, or other disposition of Lots in the Property. The rights of Declarant shall include without limitation:

(a) The right to use easements throughout the Common Area for the purpose of making improvements within the Property or the Additional Land, performing acts allowed or required by the Management Documents or the Act, and performing on any part of the Property acts deemed necessary, advisable, or convenient for the completion and improvement of the Property as a residential community and for the sale, rental, or other disposition of Lots;

(b) The right to install, construct, and maintain utilities and drainage facilities on any portion of the Common Area to serve the Common Area or any Lot;

(c) The right to install, construct, maintain, or remove facilities, structures, landscaping, and other improvements on the Common Area deemed necessary, advisable, or convenient for the completion and improvement of the Property as a residential community and for the sale, rental, or other disposition of Lots;

(d) The right to maintain sales offices, management offices, models, signs, and other sales aids advertising Lawson's Creek on any portion of the Property;

(e) The rights of Declarant set forth elsewhere in the Management Documents; and

(f) The Special Declarant Rights set forth in Section 47F-1-103(28) of the Act and all other rights, powers, and authority allowed or allowable to the Declarant under the Act not expressly prohibited to it by the Management Documents. Included in these Special Declarant Rights authorized by the Act is the right to appoint or remove any officer or member of the Board of Directors of the Association during the period of Declarant control.

The rights reserved under this Article shall terminate one year after the Completion of Sales, except for the right to appoint or remove any officer or director of the Association, which shall sooner terminate upon the termination of the period of Declarant control as set forth in Section 4.03(b) of this Declaration.

ARTICLE 11 GENERAL PROVISIONS

11.01. Indemnification of Officers and Directors. The Association shall indemnify all persons who serve at any time as officers or directors of the Association against all costs incurred by them in connection with the defense or settlement of any claim, action, suit, or proceeding in which they are made parties or which may be asserted against them by reason of having been an officer or director of the Association, except in relation to matters in any such proceeding as to which any such officer or director shall be found guilty of willful and intentional negligence or misconduct. In the event of a settlement this indemnification shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association.

11.02. Amendments and Termination. This Declaration may be amended upon the affirmative vote or written agreement signed by the Owners of at least sixty-seven percent (67%) of the Lots not owned by the Declarant and the written consent of the Declarant; provided, however, that the Declarant may amend this Declaration without the approval of the Owners to correct minor and clerical errors, as determined by the Declarant, and to reflect any changes requested or required by the Federal Housing Administration or the Department of Veterans Affairs. Any amendment to this Declaration shall not be effective until an instrument evidencing the same shall be recorded in the Catawba County Registry, which instrument shall contain a certification by the Secretary of the Association that the amendment has been correctly adopted in accordance with the provisions of this Declaration. This Declaration may be terminated only by agreement of Lot Owners to which at least ninety percent (90%) of the votes in the Association are allocated and the written consent of the Declarant.

11.03. Agency Approval. Annexation of additional properties other than as provided in Section 2.02(a) hereof, the mortgaging or conveyance of any portion of the Common Area to persons other than the Association, and any material amendment of this Declaration shall require the prior approval of any Agency then holding or insuring a Mortgage as long as there is a Class B membership.

11.04. Interpretation of Declaration. Whenever appropriate, singular may be read as plural, plural may be read as singular, and the masculine gender may be read as the feminine or neuter gender.

11.05. Independence of Provisions. The provisions of this Declaration shall be deemed independent and severable. Invalidation or partial invalidation of any provision of this Declaration by judgment or court order shall not affect any other provision of this Declaration, and the remaining provisions shall remain in full force and effect.

11.06. Headings. The headings used in this Declaration are for convenience and reference only, and the words contained therein shall not be held to expand, modify, or aid in the interpretation, construction, or meaning of this Declaration.

11.07. Notices. Notices shall be in writing and shall be addressed as follows: (a) if to an Owner, to the Owner's address last appearing in the books of the Association; (b) if to Declarant, to P. O. Box 9400, Hickory, North Carolina 28603; and (c) if to the Association, to P. O. Box 9400, Hickory, North Carolina 28603. The Association may designate a different address for notices by giving written notice of such change of address to all Owners and to Declarant. Declarant may designate a different address for notices by giving written notice of such change of address to all Owners and to the Association. Any Owner may designate a different address for notices by giving written notice of such change of address to the Association and to Declarant.

11.08. Covenants Running with the Land. All of the provisions of this Declaration shall be construed as covenants running with the land and shall be binding upon and inure to the benefit of all parties having any right, title, and interest in the Property or any part thereof and their heirs, successors, and assigns.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be signed in its corporate name by its duly authorized officers, and its seal to be affixed by authority of its Board of Directors as of the date first above set forth.

HENSON DEVELOPMENT, INC.

BY: George L. Henson
George L. Henson, President

ATTEST:

Jean W. Henson
Jean W. Henson, Secretary

(Corporate Seal)



STATE OF NORTH CAROLINA

BOOK 2267 PAGE 924

COUNTY OF CATAWBA

§
§
§

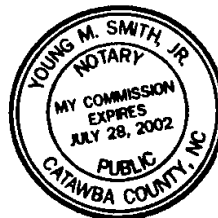
I, Young M. Smith, Jr., a Notary Public of Catawba County, North Carolina, certify that Jean W. Henson personally came before me this day and acknowledged that she is Secretary of Henson Development, Inc. a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by her as its Secretary.

Witness my hand and official seal this 24th day of April, 2001.



Notary Public

My Commission Expires: 7/28/2002



W
e
d

EXHIBIT A

**Additional Land
Lawson's Creek Subdivision BOOK 2267 PAGE 925**

Beginning at an iron pin in the southern line of Tract "A" of the Edwin S. Propst et al. property as shown on a plat recorded in Plat Book 49 at Page 161, Catawba County Registry, said iron pin marking the northeast corner of James Yount (see Book 1493 at Page 362) and lying South 29° 02' 31" East 861.39 feet from a P.K. nail in the center of the intersection of Ninth Street Drive, N.E. and Sandy Ridge Road, and proceeding thence with the southern line of Tract "A" South 55° 08' 00" East 607.22 feet to an iron pin in the western margin of a thirty foot unopened right of way; thence with the western margin of said right of way and , subsequently, the western line of William L. Koehler South 25° 48' 01" West 294.38 feet to an iron pin in the northeast corner of another tract of William L. Koehler; thence with the northern lines of Lots 5A, 5, 4A, 4, 3A and 3 as shown on a plat recorded in Plat Book 20 at Page 294, Catawba County Registry, North 55° 59' 16" West 237.99 feet to an iron pin, North 56° 05' 14" West 135.44 feet to an iron pin, and North 55° 59' 35" West 279.17 feet to an iron pin in the southeast corner of James Yount, thence with Yount's eastern line North 34° 39' 39" East 300.69 feet to the Beginning, and containing approximately 4.278 acres, according to a survey by Darrin L. Reid, R.L.S., dated December 12, 2000.

Reid

CONSENT AND JOINDER

BOOK 2267 PAGE 926

WHEREAS, Bank of Granite (hereinafter referred to as "Beneficiary") is the owner and holder of certain obligations secured by two Deeds of Trust recorded in Book 2189 at Pages 1219 and 1236, Catawba County Registry, and Donald D. McSwain (hereinafter referred to as "Trustee") is Trustee under both of said Deeds of Trust; and

WHEREAS, Trustee and Beneficiary have agreed at the request of Henson Development, Inc., a North Carolina corporation, to consent to the provisions of the attached Declaration of Covenants, Conditions and Restrictions for Lawson's Creek (hereinafter referred to as the "Declaration"), which Declaration is applicable to the property encumbered by both of the aforesaid Deeds of Trust;

NOW, THEREFORE, Trustee and Beneficiary, by joining herein, hereby:

- (1) Consent to the execution, delivery, and recordation of the Declaration;
- (2) Subordinate the liens of the aforesaid Deeds of Trust to the provisions of the Declaration with the same effect as if the Declaration had been executed, delivered, and recorded prior to the execution, delivery, and recordation of the Deeds of Trust; and
- (3) Agree notwithstanding the foreclosure of either or both of the Deeds of Trust (or a conveyance in lieu thereof), that the Declaration and all rights therein described shall continue unabated and in full force and effect.

IN WITNESS WHEREOF, the Beneficiary and the Trustee have hereunto set their hands and seals as of this 24th day of April, 2001.

BANK OF GRANITE

By: *Sam Vile* President



Donald D. McSwain
Donald D. McSwain, Trustee

STATE OF NORTH CAROLINA
COUNTY OF CATAWBA

BOOK 2267 PAGE 927

I, Rebecca P. McLendon, a Notary Public of the County and State aforesaid, certify that Kelly D Stroud personally came before me this day and acknowledged that he is ASS Secretary of Bank of Granite, 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 Sr. Vice President, sealed with its corporate seal and attested by himself as its Asst Secretary.



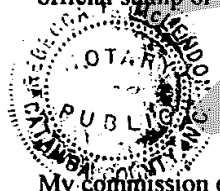
Witness my hand and seal this 26th day of April, 2001.

Rebecca P. McLendon
Notary Public

My commission expires: 01-08-02

STATE OF NORTH CAROLINA
COUNTY OF CATAWBA

I, Rebecca P. McLendon, a Notary Public of the County and State aforesaid, certify that Donald D. McSwain, Trustee, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 26th day of April, 2001.



Rebecca P. McLendon
Notary Public

My commission expires: 01-08-02

STATE OF NORTH CAROLINA CATAWBA COUNTY

The foregoing certificates of Rebecca P. McLendon and Young M. Smith, Jr., Notaries Public of Catawba County, N.C. are certified to be correct. This instrument was presented for registration this 27th day of April, 2001 at 2:57 P.M. and duly recorded in the office of the Register of Deeds of Catawba County, N.C. in Book 2267 at Page 907.

Ruth Mackie

RUTH MACKIE - REGISTER OF DEEDS
igs