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522 S. Lexington Avenue, Burlington, N.C. 27215

**NORTH CAROLINA
ALAMANCE COUNTY**

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS,**

**DECLARATION OF PLANNED
COMMUNITY, AND**

SHARED DRIVEWAY EASEMENTS

FOR

GLENCOE MILL VILLAGE SUBDIVISION

FILED

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NADINE S. FUGUA
REGISTER OF DEEDS
ALAMANCE COUNTY, NC

KNOW ALL MEN by these presents that The Historic Preservation Foundation of North Carolina, Inc., a North Carolina private non-profit corporation ("Declarant"), hereby covenants and agrees to and with all persons, firms, and corporations now owning or hereafter acquiring any one or more of those lots designated as Phase I of that subdivision known as Glencoe Mill Village Subdivision, a plat of which is recorded in the office of the Register of Deeds of Alamance County, North Carolina, in Plat Book 64, Pages 63 and 64, that said property is hereby subjected to the following restrictions on the use thereof and that said restrictions are to run with and be appurtenant to the property and every part thereof by whomsoever owned, to wit:

RECITALS

WHEREAS, Declarant has developed certain lands ("the Property") in Alamance County, North Carolina as shown on that Plat entitled "Glencoe Mill Village Subdivision, Phase One - Record Map" recorded in Plat Book 64, Pages 63 and 64, Alamance County Register of Deeds, prepared by Joseph E. Hardee, RLS #L1890, Cavanaugh & Associates, P. A. ("Subdivision Plat"); and

WHEREAS, a legal description of the Property is also attached as Exhibit A; and

WHEREAS, the references to lots herein shall be to the lot references shown on the recorded Subdivision Plat; and

WHEREAS, on March 15, 1999 Declarant caused to be filed in the Office of the Alamance County Register of Deeds, in Book 1270, Page 690, a "Declaration of Covenants, Conditions, and Restrictions for the Glencoe Mill and Mill Village" applicable for all the real property of Declarant surrounding and including the Property as shown on a survey entitled "Property of Glencoe Mills Boundary Map" recorded in Book of Maps 62, Page 52, Alamance County Register of Deeds; and

WHEREAS, the Declarant finds that private controls over the use of land are an effective means of establishing, preserving, maintaining and, in some instances, enhancing, the economic or intangible values pertaining to the use and enjoyment of the Property; and

WHEREAS, to this end, the Declarant desires to establish on the Property certain private land use controls, conditions, restrictions, equitable servitudes, encumbrances, affirmative obligations, burdens, benefits, reservations, easements, assessments, charges and liens as established by this Declaration of Covenants, Conditions and Restrictions and Declaration of Planned Community ("Declaration"); and,

WHEREAS, the primary purpose of these Covenants and the foremost consideration in the origin of the same is to govern the architectural standards of any and all structures on the Property, and to facilitate, through appropriate land use controls and through provision of financial support raised through assessments as provided herein, the creation and maintenance of Common Elements on the Property which will make parcels within the Property and the Property as a whole desirable for use and enjoyment as a place for human habitation and human activities; and

WHEREAS, the Declarant has caused to be incorporated under the laws of the State of North Carolina a nonprofit corporation, Glencoe Mill Village Owners Association, Inc. ("Association"), for the purpose of owning and continuously maintaining the Common Elements of the Property, consistent with this Declaration and with the Association's Bylaws and Articles of Incorporation; and

WHEREAS, Declarant anticipates that the Common Elements shown on all of the current and future recorded plats of the Property subject to this Declaration will be conveyed by Declarant to the Association;

NOW THEREFORE, Declarant does hereby declare that all of the Property described in Exhibit A, together with any additional property which it may hereafter add to supplement this Declaration pursuant to the Development Rights and Special Declarant Rights reserved herein, shall be held, transferred, conveyed, occupied and used subject to the following easements, covenants, conditions, restrictions, liens and charges which shall run with and be appurtenant to the title to the real property and which shall be binding upon and inure to the benefit of all parties having any right, title or interest in the Property described in Exhibit A, their heirs and assigns.

ARTICLE I DEFINITIONS

- 1.1. "Articles" means the Articles of Incorporation of Glencoe Mill Village Owners Association, Inc.
- 1.2. "Assessment" shall mean an Owner's share of the common expenses, charges and dues as established by the Association, and as hereinafter defined.
- 1.3. "Association" shall mean the Glencoe Mill Village Owners Association, Inc., a non-profit corporation whose purpose is to administer and enforce the provisions of this Declaration.
- 1.4. "Board" or "Board of Directors" means the Board of Directors of the Association.
"Bylaws" shall be the Bylaws of the Association.
- 1.5. "Common Elements" shall mean all real property designated and shown in writing and/or on a plat by the Declarant as "Common Area" or "Open Space" and (a) conveyed to the Association for the use and benefit of the Association; or (b) held by the Declarant for the benefit of the Association. Such real property shall include but not be limited to, for example, private roads and streets to or within the Property, and any walkways, rights-of-

way, recreation areas or open spaces (both landscaped and natural), water and wastewater treatment facilities, lagoons, lakes or ponds reserved to the Association or to the use of the Owners. "Common Elements" shall also include all structures, fixtures, accessories and facilities located on common real property and all structures, fixtures, accessories or facilities owned or maintained by the Declarant or the Association for the benefit of the Owners.

- 1.6. "Common Expenses" shall mean all expenditures made by the Association in carrying out its duties together with all funds assessed by the Association for the creation and maintenance of reserve under this Declaration.
- 1.7. Reserved.
- 1.8. "Declarant" shall mean The Historic Preservation Foundation of North Carolina, Inc., a North Carolina, private non-profit corporation with offices in Raleigh, North Carolina, its successors and assigns. The Declarant may assign or pledge any or all of its rights reserved under this Declaration through an assignment or in an instrument of conveyance or assignment.
- 1.9. "Declaration" shall mean this document and any additional covenants, conditions and restrictions for Glencoe Mill Village Subdivision heretofore or hereafter recorded together with all amendments which may be recorded in the office of the Register of Deeds, Alamance County, North Carolina.
- 1.10. "Dwelling" or "Dwelling Unit" shall mean any single family Dwelling quarters whether in a detached building or in an attached unit, and including but not limited to a single family detached house, townhouse, residential unit within a duplex, cluster home, condominium or apartment. Also included as Dwellings or Dwelling Units are those structures located on Lots 1, 5, 6, and 14 for which uses other than residential are allowed under this Declaration.
- 1.11. "Lot" shall mean any parcel of land within the Property.
- 1.12. "Multiple Family Tract" shall mean any subdivided but unimproved parcel of land located within the Property and intended for construction of multi-family residential dwelling units including townhouses, condominiums, duplexes, apartments or cluster homes.
- 1.13. "Occupant" shall mean any person including but not limited to any Owner, family member, guest, invitee, licensee, lessee, or tenant of an Owner occupying or otherwise using a Dwelling within the Property.
- 1.14. "Owner" shall mean the record Owner, whether one or more persons or entities, of the fee simple title or contractual equitable title to any Lot or Unit in the Property. Notwithstanding any theory of the mortgage, "Owner" shall not mean or refer to the mortgagee, unless and until such mortgagee has acquired title pursuant to foreclosure or any deed or proceeding in lieu of foreclosure.
- 1.15. "Period of Declarant Control" shall mean that period during which Declarant shall have special control over the Property and over the Association in order to carry out its rights and duties under this Declaration.
- 1.16. "Person" shall mean a Natural Person, Corporation, Partnership, Association, Trust or other legal entity or any combination thereof.
- 1.17. "PNC" means The Historic Preservation Foundation of North Carolina, Inc., whose street address is 220 Fayetteville Street Mall, Suite 300, Raleigh, North Carolina, and whose mailing address is P.O. Box 27644, Raleigh, North Carolina, 27611-7644, and whose telephone number is (919) 832-3652.
- 1.18. "Property" or "Properties" shall mean the property described on the attached Exhibit A together with all improvements located or constructed thereon, and more particularly as shown on that plat entitled "Glencoe Mill Village Subdivision, Phase I - Record Map" and

recorded in the Alamance County Register of Deeds at Plat Book 64, Page 64. It shall also refer to any additional property which may hereafter be made subject to this Declaration pursuant to the Development Rights and Special Declarant Rights reserved herein, including any water and wastewater treatment facilities owned by Declarant or the Association.

- 1.19. "Rules" shall mean any and all regulations of the Association promulgated by the Board pursuant to its power under this Declaration, the Bylaws, the Articles of Incorporation or the North Carolina Planned Community Act.
- 1.20. "Unit" shall mean any physical portion of the Property designated for separate ownership or occupancy; for example, units shall mean but not be limited to unimproved lots, single-family houses, townhouses, condominium units, apartment units, duplex units, and structures located on lots 1, 5, 6 and 14 for which other than residential use is allowed under this Declaration.

**ARTICLE 2
MEMBERSHIP, VOTING RIGHTS AND
GOVERNANCE OF THE ASSOCIATION**

Section 2.1 Membership. Every person or entity who is a record Owner of a Lot or a Dwelling subject to this Declaration, which is situated in the Property, shall be a member of the Association, provided that any such person or entity who holds an interest merely as security for the performance of an obligation shall not be a member.

Section 2.2 Voting Rights. The votes of the membership of the Association shall be allocated as follows.

2.2.1. The Owner of each Lot or Unit shall be entitled to one vote per Lot or Unit owned.

2.2.2. Reserved.

2.2.3. Reserved.

2.2.4. When more than one person or entity holds an interest in any Lot, all such persons or entities shall be members of the Association, and the vote for such Lot shall be exercised as they among themselves determine, and such persons shall designate one (1) person to vote. In no event shall more than one (1) vote be cast with respect to any Lot or Unit except as expressly provided as to the Declarant.

Section 2.3. Governance. The Association shall be governed by a Board of Directors. In accordance with the Bylaws, the Association shall elect a Board of Directors. So long as Declarant is a member of the Association, Declarant shall be entitled to appoint at least one member of the Board of Directors.

Section 2.4. Turnover. Within ninety (90) days after the Declarant no longer holds title to seventy percent (70%) of the Lots, or at any earlier timer that Declarant in its sole discretion may determine, the members of the Association shall conduct a special meeting, hereinafter called the Turnover Meeting, for the purpose of assuming control of the Association. However, so long as the Declarant is a member of the Association, the Declarant shall be entitled to appoint at least

one member to the Board of Directors. Declarant shall have the right to call a special meeting of the membership prior to such ninetieth (90th) day in order to effect Turnover of the Association to the members if in its sole discretion it determines to do so. Howsoever such meeting is called, the members shall at the time of the Turnover Meeting assume full control over the Association and shall have no right not to accept all the powers, duties and obligations of the Association.

Section 2.5. Period of Declarant Control. During the Period of Declarant Control, the Declarant shall have special control over the Property and over the Association in order to carry out its rights and duties under this Declaration. The Period of Declarant Control shall be from the date this Declaration is executed through the ninetieth (90th) day after which Declarant no longer holds title to seventy percent (70%) of the Lots, or such shorter time period as the Declarant in its sole discretion shall elect by calling a special meeting of the membership of the Association in order to effect Turnover of the Association to the members as discussed in Section 2.4 above. At all times during the Period of Declarant Control, Declarant shall have the right to appoint or remove any officer of the Association.

Section 2.6. Right to Amend Declaration to Add Lots or Units or to Subject Community to a Master Association. Should properties be incorporated into the Property, or should this Declaration be amended to include properties, which are designated for alternative forms of individual ownership, use or occupancy such as condominiums or townhouses, this Declaration shall either be amended to include the Owners of such Units as members of the Association, or else a Master Association shall be created which shall oversee all the associations created to oversee all Common Elements on the Property. The powers of the Association pursuant to this Declaration, the Articles of Incorporation, the Bylaws and the North Carolina Planned Community Act may be delegated to an entity ("Master Association") which exercises those powers on behalf of one or more planned communities or condominiums, and N.C. Gen. Stat. §§ 47C-2-120 and 47F-2-120 are hereby expressly adopted to allow delegation to such Master Associations. Should a Master Association encompassing the Association be created, all members of the Association shall also be members of the Master Association.

Section 2.7. Votes to Amend the Declaration. The portions of this Declaration which embody provisions of the Declaration of Planned Community as required or allowed by the North Carolina Planned Community Act, N.C. Gen. Stat. §§ 47F-1-101 *et seq.*, wherever in this document such provisions may be located, may be amended only affirmative vote or written agreement signed by Owners to which at least 67% of the votes in the Association are allocated, except that:

2.7.1. No amendment may disturb any of the rights allocated to Declarant by this Declaration or any other Declaration of Covenants, Conditions and Restrictions or Declaration of Planned Community recorded for the Property, including but not limited to rights incident to the Period of Declarant Control, rights included in the Special Declarant Rights and in the Development Rights of Declarant, and the rights delegated solely to The Historic Preservation Foundation of North Carolina, Inc. to enforce the architectural and landscaping standards of Exhibits B, C and D, which are attached hereto and incorporated herein by reference as if fully set forth.

2.7.2. No amendment may disturb any provision in this Declaration or any other Declaration of Covenants, Conditions and Restrictions or Declaration of Planned

Community recorded for the Property which grants land use rights appurtenant to lots in the Property, especially including but not limited to the easements granted herein for the Common Elements and the shared driveways and the architectural, design and maintenance Restrictions included in Exhibits B, C and D which are attached hereto and incorporated herein by reference as if fully set forth. Such rights are interests in land granted through the provisions of such document(s) constituting the Declarations of Covenants, Conditions and Restrictions and as such are not subject to amendment except by deed executed by the affected Lot Owners.

2.8 Phases: Rights to Add Property Shown on Plats or Plans. Declarant specifically reserves the right, but not obligation, to add additional real property shown for "Future Development" (or words of like import) on plats and plans to the Property as additional phases of the development plan. Owners of Lots or Units on any such additional property added shall be members of the Association if no separate association is set up for such owners, and, if so, such owners shall enjoy the same rights to the Common Elements as do the Lot Owners of Phase 1.

ARTICLE 3 PROPERTY RIGHTS IN THE COMMON ELEMENTS

Section 3.1. Owners' Easements of Enjoyment in the Common Elements. Subject to the provisions of the Section herein entitled "Easement For Governmental, Health, Water, Sewage Disposal, Sanitation and Emergency Services" and any additional provisions of this Declaration, every Owner and members of the Owner's household, as well as any condominium Unit Owners and Lessees of any apartments on the Property, shall have a permanent and perpetual easement for the use and enjoyment of the Common Elements and each such easement shall be appurtenant to and shall pass with title to every Lot. Such easements of enjoyment shall include but not be limited to the Owner's right of ingress and egress over the streets, roadways, and walkways over the Common Elements for the purpose of access to the Owners' Lot. Any streets in the Property which are Private shall be maintained by the Association.

Section 3.2. Title to the Common Elements. No later than the date of the Turnover Meeting, the Declarant shall convey title to the Common Elements to the Association by Non-Warranty Deed, at no cost to the Association, free and clear of all liens and encumbrances except this Declaration and any supplements and amendments thereto. The Association covenants that it will accept a conveyance of all the Common Elements and all duties and liabilities concurrent therewith.

Section 3.3. Limitation of Owners' Easements. The right of easement, use and enjoyment created hereby shall be subject to the following:

3.3.1. The right of the Association to adopt and enforce, at any time, rules and regulations governing the use of the Common Elements and all facilities situated thereon. Any rules and/or regulations so adopted shall apply until rescinded or modified the same as if originally set forth at length in this Declaration.

3.3.2. The right of the Association to set specific charges for the use and maintenance of the Common Elements.

3.3.3. The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of maintenance, repair and improvement of the Common Elements and in aid thereof to mortgage or encumber such properties.

3.3.4. The right of the Association as provided in its Articles and Bylaws to suspend the enjoyment of any Owner for any period during which any assessment remains unpaid, or for a period that may be determined by the Board of Directors for any violation of this Declaration, the Association's Articles, Bylaws, or published rules and regulations; provided however, that the right of a member of ingress and egress to his own Lot shall not be abrogated.

3.3.5. The right of the Declarant and the Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority, or utility in the regular course of such agency, authority or utility's business.

3.3.6. The right of the Declarant, without approval of the Association or any Owner, to add real or personal property or fixtures to the Common Elements and to dedicate easements and rights-of-way over the Common Elements in accordance with the terms of this Declaration.

3.3.7. The sole and exclusive right of Declarant to enforce any architectural control guidelines contained in this Declaration and any previously recorded declaration or Restrictive Covenant.

Section 3.4. Easement for Utilities. There is hereby reserved for the benefit of the Declarant, the Association, any public utility, or governmental unit providing services in the Community, and their respective successors and assigns, an easement upon, over, under and across all of the Common Elements and all land located within ten (10) feet of the lot lines of all Lots for the purpose of installing, replacing, maintaining, and operating utilities.

Section 3.5. Easement for Governmental, Health, Water, Sewage Disposal, Sanitation and Emergency Services. A non-exclusive easement is hereby granted to the appropriate governmental authorities and to the appropriate private organizations supplying health, sanitation, police and emergency services such as fire, ambulance and rescue services, for purpose of ingress and egress over the Common Elements. Declarant further reserves an easement over the Common Elements as needed for the installation, maintenance and operation of any central water and sewage disposal systems or pump stations which may serve the Property.

Section 3.6. Maintenance Easement. The Declarant reserves for itself and the Association and their respective agents and employees an easement to enter upon any unimproved areas in the Property for the purpose of mowing, clearing, cutting or pruning underbrush, weeds, stumps or other unsightly growth and removing trash therefrom so as to maintain reasonable standards of health, fire safety and appearance within the Property. This reservation shall not impose any duty or obligation upon the Declarant or the Association to perform any such action. Furthermore, the Declarant hereby reserves for its benefit and that of the Association an easement but not obligation to enter upon any unimproved area which is located within thirty (30) feet from the water's edge of any lagoon, pond, river, water course or waterway, whether natural or manmade, within the Property for the purpose of maintaining such area and keeping

the area clear and free from unsightly growth and trash and the maintenance of reasonable water quality standards.

Section 3.7. Environmental Easements. Declarant reserves for its benefit and the Association and their respective agents and employees an easement on, over and across any and all unimproved areas in the Property for the purpose of taking any action necessary to effect compliance with environmental rules and regulations or procedures promulgated or instituted by the Board of Directors or by any governmental entity. Such easement shall include, without limitation, the right to implement erosion control procedures and practices, the right to drain standing water, and the right to dispense pesticides and herbicides within the Property as permitted by law.

Section 3.8. Easement for Declarant. The Declarant reserves to itself, its successors and assigns the right to construct such temporary roads, utility services and drainage systems as are necessary in its sole discretion for the proper development and administration of the Property. Such right shall extend over, through, under and across the Common Elements.

Section 3.9. Reservation of Development Rights. Pursuant to N.C. Gen. Stat. § 47F-1-103(28), Declarant hereby reserves unto itself for so long as it owns any interest in any Lot in the Property the right, without further notice, (a) to add real estate to the Property, (b) to create Lots, Units, Common Elements or limited Common Elements, (c) to subdivide Lots or Units, (d) to realign or change the boundaries of any Common Elements, and (e) to withdraw real estate from the Property. These rights expressly do not include the right to withdraw real estate from the Common Elements.

Section 3.10. Reservation of Special Declarant Rights. Pursuant to N.C. Gen. Stat. § 47F-1-103(28), Declarant hereby reserves unto itself for so long as it owns any interest in any Lot in the Property the right, without further notice, (a) to exercise Special Declarant Rights as reserved elsewhere in this Declaration, (b) to complete improvements indicated on plats and plans heretofore recorded or recorded with this Declaration, (c) to exercise any Development Right, (d) to maintain sales offices, management offices, signs advertising the Property, and models, (e) to use easements through the Common Elements for making improvements within the Property or within real estate which may be added to the Property, (f) to make the Property part of a larger planned community or group of planned communities, (g) to make the Property part of a Master Association, and (h) to appoint or remove any Director or officer of the Association or of any Master Association during the Period of Declarant Control.

ARTICLE 4 COVENANT FOR ASSESSMENTS

Section 4.1. Creation of The Lien and Personal Obligation of Assessments. Except as hereinafter more fully provided, the Declarant, for each Lot owned by it which is subject to this Declaration, hereby covenants and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in the particular deed of conveyance, shall be deemed to covenant and agree to all the Covenants and Restrictions of this Declaration and to pay the Association: (a) Periodic Assessments and (b) Special Assessments to be fixed, established, and collected from time to time as hereinafter provided. The Periodic and Special Assessments, together with such

interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. Each Owner expressly covenants, by acceptance of a deed, that liens may be placed against the Owner's Lot or Unit for nonpayment of assessments by that Owner.

Section 4.2. Purpose of Assessments. The assessments levied by the Association for common expenses shall be used exclusively for the general purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and occupants of the Community and maintaining the Community and improvements therein, all as may be more specifically authorized from time to time by the Board of Directors. The common expenses to be funded by the Periodic Assessments may include but shall not necessarily be limited to the following: (a) utility charges for utilities serving the Common Elements and charges for other common services for the Community including sewer service and pump stations, trash collection and security services if any such services or charges are in fact paid by the Association; (b) the cost of insurance coverage as the Board of Directors determine to be in the interest of the Owners; (c) the expenses of maintenance, operation and repair of the Common Elements, including but not limited to the expense of maintenance, operation, repair and reconstruction of any and all private roads and streets, pathways, trails, lagoons, exterior lighting fixtures, waterways, recreation areas, open space, and landscape areas within the Property conveyed to the Association; (d) any real or personal property taxes assessed or levied against the Common Elements; (e) all expenses associated with providing security services to the Property; (f) the establishment and maintenance of a reasonable reserve fund for maintenance, repair and replacement of the Common Elements including but not limited to those specified in item (c) of this subsection, to cover emergency repairs as a result of casualties which are not covered by insurance and to cover unforeseen operating contingencies or deficiencies arising from unpaid assessments; (g) management fees and expenses of administration; (h) all expenses associated with the provision of wastewater services, including operation of a pump station and (i) such other expenses as may be determined from time to time by the Board of Directors of the Association to be common expenses.

Section 4.3. Date of Commencement of Periodic Assessments; Due Date; Assessment Period. The financial obligation to pay assessments as provided herein for Owners shall commence upon conveyance of a Lot to the Owner, regardless of when such obligation shall actual be assessed against Owner as a liquidated amount due. The first Periodic Assessment shall become due when the then Lot Owners are notified by the Declarant or the Association, or no later than ninety (90) days after the Turnover Meeting. Once the assessment period has commenced, the assessments shall thereafter be due on the first day of every Assessment Period as this term is defined in the Bylaws of the Association. Until the Declarant or the Association makes the first Periodic Assessment, Declarant shall be responsible for all common expenses.

Section 4.4. Allocation and Amount of the Periodic and Special Assessments. Periodic and Special Assessment shall be divided equally and shared pro rata among the Lots made subject to this Declaration; provided, however, that Declarant shall only be required to pay 25% of the Assessment amount for each Lot owned by it but undeveloped, or developed but unoccupied on the date of the Assessment. The Owner of each Lot in the Property shall pay a Periodic Assessment set by the Board based on the actual and estimated costs in carrying out its duties for the assessment period. The Board shall set a budget and establish the amounts of any Periodic or Special Assessment without a vote of the general membership of the Association. The Board

shall provide written notice to all Owners of a change in the amount of the Periodic Assessment by mailing such notice to all members at least thirty (30) days in advance of the effective date of the adopted change.

4.4.1. Should any Lot be subdivided or developed into separate physical units designated for individual ownership or occupancy, to wit, condominiums or apartments, the following shall apply:

(a) The Owner of each condominium Unit shall thereby become a member of the Association, and each such Owner shall be assessed for common expenses in the same manner as Lot Owners. The developer or party defined as "declarant" in the declaration of condominium shall be liable for the share of common expenses allocated to unsold condominium Units. The pro rata share of the common expenses shall be reallocated to reflect an equal share for each member regardless of whether such member owns a Lot or a condominium Unit, and the privileges in the use of the Common Elements, including sewer services and the sewer pump station, participation and voting in the Association and otherwise shall not vary with a member's form of ownership. Any document creating a Master Association shall provide the same duties and obligations as provided in this subsection.

(b) The Lessee of any apartment unit shall not thereby be a member of the Association and shall not be entitled to any participation or voting privileges of the Association; however, Lessees are intended beneficiaries of the easements to the Common Elements of this Declaration, and their privileges in the use of the Common Elements, including sewer services and the sewer pump station, shall not be abridged in any manner. Common Expenses shall be apportioned for every apartment unit, but shall be assessed against the Owner of the apartments and not against the Lessees themselves. Any document creating a Master Association shall provide the same duties and obligations as provided in this subsection.

4.4.2. Notwithstanding the above subsections (a) and (b), nothing in this section shall prohibit subgroup voting on issues of special interest solely to the members of a particular subgroup of the Association membership pursuant to N.C. Gen. Stat. § 47F-3-110.

Section 4.5. Special Assessments. In addition to the Periodic Assessment authorized by this Article, upon affirmative vote or written agreement signed by Owners to which at least 67% of the votes in the Association are allocated, the Board may levy on each Owner in any assessment period a Special Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement upon the Common Elements, including the necessary fixtures and personal property related thereto, or for other extraordinary purposes deemed appropriate by the Association. The due date of any special assessment under this Article shall be fixed in a resolution of the Board of Directors authorizing such assessment.

Section 4.6. Duties of the Board of Directors. The Board of Directors of the Association shall prepare a roster of Owners and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. The Association shall, upon demand at any time, furnish to any Owner liable for an assessment a certificate in writing signed by an officer of the Association setting forth whether the Assessment has been paid. The certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid and shall be binding on the Association.

Section 4.7. Effect of Non-payment of Assessment; Personal Obligation of Owner; Lien; Remedies of the Association; Late Fee. If an assessment is not paid on the date when due (being the date specified in the notice of the assessment given to each Owner), then it shall become delinquent and shall, together with interest thereon, become a continuing lien on the property which shall bind such property in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation for the statutory period. If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the highest legal rate or at the rate established by the Board of Directors not to exceed eighteen percent (18%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the outstanding assessment and/or bring an action to foreclose the lien against the property. There shall be added to the amount of such assessments all costs of collection, including, but not limited to the reasonable attorneys' fees. In the event a judgment is obtained, such judgment shall include interest on the assessments as provided above and reasonable attorneys' fees together with costs incident to the action. In addition to the foregoing remedies, the Board of Directors may assess a Late Fee as may have been theretofore established by the Board of Directors for each periodic or special assessment which is more than thirty (30) days delinquent, for the purpose of helping defray collection costs. The Board may also suspend the enjoyment rights of the delinquent Owner in the Common Elements pursuant to the provision herein entitled "Limitation of Owners' Easements."

Section 4.8. Subordination of the Lien to Mortgages. The lien for the assessments provided for in this Declaration shall be subordinate to the lien of any mortgage now or hereafter placed upon an Owners property subject to assessment, unless such assessment is secured by a Claim of Lien that is recorded prior to the recording of such mortgage.

ARTICLE 5 MAINTENANCE AND INSURANCE OF PROPERTY

Section 5.1. Maintenance Responsibilities of Owners. Each Owner is responsible for maintaining the grounds of his Lot and the exterior appearance of any improvements thereon in a clean and neat manner and in good repair, including not allowing excessive weeds or grass to grow or unsightly trash to accumulate. In the event that any Lot or improvement becomes unsightly or hazardous, as the Association alone shall determine, through failure of an Owner to maintain his property as required herein or for any other reason, the Association shall have the right, but not the obligation, to provide necessary maintenance.

Section 5.2. Maintenance Action by the Association. Where the Board determines that a Lot or improvements thereon requires maintenance and that the Owner has failed, refused or is unable

to carry out his duties under this Article, the Board shall take such action as is necessary to restore the premises to the general standard prevailing in the Property and to the standard befitting the Property's historical importance. Entry upon any Lot for this purpose by the Declarant or the Association, its agents or employees shall not be deemed a trespass and each Owner by acceptance of his deed hereby grants the Declarant and the Association license to enter his Lot for such purpose. Except in emergency situations, however, the Association shall give such Owner fifteen (15) days notice prior to its entry on the premises to perform such work.

Section 5.3. Assessment for Association Maintenance of Owner's Lots or Dwelling Units.

Where the Association authorizes maintenance on a Lot or improvement, the work shall be performed in a cost efficient manner and the Association shall have the right to assess the individual property Owner the cost thereof, as well as a \$150.00 Maintenance Fee. In the case of failure to pay the cost or assessment, the Board shall place a lien on the premises for such amount, and such amount shall also be a personal obligation of the Owner and shall be due and payable in all respects as a Periodic or Special Assessment.

Section 5.4. Maintenance of Common Elements. Unless otherwise provided, the Association shall maintain and keep in good repair the Common Elements including any improvements or structures located thereon. Common Elements may be conveyed subject to a written Maintenance Agreement entered into with Declarant at the time of conveyance. No diminution or abatement of assessments, fees or charges, however, shall be claimed or allowed by any Owner by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by it under this Declaration. Together with Article 4, this provision shall constitute a private road maintenance agreement.

Section 5.5. Insurance of Common Elements. The Association shall maintain casualty and liability insurance on the Common Elements pursuant to N.C. Gen. Stat. § 47F-3-113.

ARTICLE 6 ADMINISTRATION OF THE COMMON ELEMENTS

Section 6.1. Management. The Association, subject to the rights of the Declarant and the rights and duties of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Elements and all improvements located thereon that have been conveyed to the Association.

Section 6.2. Duties and Powers. The duties and powers of the Association shall be those set forth in (a) Chapter 55A of the North Carolina General Statutes as it applies to nonprofit Corporations, (b) this Declaration, (c) the Bylaws, (d) the Articles of Incorporation of the Association and (e) Chapter 47F of the North Carolina General Statutes. Should there be conflicts or inconsistencies between any of these documents then the order of authority shall be the General Statutes, this Declaration, the Articles of Incorporation, and the Bylaws. Notwithstanding any other provisions in this Declaration to the contrary, as long as the Declarant shall own any interest in any Lot or Unit in the Property, the Association shall not, without the express written consent of the Declarant, borrow money or pledge, mortgage, encumber, deed in trust or hypothecate all or any portion of the Common Elements.

Section 6.3 Agreements. All Agreements and actions lawfully authorized by the Board of Directors shall be binding upon all Owners, their heirs, successors and assigns. The Association may perform its duties and responsibilities through its Board of Directors and further shall have the authority to delegate to persons of its choice such duties as may be determined by the Board of Directors to be expedient. The Board shall have the power to employ such managers, agents and employees as necessary in its discretion to carry out its functions under this Declaration. In addition, the Association may pay for and the Board of Directors may hire and contract for such legal, accounting and other professional services as are necessary or desirable in connection with the operation of the Property or enforcement of this Declaration or the Bylaws or the rules and regulations of the Association. Furthermore, the Association may delegate responsibility for all or some of its duties to a Master Association created pursuant to N.C. Gen. Stat. §§ 47C-2-120 and 47F-2-120.

Section 6.4. Restraint on Transfer. The shares of the Owners in the funds and assets of the Association cannot be individually assigned, hypothecated or transferred in any manner except to the extent that a transfer of ownership of a Lot or Unit also transfers the membership in the Association which is appurtenant to such Lot or Unit; however, the Association may borrow money or pledge, mortgage, encumber, deed in trust or hypothecate all or any portion of the Common Elements or its interest in the stream of assessment payments from Owners with the express written consent of Declarant as long as Declarant shall own any interest in any Lot or Unit in the Property, or without such consent thereafter.

Section 6.5. Condemnation of Common Elements. Should any portion of the Common Elements be taken through eminent domain or conveyed by deed in lieu of condemnation by the Association, the award or proceeds made or collected by the Association shall be disbursed or held as follows: (a) to the extent practical in the discretion of the Board, the fund shall be used for the replacement of the condemned facility on some other part of the Common Elements; (b) if replacement at some other location within the Common Elements is not feasible then these funds shall be added to the reserves held by the Association; or (c) should the Board deem the funds not necessary for addition to the reserves then these funds shall be disbursed on a pro rata basis to the membership of the Association.

ARTICLE 7

AFFIRMATIVE USE, ARCHITECTURAL AND LANDSCAPING RESTRICTIONS

Section 7.1. All Lots Subject to Restrictions and Standards of Exhibits B, C and D. In order to preserve the natural setting, beauty and historic character and significance of the Property and of the dwellings, buildings and other improvements now existing thereon, to establish and present a harmonious and aesthetically pleasing design for the Property, and to protect and promote the value of the development, all Lots and improvements located thereon, including landscaping, shall be subject to the restrictions, conditions and standards set forth in either "Exhibit B Guidelines for Existing Dwellings or Structures" or "Exhibit C Guidelines for New Dwellings or Structures," as applicable, as well as of "Exhibit D Secretary of the Interior's Standards for the Treatment of Historic Properties," ("Guidelines"), each of which is attached hereto and incorporated herein as if fully set forth. "New" structures or dwellings shall be those built after January 1, 1999. If it is unclear whether a structure or dwelling is "new" or "existing," the more restrictive standard shall apply. Every Grantee of any interest to any Lot, Unit or other parcel of

real property subject to this Declaration, by acceptance of a deed or other conveyance of such interest, agrees to be bound by the provisions of this Declaration, of the applicable Guidelines and also of the Declaration of Covenants, Conditions and Restrictions for the Glencoe Mill and Mill Village recorded in Book 1270, Page 690 in the Alamance County Register of Deeds on March 15, 1999.

Section 7.2. Enforcement of Guidelines. In recognition of its special expertise in the management of historic properties and for good and valuable consideration the receipt of which is hereby acknowledged, the enforcement of the affirmative architectural and landscaping restrictions and conditions set forth in the Guidelines is hereby delegated by the Association, its members, Board, officers, employees, agents, successors and assigns, exclusively to The Historic Preservation Foundation of North Carolina, Inc. ("PNC"), separate from PNC's status as Declarant and regardless of whether PNC shall hold any interest in any Lot or Unit.

7.2.1. The delegation by the Association to PNC contained in Section 7.2 above shall apply only to the affirmative architectural and landscaping restrictions and conditions set forth in the Guidelines and shall not otherwise limit the ability of the Association to enforce the other provisions of this Declaration, prior or subsequently filed Declarations of Planned Community or Restrictive Covenants, the Bylaws, the Articles of Incorporations, the North Carolina Planned Community Act or the duly promulgated rules and regulations of the Association.

Section 7.3. Restriction to Single-Family Owner-Occupied Residential Use. Except for Lots 1, 5, 6 and 14, all Lots and Open Space shown on Sheet 2 of the Subdivision Plat and encompassing forty-three (43) lots, ("Mill Village Lots") shall be restricted to single-family owner-occupied residential use only. No trade or business of any kind shall be conducted upon any of the Mill Village Lots aside from Lots 1, 5, 6 and 14, although home offices are allowed if in accordance with the Guidelines. No such Lot or structure on any such Lot shall be leased, in whole or in part, for more than thirty (30) days per year with the exception of a long-term lease of one (1) year or longer to the Owner's immediate family if approved by PNC. No group home, residential treatment center, halfway house, foster home or any other similar facility designed to provide transient or temporary living quarters for those other than the Owner's immediate family shall be allowed on any Mill Village Lot, including Lots 1, 5, 6 and 14.

7.3.1. Limited commercial uses may be allowed on Mill Village Lots 1, 5, 6 and 14 upon application to and in the sole discretion of PNC in accordance with the Guidelines and with the City of Burlington Zoning Ordinance.

7.3.2. Nothing in this Section 7.3 shall limit the uses which may be made of the real property denoted for "Future Development" on Sheet 1 of the Subdivision Plat. No representations are made regarding the future development of such real property or the improvements located or to be built thereon.

Section 7.4. Preservation Easement Filed of Record. Nothing in this Article or in this Declaration shall be construed in any manner to limit the rights of PNC to enforce that Declaration of Covenants, Conditions, and Restrictions for the Glencoe Mill and Mill Village ("Preservation Easement"), recorded in the Alamance County Register of Deeds at Book 1270, Page 690 and recorded on March 15, 1999, to which document reference is hereby made for a

more particular description of the rights and duties of the Lot Owners and of PNC in the use of the Lots and the improvements thereon.

Section 7.5. Prohibited Activities: Animals, Fowl, Pets. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may seem or become a nuisance or an annoyance to the neighbors or to the community. No animals, fowl or pets shall be kept on any Lot for commercial purposes, and no animals other than household pets shall be kept on any Lot for any purpose. Pets shall be confined to the Lot and not allowed to roam free. The Association shall have the authority to address and remedy violations of this Section.

ARTICLE 8 DRIVEWAYS

Section 8.1. Shared Driveways. There shall exist the following perpetual easements for driveways, which shall run with the land and be appurtenant thereto and shall be binding upon any subsequent Owners of the below-listed Lots, irrespective of whether the deed to such Owner referred to such easement. Such easements shall be for the private use of the Owners of each Lot, and shall be limited to use for the reasonable ingress and egress of a reasonable number of vehicles of the Owners and their immediate family members and guests. In no circumstances shall the easement areas described herein be used for the parking of vehicles, but only for passage to and from any parking areas created by Owners to the rear of their Lots. Such easements shall be non-exclusive.

8.1.1. Lot 2. As shown on Exhibit E1.

8.1.2. Lots 14 and 15. As shown on Exhibit E2.

8.1.3. Lots 15 and 16. As shown on Exhibit E3.

Section 8.2. Additional Driveways Easements to be Created. It is envisioned that as Lots are sold to Owners other than Declarant, additional driveway easements shall be created benefitting and burdening each or most Lots. However, no easement shall be binding upon any Owner who acquires his interest prior to the recordation of the driveway easement burdening his Lot.

Section 8.3. Easement Owners to Share Reasonable Costs of Maintenance of Driveway. Each Owner of a Lot benefitted by a driveway easement, whether created by this Declaration or in the future, by his ownership of any interest in any Lot subject to this Declaration, covenants and agrees to assume the affirmative obligation to cooperate in good faith with the adjoining Owner of any other Lot benefitted by the same shared driveway easement to provide one-half of the costs, materials and/or labor required to keep the driveway in good, safe working order and not unsightly within the standards of the development. This covenant shall not depend on whether or not either Owner makes any use of the easement or whether either agreed to accept it.

8.3.1. Failure of an Owner to provide one-half of the reasonable maintenance costs of the driveway benefitting his Lot, or to cooperate with his neighbor in the maintenance of such driveway, may result in the Association's provision of such maintenance at the Owner's expense and the imposition of a \$150.00 fine pursuant to Sections 5.1, 5.2 and 5.3 of this Declaration.

8.3.2. Nothing in this Article 8 shall require any Owner whose real property is burdened but not benefitted by a particular driveway easement to contribute to the maintenance of such driveway.

Section 8.4. Paving. Any driveway constructed on any Lot shall be first approved by PNC, and shall not be paved with asphalt. Any driveway constructed of a material other than gravel must be first approved by PNC prior to construction.

ARTICLE 9 GENERAL PROVISIONS AND ENFORCEMENT

Section 9.1. Duration. Notwithstanding the termination of the Association as provided by law, the Covenants, Conditions and Restrictions on the use of real property contained in this Declaration shall be appurtenant to and shall run with the land and shall exist and be binding upon all parties and all persons claiming under them in perpetuity.

Section 9.2. Rules and Regulations. The Board of the Association is granted the power to pass rules and regulations for purposes of enforcing the authority granted by this Declaration, the Bylaws, the Articles of Incorporation and the North Carolina Planned Community Act.

Section 9.3. Enforcement. Failure of an Owner, members of the Owner's household, the Owner's guests, licensees or invitees to comply with a provision of this Declaration or a provision in the Bylaws, Articles of Incorporation or rules and regulations of the Association shall confer upon Declarant or the Association, the right to bring legal action at law or in equity, including but not limited to an action for injunctive relief, damages, or a combination thereof against the Owner. All costs and expenses incurred by the Declarant or by the Association in terminating or resolving a violation of this Declaration, including reasonable attorneys' fees (whether or not litigation is instituted) and court costs, shall be the responsibility of the Owner determined by the Declarant or the Association to be in violation. Collection of such attorneys' fees, costs and damages may be enforced by any method described in this Declaration providing for the collection of assessments, by a civil action to collect the debt, or by any other means not prohibited by law.

Section 9.4. Other Associations. Future development may require establishment of additional homeowners' associations, and Declarant reserves the right to establish or allow the establishment of any such associations. Upon establishment of any such association, an Owner of a Lot or Unit in such developed property which required the establishment of the additional association shall be a member of the Association as well as of the additional homeowners' association required to be created, and the Association shall become a Master Association or a Master Association shall be created to oversee all homeowners' associations in the Property. All the provisions of this Declaration and also of the Declaration of Covenants, Conditions and Restrictions for the Glencoe Mill and Mill Village recorded in Book 1270, Page 690 in the Alamance County Register of Deeds on March 15, 1999 shall apply to such Master Association.

Section 9.5. No Trespass. Whenever the Association or the Declarant and their respective successors, assigns, agents or employees are permitted by this Declaration to correct, repair, clean, maintain, preserve or do any other action within any portion of the Property, including

land of Owners, the entering thereon and taking of such action shall not be deemed a trespass, and each Owner hereby grants a license to the Association and Declarant for such purposes.

Section 9.6. Interpretation. In all cases, the provisions of this Declaration shall be construed together and given that interpretation or construction which, in the opinion of the Declarant or the Board of Directors, will best effectuate the intent of the general plan of the Property. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive.

Section 9.7. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such a manner as to be effective and valid. However, if the application of any particular provision to any person or property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

Section 9.8. Notices. Notices required under this Declaration shall be in writing and shall be delivered by hand or sent by United States mail, postage prepaid. All notices to Owners shall be delivered or sent to such address as have been designated in writing to the Declarant or the Association or if no such address has been so designated by the Owner, at the address of the Owner's Lot or Unit. All notices shall be delivered or sent to the Declarant's mail office in Raleigh, North Carolina at P.O. Box 27644, Raleigh, North Carolina, 27611-7644, or to such other address as the Declarant from time to time may notify the Association.

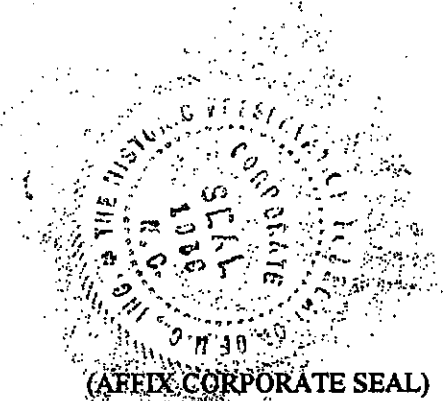
Section 9.9. VA/FNMA/FHLMC Provision. Notwithstanding anything contained in this Declaration to the contrary, any amendment or termination of this Declaration during the Period of Declarant Control which shall materially and adversely affect the validity or priority of the lien of or the rights of banks, savings and loan associations, insurance companies other firms or entities customarily affording loans secured by first liens on residences and eligible insurers and governmental guarantors ("Institutional Lenders") holding first mortgage loans on real property located within the Property shall be required to have the prior approval of such Institutional Lenders, which shall be deemed granted if a letter requesting such from the Association to the Lender is not responded to within thirty (30) days thereof.

IN WITNESS WHEREOF, this Declaration of Covenants, Conditions and Restrictions and Declaration of Planned Community has been signed and executed by the Declarant on this the 26 day of August, 1999.

DECLARANT:

THE HISTORIC PRESERVATION FOUNDATION OF NORTH CAROLINA, INC., a North Carolina non-profit corporation. (SEAL)

By: Sylvia C. Nash (SEAL)
Sylvia C. Nash
President



(AFFIX CORPORATE SEAL)

Attest:
J. Myrick Howard
J. Myrick Howard
Assistant Secretary

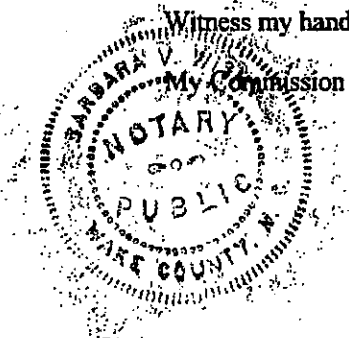
NORTH CAROLINA
WAKE COUNTY

I, Barbara V. Wisby, a Notary Public of the County and State aforesaid, certify that J. Myrick Howard personally came before me this day and acknowledged that he is Assistant Secretary of THE HISTORIC PRESERVATION FOUNDATION OF NORTH CAROLINA, 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 him as its Assistant Secretary.

Witness my hand and official stamp or seal, this 26 day of August, 1999.

My Commission Expires: 9-6-2003

Barbara V. Wisby
Notary Public



State of North Carolina - Alamance County
The foregoing certificate of Barbara V. Wisby

A Notary (Notaries) Public of the Designated Governmental units is (are) certified to be correct

This the 31 day of Aug 1999
NADINE S. FLOUA
Register of Deeds By Nadine S. Floqua Assistant/Deputy

98.00

EXHIBIT A

LEGAL PROPERTY DESCRIPTION

That certain parcel of land situate in Faucette and Burlington Townships, Alamance County, North Carolina, which is more particularly described as follows: BEGINNING at a control corner concrete monument with the following coordinates from the Development Coordinate System:

N 10,000.00 and E 10,000.00, and running thence N 44°43'10"E 244.23 feet to a point; thence S 46°41'44" E 26.54 feet to a point; thence N 52°06'04" E 372.48 feet to a point; thence N 19°50'50" E 297.00 to a point; thence S 70°09'10" E 148.78 feet to a point lying on the southern right of way of Hodges Road; thence N 19° 50' 50" 208.60 feet to a point; thence along the northern right of way of Sarah Rhyne Road S 73°45'39" E 287.84 feet to a point; thence S 82° 51'22" E 63.26 to a point; thence N 25°39'01" E 63.26 feet to a point; thence S 73°45'39" E 66.60 feet to a point; thence along the common boundary of the herein described tract and lands now or formerly owned by R. Martin S 05°33'18" W 441.71 feet to a point; thence in a line along same said boundary S 05°33'18" W 281.66 feet to an existing iron pin having the following coordinates from the Development Coordinate System: N=11,157.02, E=10,038.91; thence along the same said boundary S 47°52' 47" E 415.17 feet to an existing iron pin; thence along the common boundary of the herein described tract and lands now or formerly a part of Section Two, River Hills Subdivision S 39°08'48" W 353.96 feet to an existing iron pin; thence along the common boundary of the herein described tracts and lands now or formerly owned by George and Jerolene Nall S 25°36'19" W 119.66 feet to a point; thence N 31°44' 59" W 196.67 feet to a point; thence S 17°10' 50" W 268.10 feet to a point; thence S 36°25'50" W 103.80 feet to a point; thence N 72°14' 10" W 108.66 feet to a point in the eastern right-of-way of River Road (S. R. 1598); thence N 15°21'27" W 105.93 feet to a point in the western right of way of Glencoe Street (S. R. 1600); thence N 71°55'43" W 143.98 feet to a point; thence N 21°05'46" E 227.35 feet to a point; thence N 72° 49' 10" West 25.00 feet to a point; thence S 44°53'03" W 86.80 feet to a point; thence N 66°51'33" W 39.13 feet to a point; thence S 59°01'51" W 36.55 feet to a point; thence N 72°48'36" W 103.44 feet to a point; thence S 16° 02' 33" W 47.47 feet; thence S 45° 50' 14" E 19.17 feet to a point; thence S 42°53' 36" W 51.96 feet to a point; thence along the southern right of way of Mill Race Road N 46°16' 05" W 229.66 feet to a point; thence along a curve in the same right of way having the following curve data: CH=N 48°19'33" W 34.29 feet, L=34.30 feet and R=477.50 feet to a point; thence continuing along the southern right of way of Mill Race Road N 50°23'00" W 353.61 feet to a point; thence along a line N 39°37'00" E 81.00 feet to a point; thence S 50°23'00" E 49.00 feet to a point; thence S 44° 43' 10" W 36.14 feet to the point and place of BEGINNING, said described tract being shown on a plat entitled " Glencoe Mill Village Subdivision, Phase I - Record Map" dated March 15, 1999, prepared by Joseph C. Hardee, RLS# L 1890, Cavanaugh and Associates, P.A. and recorded at Plat Book 64, Page 64 in the Alamance County Register of Deeds, which plat is incorporated herein by reference for further description; and being a portion of that certain tract acquired by The Historic Preservation Foundation of North Carolina, Inc. by General Warranty Deed dated December 16, 1998 and recorded in Book 1135, Page 558 of the Alamance County Register of Deeds.

EXHIBIT B**GUIDELINES FOR EXISTING DWELLINGS OR STRUCTURES****THE COVENANT AND DESIGN REVIEW PROCESS**

These covenants apply to homes in the Glencoe Mill Village constructed before January 1, 1999. Homes constructed after January 1, 1999 are regulated by the Guidelines for New Dwellings (see Exhibit C).

Any exterior changes and many interior changes require covenant approval. Applications with full descriptions of the proposed work must be submitted, along with photographs of the existing structure or element to be altered and plans, drawings, and elevations, as applicable.

For any type of approval, The Historic Preservation Foundation of North Carolina, Inc. (Preservation North Carolina, or PNC) will render a decision on an application within 45 days of its acceptance in complete form. PNC will use the guidelines and the Secretary of the Interior's Standards for Rehabilitation as criteria for their decision, and will take one of the following actions:

- Approval
- Approval Subject to Conditions
- Denial

Approvals for work may also be required by the Alamance Historic Properties Commission or the Burlington Historic District Commission. Their design and use regulations for historic structures are published and available through the county or city planning departments.

If North Carolina Rehabilitation Tax Credits are used, the designs must be approved by the North Carolina State Historic Preservation Office in Raleigh, North Carolina.

PART 1: MILL VILLAGE HOUSES AND YARDS**I. USE****A. Use and Occupancy of House and Property****Guidelines**

1. The house must be used as an owner-occupied residence except in extenuating circumstances. The owner may not rent or sublet the house for more than 30 days per year, with the exception of a long-term lease (one year or longer) to immediate family members. All rentals for more than 30 days per year must be approved in advance in writing by PNC.
2. Parking may occur only along the street or in rear yards on driveways. Parking of vehicles is prohibited in the front yard.
3. Notwithstanding the regulations outlined in #4 below, houses may be used for home-based businesses. Home-based business use must be approved and is subject to the following restrictions:
 - No more than 30% of the square footage of the house and outbuildings may be used for business purposes.
 - On-site retail activities are not permitted.
 - No more than two vehicles serving or visiting home-based businesses are permitted on the lot at any time.
 - No more than one non-resident employee may work in the business at one time.
4. The structures on lots 1, 5, 6 and 14 may be used for commercial purposes. Use of the structures for commercial purposes must be approved, and is subject to the following restrictions:
 - Sign designs, size, configuration, placement and materials must be approved by PNC.

- No more than two vehicles for commercial purposes are permitted on the lot at any time.
- No more than two non-resident employees may work in the business at one time.

II. LANDSCAPE FEATURES

A. General Guidelines

Definitions

Front Yard: The portion of the lot from the street to the exterior rear plane of the front section of the house.

Back Yard: The portion of the lot from the rear plane of the front section of the house to the rear property line or the drainage/pedestrian easement boundary. If no drainage/pedestrian easement exists on the property, the back yard will end at the rear property line.

Drainage/Pedestrian Easement: The portion of the lot subject to a cross-easement, as shown in the subdivision plat.

Guidelines

1. No living trees greater than 12 inches in diameter (or 38 inches in circumference) at a point 4 feet above the ground may be removed from the property without approval, unless immediate removal is necessary for the following reasons:
 - Protection of any persons coming onto the property or of the general public,
 - For the prevention or treatment of disease,
 - For the protection and safety of the house or other permanent improvements on the property.
2. If a tree is removed for the above reasons, or after approval, it must be replaced within a reasonable time with a new tree of a similar species. If the resident requests, PNC may consider the use of an alternate species or an alternate location.
3. Living trees, both on and adjacent to the property, must be protected during construction and renovation. New construction and accessory buildings should be sited to minimize their impact on existing mature trees.
4. Plants and trees must not interfere with utility lines (above or below ground) or pedestrian traffic in public right-of-ways.
5. Yards and the street right-of-way in front of each property must be maintained in a reasonable condition and at a reasonable frequency.
6. Only permanent, in-ground swimming pools will be considered; above-ground swimming pools are prohibited. When evaluating a swimming pool proposal, the size of the pool, siting, fencing, landscaping, and accessory buildings will be considered.
7. Jacuzzis and hot tubs are permitted in back yards, with approval. Jacuzzis and hot tubs must be screened by landscaping or an approved fence.
8. Clotheslines are permitted in the back yard only.
9. Satellite dishes or other equipment for reception of broadcasting or data are permitted only on the back of the house, and must not be visible from the street or from any other house in the village. Satellite dishes may be no larger than 20" in diameter. Placement of the above equipment requires approval.

B. Front Yard Landscaping

Guidelines

1. Hard landscaping (defined as fences, walls, patios, decks, and other permanent or semi-permanent structural features), continuous hedges, lawn ornaments, outdoor components of mechanical systems, and accessory buildings are prohibited in the front yard, with the exception of steps and walkways.
2. A single, straight walkway extending from the center of the front porch to the street is permitted. If cement or concrete is used, it must be tinted gray to appear weathered and must be of a texture that is compatible with existing concrete in the village. If brick is used, the type of brick must

match, as closely as possible, existing brick used on the structure. If steps are required to access the street from the walkway, steps must be constructed of brick and must be similar in construction to those used on lots 1, 2, 3, 14 and 15 on Glencoe Street.

3. Any grading or cut and fill operations in the front yard must receive approval.

C. Outbuildings

Guidelines

1. Outbuilding designs must receive approval.
2. The total square footage of garages, and all other outbuildings on a single lot may not exceed a total of 400 square feet or 30% of the square footage of the house (excluding porches and all additional outbuildings) on January 1, 1999, whichever is greater. No more than two outbuildings (including garage) are permitted.
3. Outbuildings must be permanent in nature and in accordance with the Secretary of the Interior's Standards and architecturally consistent with the character of the mill village. Metal buildings of any kind are prohibited. Outbuildings must have wooden clapboard siding or board-and batten siding, and "S-V" tin roofs, standing seam tin roofs or wood shingle roofs. Roofs may be no steeper than that of the house or flatter than 6:12 pitch.
4. Garages must be located in the back yard and must be detached from the house. Garages are limited to a single story and a single bay. Garages must be placed at least 6 feet in any direction from the house or outbuildings. Garage designs must receive approval.
5. Garage doors must be vertically hinged, or constructed in a manner such that they appear to be vertically hinged. Garage door designs must receive approval.
6. Outbuildings may be one story only.
7. Garages and outbuildings are subject to the same maintenance provisions as the house.
8. Existing outbuildings may not be demolished without approval.

D. Driveways

Guidelines

1. Driveway locations and designs must receive approval.
2. Each lot may have no more than one driveway. This includes shared driveways, if such driveways are designated for the lot. Driveways may be located be on one side of the house only.
3. Parking is prohibited on the shared portion of any shared driveway.
4. Driveways must be perpendicular to the street. Shared driveways must be perpendicular to the street to the point where they diverge.
5. Materials other than gravel for driveways requires approval. Asphalt is not permitted.
6. Driveways wider than 10 feet require approval.
7. Uncovered, surfaced parking areas must be located in the back yard.
8. Any proposed curbing at driveway entrances must be approved.
9. On lots where the house does not face the street, or in other unusual situations, different driveway configurations are permitted with approval.

E. Fences

Guidelines

1. Fences of any sort are prohibited in the front yard or in the drainage/pedestrian easement.
2. Open picket fences which are no higher than four feet from ground level are permitted in the back yard. Fence styles, placement and colors must be approved.
3. Fences must be maintained and repaired.
4. The following are specifically and strictly prohibited: fences taller than 4 feet, fence materials other than wood, and fences which form a solid visual barrier.

F. Walls and Hedges

Guidelines

1. Walls and hedges of any sort are prohibited in the front yard or drainage/pedestrian easement.
2. Walls in the back yard may not be higher than 18 inches.
3. Underground electronic or "radio" fences used to contain pets are permitted.

G. Patios

Guidelines

1. Patios are prohibited in the front yard or drainage/pedestrian easement.
2. Patios are permitted in the back yard.
3. No single patio area may exceed 250 square feet.
4. Patio design and materials must receive approval.

H. Decks

Guidelines

1. Decks are prohibited in the front yard or drainage/pedestrian easement.
2. Decks may be no larger than 250 square feet.
3. Deck floors may be no higher than the base floor level of the house without approval.
4. With the exception of benches and railings, no vertical surfaces may extend above the base floor level of the house without approval.
5. Decks must be constructed of wood and may be stained, treated with clear weatherproofing products, painted white or painted the body color of the house.
6. Deck design and placement must be approved.
7. Decks must be maintained and repaired as necessary to keep them in a sound and aesthetically pleasing condition.

I. Signage

Guidelines

1. Commercial signs are permitted only on lots 1, 5, 6 and 14. Sign designs, size, configuration, placement and materials must be approved.
2. Sign language must be in modern English, if English is used. For example, old English usage such as "Ye Olde Shoppe" is prohibited.
3. Real estate signs may be no larger than 500 square inches. Only one sign is permitted per property.

J. Boats, Recreational Vehicles, and Commercial Vehicles

Guidelines

1. Due to the scale of the village, the parking of boats on trailers or storage of boats 21 feet or greater in overall length and recreational vehicles (including motor homes 21 feet or greater and camper trailers 16 feet or greater) in the village for more than two (2) weeks is prohibited, unless the vehicle and/or trailer is parked in, and completely covered by, an approved garage.
2. All boats and recreational vehicles of any size must be parked in driveways in the back yard, not along the street.
3. Vehicles up to 21 feet in length owned or regularly used by a resident must be parked in driveways in the back yard, not along the street. Commercial vehicles longer than 21 feet owned or regularly used by a resident must receive approval.

K. Mailboxes

Guidelines

1. If community village mailboxes are established on the property, individual mailboxes are prohibited on, or in front of homes.
2. If rural mail service is provided, mailboxes must be placed in the road right-of-way. Mailboxes must be approved and placed on an unornamented wooden post.
3. If house-to-house delivery is provided, mailbox type, size and location must be approved by PNC.

III. EXTERIOR FEATURES AND ARCHITECTURAL DETAILS

A. Maintenance

Guidelines

1. The house must be adequately maintained with respect to appearance, safety, and structural integrity.
2. The front porch must be kept free of debris and excessive clutter.
3. Roofs, exterior walls, porches, cornices, and all other exterior surfaces must be free of peeling or excessively discolored paint. Roofs and flashing must at all times be watertight and any evidence of leakage shall require immediate repair.
4. Metal surfaces must be reasonably free of rust and discoloration. Wood damaged by rot or insect infestation must be repaired or replaced immediately.
5. Damage to any structural component of the house, including but not limited to the roof, load bearing walls, and foundation, resulting from any cause whatsoever, must be repaired within 45 days.

B. Exterior Siding and Trim

Guidelines

1. The original wooden clapboard or board-and-batten siding must be maintained or repaired.
2. Original wooden trim features must be maintained or repaired. Any non-original external features obscuring the trim shall be removed.
3. With approval, irreparable siding or trim may be removed and replaced. Replacement siding or trim must be of the same material, texture, dimensions, and appearance as the original material.
4. Synthetic sidings are prohibited. This includes, but is not limited to, vinyl, aluminum, masonite, or concrete-based siding.

C. Exterior Colors

Guidelines

1. Exterior paint color schemes (including roof color) must be approved. PNC encourages paint research and the use of original colors.

D. Front Porches

Guidelines

1. The original front porches, porch woodwork and porch ceilings must be maintained and repaired, replicating as closely as possible the style, material, and construction technique of historical porches.
2. Front porches may not be enclosed or screened.
3. Only wood may be used for porch decking, posts, woodwork, framing and other structural members, if visible.
4. Any non-original porch posts must be replaced with posts that replicate the original porch posts.

(Original porch posts in the village were 4 x 6 inches with chamfered edges, or 4 x 4 inches with chamfered edges.)

5. If a porch railing or balustrade is required by state or local code, their design must be approved.
6. When replacement is necessary, porch floors must be constructed of wood tongue-and-groove boards no wider than 4 inches in width.
7. Porch steps must be made of wood, and must replicate the original design found on the houses.
8. Porch floors should be painted. Porch step treads should be painted the same color as the porch floor. Porch step risers and stringers should be painted the same color as the body or the trim of the house.
9. Simple metal handrails or simple molded wood handrails for front steps, painted the same color as the body or trim of the house are permitted. Handrails must receive approval.
10. Simple ceiling fans, without lighting fixtures, are permitted on front porches.
11. Trash cans and recycling bins are not permitted on porches.
12. Infill is not permitted under the front porch.

E. Side and Back Porches

Guidelines

1. The removal or alteration of existing side or back porches requires approval.
2. The construction of new side or back porches, and their subsequent alteration, requires approval.
3. Enclosure of a side or back porch requires approval.
4. Screening of side and back porches is permitted, and requires approval. Framing used for screening must be made of wood. Screen colors must be approved.

F. Windows and Doors

Guidelines

1. Owners shall repair and maintain existing windows and sashes and restore altered windows to their original dimensions.
2. Replacement windows on original structures must be made of wood and conform to original windows in terms of number of sashes per window, number of lights per sash, and the dimensions of the sash and muntins (also called mullions). Muntins must be permanent; snap-in muntins are prohibited.
3. Shutters are not permitted, except on the supervisor's house (lot 1), for which documentation exists to support use of shutters. New shutters must be working, hinged, and louvered to match the original shutters.
4. Exterior storm windows are permitted only if they are painted to match the sash, and set into the window casing. Owners are encouraged not to put storm windows on their front windows. Storm window dividers must line up with the sashes of the original window.
5. Awnings over windows and doors are not permitted.
6. Original front doors which have been altered must be restored to their original condition.
7. Replacement front doors are permitted only if the original door is missing or determined to be irreparable. Replacement front doors must match the original as closely as possible. Replacement of a front door requires approval.
8. Original screen doors, if present, must be maintained.
9. Wooden full-view screen doors and wooden full-view storm doors are permitted.
10. Window air conditioning units or window fans are prohibited in the front windows of the house.

G. Foundations and Masonry

Guidelines

1. Where possible, existing foundation piers should be maintained and repaired, replicating as closely as possible the style, material, bond, and construction technique of historical piers. Replacement bricks and mortar must match the color and texture of that used in original piers.
2. If a pier has deteriorated to the point that it affects a dwelling's structural integrity and repair is

impractical, an owner may demolish the pier, provided that a replacement pier replicating as closely as possible the style, material, and bond of the demolished pier is built in its place. Metal pipe or cinder block piers surrounded by a brick veneer replicating as closely the style, material and bond of the demolished pier are permitted.

3. Existing floor level of houses may not be raised more than 8 inches, nor may it exceed the state or local building code requirement for handrails and/or ballustrades. Use of excavation as an alternative to raising houses is encouraged.
4. A brick perimeter foundation wall is permitted under the body of the original house as long as the infill is set back 4 or more inches from the face of the existing piers.
5. Brick piers must remain unpainted and uncovered.
6. Additions may have foundation walls which are flush with the perimeter of the addition wall.
7. Infill is not permitted under the front porch.

H. Roofs

Guidelines

1. Roofs must be covered with "5-V" tin roofs, standing seam tin roofs or wood shingle tin roofs.
2. Roofs may be painted. Colors must be approved.

I. Chimneys (Masonry)

Guidelines

1. Existing chimneys which are original to the house must be maintained and repaired, replicating as closely as possible the style, material and bond of original chimneys. Replacement bricks and mortar must match the color and texture of that used in original chimneys. Brick must be approved prior to use.
2. Existing chimneys which are original to the house shall not be destroyed without approval.
3. Existing chimneys which are original to the house, and which need to be removed, must be reconstructed in the exterior style, brick and bond of the original chimney. Replacement bricks and mortar must match the color and texture of that used in original chimneys. Brick must be approved prior to use.
4. Original chimneys which have been previously removed may be reconstructed with approval. The reconstruction should replicate as closely as possible the exterior style, brick and bond of the house's original chimneys. Brick must be approved prior to use.
5. Chimney inserts are permitted provided that such inserts do not affect the structural integrity or outward appearance of the chimney.

J. Exterior Lighting

Guidelines

1. Light fixtures used on porches should not be visible from the street. Overhead recessed fixtures, or fixtures which are located under the roof of the porch and which do not protrude below the level of the front edge of the porch, are acceptable. Fixtures must be affixed to the roof or framing of the porch roof and may not be suspended. Bulbs used shall be incandescent, white reflector bulbs.
2. No wall fixtures are permitted on the front facade.
3. Lighting posts, flood lights, and ground level lights are prohibited in the front yards.

K. Miscellaneous Exterior Features and Architectural Details

Guidelines

1. HVAC units, jacuzzi/hot tub equipment, and pool equipment must be located so that it is not visible from the street.

2. Half-round gutters and round downspouts may be installed on buildings, but should be kept to a minimum on the front facade and shall blend, as closely as possible, with existing architectural details. Unpainted metal may not be used as a gutter or downspout material. Downspouts shall be painted.
3. House numbers should be metal (either black or brass), not larger than four inches in height, and mounted on the front facade of the house, to the right of the front door.
4. Any attached house signs must be approved.

IV. ADDITIONS

Guidelines

1. Additions of heated space may increase the size of the original house (excluding porches and existing outbuildings) as of January 1, 1999 by no more than 55% or 400 square feet, whichever is greater. Outbuildings which are connected to the house shall be considered additions.
2. All additions shall be located at the rear yard. Additions shall not extend beyond the width of the front section of the house by more than six feet on either side.
3. The roofs of additions shall not be higher than the roof of the original structure. Roofs may be no steeper than that of the house or flatter than 6:12 pitch.
4. All additions must be sided with wooden clapboard or board-and-batten siding.
5. All additions must receive approval. When considering proposed additions, PNC shall consider the following criteria: orientation, spacing, and site coverage of structures; height; scale; general form and proportion of structures; relationship to the main structure; horizontal, vertical, or nondirectional emphasis; exterior building materials, textures, and color; size, shape and proportions of entrances, windows, and porches; roof shapes, forms, and material; expression of architectural detailing; use of local or regional architectural traditions; and effect on archeological resources. Contemporary designs for additions or additional structures shall not be discouraged when such alterations and additions do not destroy significant historical, architectural, or cultural material, and such design is compatible with the size color, material and character of the property and its environment.
6. If chimney design is not based on historical precedent, chimneys must be placed on the interior of the addition. New exterior chimneys not based on historical precedent are not permitted.

V. INTERIOR FEATURES AND ARCHITECTURAL DETAILS

A. Right of Inspection

Preservation North Carolina retains the right to conduct reasonable and periodic inspections for compliance with these covenants and for research purposes.

B. Floorplans

Guidelines

1. The original floorplan of the house shall be retained whenever possible. Changes to the original floorplan require approval.
2. The removal of original interior walls or the covering or moving of original interior doors of main rooms requires approval. The elimination of any original window requires approval.

C. Fireplaces and Mantels

Guidelines

1. All original hearths and mantels must be retained and repaired. Removal of original mantels requires approval.

D. Stairways

Guidelines

1. In two-story houses, original stairways, balustrades, handrails, risers, treads, and stringers must be retained and repaired.

E. Molding

Guidelines

1. All original molding—including but not limited to baseboards, picture molding, and window and door surrounds—shall be retained and repaired whenever possible. Sections of irreparable molding shall be replaced with molding which replicates as closely as possible the original molding in material, texture, and design. Sections of original molding may be removed from one room and used in other rooms if more than 75% of the original molding in the room of removal is irreparable. Removal of molding requires approval.

F. Walls and Ceilings

Guidelines

1. Original wall and ceiling materials -- including original plaster, flush wood sheathing and beaded board -- may not be removed without approval.
2. Where repair of original beaded board is deemed impractical, it shall be left in place and covered with gypsum board or other material in a manner which leaves the beaded board as undamaged as possible.
3. Removal of beaded board ceilings is permitted if material is not original to the house, with approval.
4. Removal and replacement of plaster and beaded board requires approval.
5. Removal of intact and undamaged flush wood sheathing is prohibited. With approval, undamaged flush wood sheathing and beaded board may be covered with sheetrock as long as the underlying boards are left intact and as undamaged as possible. The sheetrock must be installed in such a manner that it is easily removed.

G. Floors

Guidelines

1. All original wood floors shall be maintained and repaired. Removal of original wood floorboards is prohibited unless more than 50% of the original flooring material in any room is deemed irreparable. Replacement materials shall replicate as closely as possible original materials including workmanship and type of wood. Removal of original floorboards requires approval.

VI. MECHANICAL SYSTEMS

A. Indoor Components

Guidelines

1. Interior plumbing or HVAC chases in the original portions of the house must be approved.

B. Outdoor Components

Guidelines

1. Outdoor components of mechanical systems are prohibited in the front yard.
2. Outdoor components of mechanical systems shall be sited as unobtrusively as possible in the back

- yard, and screened with wooden fencing or shrubbery. Placement and screening must be approved.
3. Liquid propane gas (LP) tanks must be buried.

VII. MOVING AND DEMOLITION

Guidelines

1. Demolition of any structure is not permitted under any circumstance unless approved in writing in advance.
2. Moving of any structure is not permitted under any circumstance unless approved in writing in advance.

EXHIBIT C**GUIDELINES FOR NEW DWELLINGS OR STRUCTURES****THE COVENANT AND DESIGN REVIEW PROCESS**

These covenants apply to homes in the Glencoe Mill Village constructed after January 1, 1999. Homes constructed before January 1, 1999 are regulated by the Guidelines for Existing Dwellings or Structures (see Exhibit B).

All new construction requires prior approval. Applications with full descriptions of the proposed work must be submitted, along with photographs of the existing structure or element to be altered and plans, drawings, and elevations, as applicable.

For any type of approval, The Historic Preservation Foundation of North Carolina, Inc. (Preservation North Carolina, or PNC) will render a decision on an application within 45 days of its acceptance in complete form. PNC will use the guidelines and the Secretary of the Interior's Standards for Rehabilitation as criteria for their decision, and will take one of the following actions:

- Approval
- Approval Subject to Conditions
- Denial

Approvals for work may also be required by the Alamance Historic Properties Commission or the Burlington Historic District Commission. Their design and use regulations for historic structures are published and available through the county or city planning departments.

PART 1: MILL VILLAGE HOUSES AND YARDS**I. USE****A. Use and Occupancy of House and Property****Guidelines**

1. The house must be used as an owner-occupied residence except in extenuating circumstances. The owner may not rent or sublet the house for more than 30 days per year, with the exception of a long-term lease (one year or longer) to immediate family members. All rentals for more than 30 days per year must be approved in advance in writing by PNC.
2. Parking may occur only along the street or in back yards on driveways. Parking of vehicles is prohibited in the front yard.
3. Notwithstanding the regulations outlined in #4 below, houses may be used for home-based businesses. Home-based business use must be approved and is subject to the following restrictions:
 - No more than 30% of the square footage of the house and outbuildings may be used for business purposes.
 - On-site retail activities are not permitted.
 - No more than two vehicles serving or visiting home-based business purposes are permitted on the lot at any time.
 - No more than one non-resident employee may work in the business at one time.

II. LANDSCAPE FEATURES**A. General Guidelines**

Definitions

Front Yard: The portion of the lot from the street to the exterior rear plane of the front section of the house.

Back Yard: The portion of the lot from the rear plane of the front section of the house to the rear property line or the drainage/pedestrian easement boundary. If no drainage/pedestrian easement exists on the property, the back yard will end at the rear property line.

Drainage/Pedestrian Easement: The portion of the lot subject to cross-easement, as shown in the subdivision plat.

Guidelines

1. No living trees greater than 12 inches in diameter (or 38 inches in circumference) at a point 4 feet above the ground may be removed from the property without approval, unless immediate removal is necessary for the following reasons:
 - Protection of any persons coming onto the property or of the general public,
 - For the prevention or treatment of disease,
 - For the protection and safety of the house or other permanent improvements on the property.
2. If a tree is removed for the above reasons, or after approval, it must be replaced within a reasonable time with a new tree of a similar species. If the resident requests, PNC may consider the use of an alternate species or an alternate location.
3. Living trees, both on and adjacent to the property, must be protected during construction and renovation. New construction and accessory buildings should be sited to minimize their impact on existing mature trees.
4. Plants and trees must not interfere with utility lines (above or below ground) or pedestrian traffic in public right-of-ways.
5. Yards and the street right-of-way in front of each property must be maintained in a reasonable condition and at a reasonable frequency.
6. Only permanent, in-ground swimming pools will be considered; above-ground swimming pools are prohibited. When evaluating a swimming pool proposal, the size of the pool, siting, fencing, landscaping, and accessory buildings will be considered.
7. Jacuzzis and hot tubs are permitted in back yards, with approval. Jacuzzis and hot tubs must be screened by landscaping or an approved fence.
8. Clotheslines are permitted in the back yard only.
9. Satellite dishes or other equipment for reception of broadcasting or data are permitted only on the back of the house, and must not be visible from the street or from any other house in the village. Satellite dishes may be no larger than 20" in diameter. Placement of the above equipment requires approval.

B. Front Yard Landscaping

Guidelines

1. Hard landscaping (defined as fences, walls, patios, decks, and other permanent or semi-permanent structural features), continuous hedges, lawn ornaments, outdoor components of mechanical systems, and accessory buildings are prohibited in the front yard, with the exception of steps and walkways.
2. A single, straight walkway extending from the center of the front porch to the street is permitted. If cement or concrete is used, it must be tinted gray to appear weathered and must be of a texture that is compatible with existing concrete in the village. If brick is used, the type of brick must match, as closely as possible, existing brick used on the structure. If steps are required to access the street from the walkway, steps must be constructed of brick and must be similar in construction to those used on lots 1, 2, 3, 14 and 15 on Glencoe Street.
3. Any grading or cut and fill operations in the front yard must receive approval.

C. Outbuildings

Guidelines

1. Outbuilding designs must receive approval.
2. The total square footage of garage, and all other outbuildings on a single lot may not exceed a total of 400 square feet. No more than two outbuildings (including garage) are permitted.
3. Outbuildings must be permanent in nature and in accordance with the Secretary of the Interior's Standards and architecturally consistent with the character of the mill village. Metal buildings of any kind are prohibited. Outbuildings must have wooden clapboard siding or board-and batten siding, and "S-V" or standing seam tin roofs. Roofs may be no steeper than that of the house or flatter than 6:12 pitch.
4. Garages must be located in the back yard and must be detached from the house. Garages are limited to a single story and a single bay. Garages must be placed at least 6 feet in any direction from the house or outbuildings. Garage designs must receive approval.
5. Garage doors must be vertically hinged, or constructed in a manner such that they appear to be vertically hinged. Garage door designs must receive approval.
6. Outbuildings may be one story only.
7. Garages and accessory buildings are subject to the same maintenance provisions as the house.
8. Existing accessory buildings may not be demolished without approval.

D. Driveways

Guidelines

1. Driveway locations and designs must receive approval.
2. Each lot may have no more than one driveway. This includes shared driveways, if such driveways are designated for the lot. Driveways may be located on one side of the house only.
3. Parking is prohibited on the shared portion of any shared driveway.
4. Driveways must be perpendicular to the street. Shared driveways must be perpendicular to the street to the point where they diverge.
5. Materials other than gravel for driveways requires approval. Asphalt is not permitted.
6. Driveways wider than 10 feet require approval.
7. Uncovered, surfaced parking areas must be located in the back yard.
8. Any proposed curbing at driveway entrances must be approved.
9. On lots where the house does not face the street or in other unusual circumstances, different driveway configurations are permitted with approval.

E. Fences

Guidelines

1. Fences of any sort are prohibited in the front yard or in the drainage/pedestrian easement.
2. Open picket fences which are no higher than four feet from ground level are permitted in the back yard. Fence styles, placement and colors must be approved.
3. Fences must be maintained and repaired.
4. The following are specifically and strictly prohibited: fences taller than 4 feet, fence materials other than wood, and fences which form a solid visual barrier.

F. Walls and Hedges

Guidelines

1. Walls and hedges of any sort are prohibited in the front yard or drainage/pedestrian easement.
2. Walls in the back yard may not be higher than 18 inches.
3. Underground electronic or "radio" fences used to contain pets are permitted.

G. Patios

Guidelines

1. Patios are prohibited in the front yard or drainage/pedestrian easement.
2. Patios are permitted in the back yard.
3. No single patio area may exceed 250 square feet.
4. Patio design and materials must receive approval.

H. Decks

Guidelines

1. Decks are prohibited in the front yard or drainage/pedestrian easement.
2. Decks may be no larger than 250 square feet.
3. Deck floors may be no higher than the base floor level of the house without approval.
4. With the exception of benches and railings, no vertical surfaces may extend above the base floor level of the house without approval.
5. Decks must be constructed of wood and may be stained, treated with clear weatherproofing products, painted white or painted the body color of the house.
6. Deck design and placement must be approved.
7. Decks must be maintained and repaired as necessary to keep them in a sound and aesthetically pleasing condition.

I. Signage

Guidelines

1. Commercial signs are not permitted on lots covered by these covenants.
2. Real estate signs may be no larger than 500 square inches. Only one sign is permitted per property.

J. Boats, Recreational Vehicles, and Commercial Vehicles

Guidelines

1. Due to the scale of the village, the parking of boats on trailers or storage of boats 21 feet or greater in overall length and recreational vehicles (including motor homes 21 feet or greater and camper trailers 16 feet or greater) in the village for more than two (2) weeks is prohibited, unless the vehicle and/or trailer is parked in, and completely covered by, an approved garage.
2. All boats and recreational vehicles of any size must be parked in driveways in the back yard, not along the street.
3. Vehicles up to 21 feet in length owned or regularly used by a resident must be parked in driveways in the back yard, not along the street. Commercial vehicles longer than 21 feet owned or regularly used by a resident must receive approval.

K. Mailboxes

Guidelines

1. If community village mailboxes are established on the property, individual mailboxes are prohibited on, or in front of homes.
2. If rural mail service is provided, mailboxes must be placed in the road right-of-way. Mailboxes must be approved and placed on an unornamented wooden post.
3. If house-to-house delivery is provided, mailbox type, size and location must be approved by PNC.

III. EXTERIOR FEATURES AND ARCHITECTURAL DETAILS

A. Design

Guidelines

1. PNC will provide architect-designed house plans which must be used for all infill construction. Plans may be modified, subject to approval by PNC. Once built any subsequent exterior changes require approval by PNC.

B. Maintenance

Guidelines

1. The house must be adequately maintained with respect to appearance, safety, and structural integrity.
2. The front porch must be kept free of debris and excessive clutter.
3. Roofs, exterior walls, porches, cornices, and all other exterior surfaces must be free of peeling or excessively discolored paint. Roofs and flashing must at all times be watertight and any evidence of leakage shall require immediate repair.
4. Metal surfaces must be reasonably free of rust and discoloration. Wood damaged by rot or insect infestation must be repaired or replaced immediately.
5. Damage to any structural component of the house, including but not limited to the roof, load bearing walls, and foundation, resulting from any cause whatsoever, must be repaired within 45 days.

C. Exterior Siding and Trim

Guidelines

1. Synthetic sidings are prohibited. This includes, but is not limited to, vinyl aluminum, masonite, or concrete-based siding.

D. Exterior Colors

Guidelines

1. Exterior paint color schemes (including roof) must be approved.

E. Front Porches

Guidelines

1. The removal or alteration of front porches requires approval.
2. Front porches may not be enclosed or screened.
3. Only wood may be used for structural members, porch decking, posts, woodwork, framing and other structural members.
4. If porch railings or balustrades are required by state or local building code, their design must be approved.
5. Porch floors should be painted.
6. Porch floors must be constructed of wood tongue-and-groove boards no wider than 4 inches in width.
7. Simple ceiling fans, without lighting fixtures, are permitted on front porches.
8. Trash cans and recycling bins are not permitted on porches.
9. Infill is not permitted under the front porch.

F. Side and Back Porches

Guidelines

1. The removal or alteration of side or back porches requires approval.
2. The construction of new side or back porches, and their subsequent alteration, requires approval.
3. Enclosure of a side or back porch requires approval.
4. Screening of side and back porches is permitted, and requires approval. Framing used for screening must be made of wood. Screen colors must be approved.

G. Windows and Doors

Guidelines

1. Shutters are not permitted on infill houses.
2. Exterior storm windows are permitted only if they are painted to match the sash. Owners are encouraged not to put storm windows on their front windows. Storm window dividers must line up with the sashes of the original window.
3. Awnings over windows and doors are not permitted.
4. Wooden full-view screen doors and wooden full-view storm doors are permitted.
5. Window air conditioning units or window fans are prohibited in the front windows of the house.

H. Foundations and Masonry

Guidelines

1. Brick or brick veneered foundations must be used on all infill houses. Brick must be approved prior to use.
2. Bricks and mortar must match the color of existing homes in the village.
3. Floor level of houses may not be raised more than 8 inches, nor may they exceed the building code threshold for handrails. Use of excavation as an alternative to raising houses is encouraged.
4. Brick piers, and foundation walls must remain unpainted and uncovered.
5. Infill is not permitted under the front porch.
6. Painting of any brick piers or foundations requires approval.

I. Roofs

Guidelines

1. Roofs must be covered with "5-V" tin roofs, standing seam tin roofs, or wood shingle roofs.
2. Roofs may be painted. Colors must be approved.

J. Chimneys (Masonry)

Guidelines

1. Brick and designs for chimneys must be approved.
2. Chimneys which need to be removed, must be reconstructed in the manner of the original chimney.

K. Exterior Lighting

Guidelines

1. Light fixtures used on porches should not be visible from the street. Overhead recessed fixtures, or fixtures which are located under the roof of the porch and which do not protrude below the level of the front edge of the porch, are acceptable. Fixtures must be affixed to the roof or framing of the porch roof and may not be suspended. Bulbs used shall be incandescent, white reflector bulbs.
2. No wall fixtures are permitted on the front facade.
3. Lighting posts, flood lights, and ground level lights are prohibited in the front yards.

L. Miscellaneous Exterior Features and Architectural Details

Guidelines

1. HVAC units, jacuzzi/hot tub equipment, and pool equipment must be located so that it is not visible

from the street.

2. Half-round gutters and round downspouts may be installed on buildings, but should be kept to a minimum on the front facade and shall blend, as closely as possible, with existing architectural details. Unpainted metal may not be used as a gutter or downspout material. Downspouts shall be painted the color of the body of the house.
3. House numbers should be metal (either black or brass), not larger than four inches in height, and mounted on the front facade of the house, to the right of the front door.
4. Any attached house signs must be approved.

IV. INTERIOR FEATURES AND ARCHITECTURAL DETAILS

1. Interior changes to houses constructed after July 19, 1999 do not require approval.

V. ADDITIONS

Guidelines

1. Any additions to the house require approval.
2. The roofs of additions shall not be higher than the roof of the original structure. Roofs may be no steeper than that of the house or flatter than 6:12 pitch.
3. All additions must be sided with wooden clapboard or board-and-batten siding.
4. All additions must receive approval. When considering proposed additions, PNC shall consider the following criteria: orientation, spacing, and site coverage of structures; height; scale; general form and proportion of structures; relationship to the main structure; horizontal, vertical, or nondirectional emphasis; exterior building materials, textures, and color; size, shape and proportions of entrances, windows, and porches; roof shapes, forms, and material; expression of architectural detailing; use of local or regional architectural traditions; and effect on archeological resources. Contemporary designs for additions or additional structures shall not be discouraged when such alterations and additions do not destroy significant historical, architectural, or cultural material, and such design is compatible with the size color, material and character of the property and its environment.
5. New chimneys on additions must be approved.
6. Additions may have foundation walls which are flush with the perimeter of the addition wall.

V. MECHANICAL SYSTEMS

A. Outdoor Components

Guidelines

1. Outdoor components of mechanical systems are prohibited in the front yard.
2. Outdoor components of mechanical systems shall be sited as unobtrusively as possible in the back yard and screened with wooden fencing or shrubbery. Placement and screening must be approved.
3. Liquid propane gas (LP) tanks must be buried.

VII. MOVING AND DEMOLITION

Guidelines

1. Demolition of any structure is not permitted under any circumstance unless approved in writing in advance.
2. Moving of any structure is not permitted under any circumstance unless approved in writing in advance.

EXHIBIT D

**SECRETARY OF THE INTERIOR'S STANDARDS FOR THE TREATMENT OF
HISTORIC PROPERTIES
(1992)**

TREATMENTS

There are Standards for four distinct, but interrelated, approaches to the treatment of historic properties -- Preservation, Rehabilitation, Restoration, and Reconstruction. **Preservation** focuses on the maintenance and repair of existing historic materials and retention of a property's form as it has evolved over time. (Protection and Stabilization have now been consolidated under this treatment.) **Rehabilitation** acknowledges the need to alter or add to a historic property to meet continuing or changing uses while retaining the property's historic character. **Restoration** is undertaken to depict a property at a particular period of time in its history, while removing evidence of other periods. **Reconstruction** re-creates vanished or non-surviving portions of a property for interpretive purposes.

In summary, the simplification and sharpened focus of these revised sets of treatment standards is intended to assist users in making sound historic preservation decisions. Choosing appropriate treatment for a historic property, whether preservation, rehabilitation, restoration, or reconstruction, is critical. This choice always depends on a variety of factors, including the property's historical significance, physical condition, proposed use, and intended interpretation.

Preservation is defined as the act or process of applying measures necessary to sustain the existing form, integrity, and materials of a historic property. Work, including preliminary measures to protect and stabilize the property, generally focuses upon the ongoing maintenance and repair of historic materials and features rather than extensive replacement and new construction. New exterior additions are not within the scope of this treatment; however, the limited and sensitive upgrading of mechanical, electrical, and plumbing systems and other code-required work to make properties functional is appropriate within a preservation project.

STANDARDS FOR PRESERVATION

1. A property shall be used as it was historically, or be given a new use that maximizes the retention of distinctive materials, features, spaces, and spatial relationships. Where a treatment and use have not been identified, a property shall be protected and, if necessary, stabilized until additional work may be undertaken.
2. The historic character of the property shall be retained and preserved. The replacement of intact or repairable historical materials or alteration of features, spaces, and spatial relationships that characterize a property shall be avoided.
3. Each property shall be recognized as a physical record of its time, place, and use. Work needed to stabilize, consolidate, and conserve existing historic materials and features shall be physically and visually compatible, identifiable upon close inspection, and properly documented for future research.
4. Changes to a property that have acquired historic significance in their own right shall be retained and preserved.
5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.
6. The existing condition of historic features shall be evaluated to determine the appropriate level of intervention needed. Where the severity of deterioration requires repair or limited

replacement of a distinctive feature, the new material shall match the old in composition, design, color, and texture.

7. Chemical or physical treatments, if appropriate, shall be undertaken using the gentlest means possible. Treatments that cause damage to historic materials shall not be used.

8. Archeological resources shall be protected and preserved in place. If such resources must be disturbed, mitigation measures shall be undertaken.

PRESERVATION AS A TREATMENT

When the property's distinctive materials, features, and spaces are essentially intact and thus convey the historic significance without extensive repair or replacement; when depiction at a particular period of time is not appropriate; and when a continuing or new use does not require additions or extensive alterations, Preservation may be considered as a treatment. Prior to undertaking work, a documentation plan should be developed.

REHABILITATION is defined as the act or process of making possible a compatible use for a property through repair, alterations, and additions while preserving those portions or features which convey its historical, cultural, or architectural values.

STANDARDS FOR REHABILITATION

1. A property shall be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces, and spatial relationships.

2. The historic character of a property shall be retained and preserved. The removal of distinctive materials or alteration of features, spaces, and spatial relationships that characterize a property shall be avoided.

3. Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other historic properties, shall not be undertaken.

4. Changes to a property that have acquired historic significance in their own right shall be retained and preserved.

5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.

6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and, where possible, materials. Replacement of missing features shall be substantiated by documentary and physical evidence.

7. Chemical or physical treatments, if appropriate, shall be undertaken using the gentlest means possible. Treatments that cause damage to historic materials shall not be used.

8. Archeological resources shall be protected and preserved in place. If such resources must be disturbed, mitigation measures shall be undertaken.

9. New additions, exterior alterations, or related new construction shall not destroy historic materials, features, and spatial relationships that characterize the property. The new work shall be differentiated from the old and shall be compatible with the historical materials, features, size,

scale, and proportion, and massing to protect the integrity of the property and its environment.

10. New additions and adjacent or related new construction shall be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

REHABILITATION AS A TREATMENT

When repair and replacement of deteriorated features are necessary; when alterations or additions to the property are planned for a new or continued use; and when its depiction at a particular period of time is not appropriate, Rehabilitation may be considered as a treatment. Prior to undertaking work, a documentation plan for Rehabilitation should be developed.

RESTORATION is defined as the act or process of accurately depicting the form, features, and character of a property as it appeared at a particular period of time by means of the removal of features from other periods in its history and reconstruction of missing features from the restoration period. The limited and sensitive upgrading of mechanical, electrical, and plumbing systems and other code-required work to make properties functional is appropriate within a restoration project.

STANDARDS FOR RESTORATION

1. A property shall be used as it was historically or be given a new use which reflects the property's restoration period.
2. Materials and features from the restoration period shall be retained and preserved. The removal of materials or alteration of features, spaces, and spatial relationships that characterize the period shall not be undertaken.
3. Each property shall be recognized as a physical record of its time, place, and use. Work needed to stabilize, consolidate, and conserve materials and features from the restoration period shall be physically and visually compatible, identifiable upon close inspection, and properly documented for future research.
4. Materials, features, spaces, and finishes that characterize other historical periods shall be documented prior to their alteration or removal.
5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize the restoration period shall be preserved.
6. Deteriorated features from the restoration period shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and where possible, materials.
7. Replacement of missing features from the restoration period shall be substantiated by documentary and physical evidence. A false sense of history shall not be created by adding conjectural features, features from other properties, or by combining features that never existed together historically.
8. Chemical or physical treatments, if appropriate, shall be undertaken using the gentlest means possible. Treatments that cause damage to historic materials shall not be used.
9. Archeological resources affected by a project shall be protected and preserved in place. If such resources must be disturbed, mitigation measures shall be undertaken.

10. Designs that were never executed historically shall not be constructed.

RESTORATION AS A TREATMENT

When the property's design, architectural, or historical significance during a particular period of time outweighs the potential loss of extant materials, features, spaces, and finishes that characterize other historical periods; when there is substantial physical and documentary evidence for the work; and when contemporary alterations and additions are not planned, Restoration may be considered as a treatment. Prior to undertaking work, a particular period of time, i.e., the restoration period, should be selected and justified, and a documentation plan for Restoration developed.

RECONSTRUCTION is defined as the act or process of depicting, by means of new construction, the form, features, and detailing of a non-surviving site, landscape, building, structure, or object for the purpose of replicating its appearance at a specific period of time and in its historic location.

STANDARDS FOR RECONSTRUCTION

1. Reconstruction shall be used to depict vanished or non-surviving portions of a property when documentary and physical evidence is available to permit accurate reconstruction with minimal conjecture, and such reconstruction is essential to the public understanding of the property.
2. Reconstruction of a landscape, building, structure, or object in its historic location shall be preceded by a thorough archeological investigation to identify and evaluate those features and artifacts which are essential to an accurate reconstruction. If such resources must be disturbed, mitigation measures shall be undertaken.
3. Reconstruction shall include measures to preserve any remaining historic materials, features, and spatial relationships.
4. Reconstruction shall be based on the accurate duplication of historic features and elements substantiated by documentary or physical evidence rather than on conjectural designs or the availability of different features from other historic properties. A reconstructed property shall re-create the appearance of a non-surviving historic property in materials, design, color, and texture.
5. A reconstruction shall be clearly identified as a contemporary re-creation.
6. Designs that were never executed historically shall not be constructed.

RECONSTRUCTION AS A TREATMENT

When a contemporary depiction is required to understand and interpret a property's historic value (including the re-creation of missing components in a historic district or site); when no other property with the same associative value has survived; and when sufficient historical documentation exists to ensure an accurate reproduction, Reconstruction may be considered as a treatment. Prior to undertaking work, a documentation plan for Reconstruction should be developed.

EXHIBIT E1**SHARED DRIVEWAY EASEMENT FOR LOT 1**

The Historic Preservation Foundation of North Carolina, Inc., a North Carolina non-profit corporation, on behalf of itself and all successors in title to all or part of the Subject Property described below, hereby declares the following easement, covenants and restrictions ("Easement") to attach to the Subject Property and to run and be appurtenant to the land and to bind all successors in interest to the Subject Property.

Subject Property. BEGINNING at a point in the eastern margin of Glencoe Street (State Road 1600) and the southwest corner of Lot 2 as shown on the Plat entitled "Glencoe Mill Village Subdivision, Phase One" recorded in Plat Book 64, Pages 63 and 64, Alamance County Register of Deeds, and continuing the following courses and distances: South 72 deg. 44' 48" East 20.0 feet to a point in the line of Lot 1, thence northwesterly 12.52 feet to a point in Lot 2, thence North 72 deg. 44' 48" West 14.0 feet to a point in the eastern margin of Glencoe Street and the western margin of Lot 2, thence South 16 deg. 33' 18" West 11.0 feet to the point and place of BEGINNING, and being all of an eleven foot wide driveway easement situated wholly upon Lot 2.

Grant of Easement. There shall exist a perpetual Easement over the Subject Property comprising a driveway easement, which shall run with the land and be appurtenant thereto and shall be binding upon any subsequent Owner of Lot 2, irrespective of whether the deed to such Owner referred to such Easement. Such Easement shall be a non-exclusive Easement for the uses hereinafter described.

Use of Easement Premises. The Easement shall be for the private use and benefit of the Owner of Lot 1 for the reasonable ingress and egress of a reasonable number of vehicles of the Owner of Lot 1 and his immediate family members and guests only, unless Lot 1 is used for non-residential purposes, in which case the driveway may also be used for the reasonable ingress and egress purposes of a reasonable number of customers and invitees to the business. In no circumstances shall the Subject Property described herein be used for the parking of vehicles, but only for passage to and from any parking areas created by the Owners of the Lots to the rear of their Lots. The Owner of Lot 2 may, at his option, also use the Subject Property for a driveway, subject to the same restrictions and covenants contained herein.

Repairs of Driveway. This Easement is primarily for the benefit of Lot 1, and as such only the Owner of Lot 1 shall have a duty pay the expenses to build and maintain any driveway built thereon so long as the Owner of Lot 2 does not choose to also make regular use of the Subject Property. However, should the Owner of Lot 2 elect to make regular use of the Subject Property, then the following shall apply: if Lot 1 is used only for residential purposes, the Owner of Lot 2 and the Owner of Lot 1 shall each contribute one-half of the costs to maintain said driveway; if Lot 1 is used for commercial purposes, the Owner of Lot 1 shall pay 75% of the costs to maintain the driveway and the Owner of Lot 2 shall pay 25%. Should the Owner of Lot 2 make regular use of the Subject Property, then all of the restrictions and covenants herein shall apply to and bind the Owner of Lot 2 in the same manner as the Owner of Lot 1. Each agrees to keep the driveway in good, safe working order and not unsightly within the standards of the development. However, the Owner of Lot 1 shall have no duty to maintain the Subject Property unless and

until an actual driveway is built or used thereon. Until a driveway is built, the Owner of Lot 2 shall have the duty to maintain the Subject Property in a like manner as the rest of the yard of Lot 2.

Paving. Any driveway constructed on the Subject Property shall be first approved by PNC. Any driveway constructed on the Subject Property shall not be paved with asphalt. Any driveway constructed with material other than gravel must be first approved by PNC.

Termination of Liability. Should underground utilities be supplied to the development such that the Owner of Lot 1 may reach the northern side of his property without the need for this Easement across Lot 2, this Easement shall be extinguished and shall be void and of no force or effect whatsoever.

Running of Benefits and Burdens. All of the provisions of this Easement, including the benefits and burdens, run with Lot 1 and with Lot 2, respectively, and are binding upon and inure to the heirs, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, The Historic Preservation Foundation of North Carolina, Inc. has executed this Agreement as of the day and year first above written.

EXHIBIT E2**NON-SHARED DRIVEWAY EASEMENT FOR LOT 14**

The Historic Preservation Foundation of North Carolina, Inc., a North Carolina non-profit corporation, ("PNC") on behalf of itself and all successors in title to all or part of the Subject Property described below, hereby declares the following easement, covenants and restrictions ("Easement") to attach to the Subject Property and to run and be appurtenant to the land and to bind all successors in interest to the Subject Property.

Subject Property. BEGINNING at a point in the western margin of Glencoe Street (State Road 1600) and the northeast corner of Lot 14 as shown on the Plat entitled "Glencoe Mill Village Subdivision, Phase One" recorded in Plat Book 64, Pages 63 and 64, Alamance County Register of Deeds, and continuing the following courses and distances: North 72 deg. 49' 10" West 40.0 feet to a point in the line of Lot 15 and Lot 14, thence North 16 deg. 33' 18" East 6.0 feet to a calculated point in Lot 15, thence South 72 deg. 49' 10" East 40.0 feet to a point in the western margin of Glencoe Street, thence South 16 deg. 33' 18" West 6.0 feet to the point and place of BEGINNING, and being all of a six foot wide by forty foot long driveway easement situated wholly upon Lot 15.

Grant of Easement. There shall exist a perpetual Easement over the Subject Property comprising a driveway easement, which shall run with the land and be appurtenant thereto and shall be binding upon any subsequent Owner of Lot 15, irrespective of whether the deed to such Owner referred to such Easement. Such Easement shall be a non-exclusive Easement for the uses hereinafter described.

Use of Easement Premises. The Easement shall be for the private use and benefit of the Owner of Lot 14 only for the reasonable ingress and egress of a reasonable number of vehicles of the Owner of Lot 14 and his immediate family members and guests only. In no circumstances shall the Subject Property described herein be used for the parking of vehicles, but only for passage to and from any parking areas created by the Owner of Lot 14 to the side and rear of that Lot. The Owner of Lot 15 shall not make use of the Easement as a driveway.

Repairs of Driveway. This Easement is only for the benefit of Lot 14, and as such only the Owner of Lot 14 shall have a duty to maintain any driveway built thereon and to pay all costs thereof, as well as all costs of building any driveway thereon. Owner agrees to keep the driveway in good, safe working order and not unsightly within the standards of the development. This covenant shall not depend on whether or not the Owner makes any use of the Easement. However, the Owner of Lot 14 shall have no duty to maintain the Subject Property unless and until an actual driveway is built or used thereon. Until a driveway is built, the Owner of Lot 15 shall have the duty to maintain the Subject Property in a like manner as the rest of the yard of Lot 15.

Paving. Any driveway constructed on the Subject Property shall be first approved by PNC. Any driveway constructed on the Subject Property shall not be paved with asphalt. Any driveway constructed with material other than gravel must be first approved by PNC.

Termination of Liability. This easement shall be perpetual.

Running of Benefits and Burdens. All of the provisions of this Easement, including the benefits and burdens, run with Lot 14 and with Lot 15, respectively, and are binding upon and inure to the heirs, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, The Historic Preservation Foundation of North Carolina, Inc. has executed this Agreement as of the day and year first above written.

EXHIBIT E3**SHARED DRIVEWAY EASEMENT FOR LOTS 15 and 16**

The Historic Preservation Foundation of North Carolina, Inc., a North Carolina non-profit corporation, ("PNC") on behalf of itself and all successors in title to all or part of the Subject Property described below, hereby declares the following easement, covenants and restrictions ("Easement") to attach to the Subject Property and to run and be appurtenant to the land and to bind all successors in interest to the Subject Property.

Subject Property. BEGINNING at a point in the western margin of Glencoe Street (State Road 1600) and the northeast corner of Lot 15 as shown on the Plat entitled "Glencoe Mill Village Subdivision, Phase One" recorded in Plat Book 64, Pages 63 and 64, Alamance County Register of Deeds, and continuing the following courses and distances: North 16 deg. 33' 18" East 6.0 feet to a calculated point in the western margin of Glencoe Street, thence North 72 deg. 49' 10" West 40.0 feet to a calculated point in Lot 16, thence South 16 deg. 33' 18" West 12.0 feet to a calculated point in Lot 15, thence South 72 deg. 49' 10" East 40.0 feet to a point in the western margin of Glencoe Street, thence North 16 deg. 33' 18" East 6.0 feet to the point and place of BEGINNING, and being all of a forty foot long, twelve foot wide shared driveway easement situated half upon Lot 15 and half upon Lot 16.

Grant of Easement. There shall exist a perpetual Easement over the Subject Property comprising a shared driveway easement, which shall run with the land and be appurtenant thereto and shall be binding upon any subsequent Owner of Lots 15 and 16, irrespective of whether the deeds to such Owners referred to such Easement. Such Easement shall be a joint, mutual, non-exclusive Easement for the uses hereinafter described.

Use of Easement Premises. The Easement shall be for the private use and benefit of the Owners of Lots 15 and 16 only for the reasonable ingress and egress of a reasonable number of vehicles of the Lot Owners and their immediate family members and guests only. In no circumstances shall the Subject Property described herein be used for the parking of vehicles, but only for passage to and from any parking areas created by the Lot Owners to the side and rear of their Lots.

Repairs of Driveway. This Easement is for the benefit of Lots 15 and 16, and as such the Owners of each Lot shall have a duty to maintain any driveway built thereon and to share pro rata all costs thereof, as well as all costs of building any driveway thereon. The Owners agree to keep the driveway in good, safe working order and not unsightly within the standards of the development. This covenant shall not depend on whether or not an Owner makes any use of the Easement. However, the Lot Owners shall have no duty to maintain the Subject Property unless and until an actual driveway is built or used thereon. Until a driveway is built, each Lot Owner shall have the duty to maintain his portion of the Subject Property in a like manner as the rest of his yard.

Paving. Any driveway constructed on the Subject Property shall be first approved by PNC. Any driveway constructed on the Subject Property shall not be paved with asphalt. Any driveway constructed with a material other than gravel must be first approved by PNC.

Termination of Liability. This Easement shall be perpetual.

Running of Benefits and Burdens. All of the provisions of this Easement, including both the benefits and the burdens, run with both Lot 14 and Lot 15, and are binding upon and inure to the heirs, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, The Historic Preservation Foundation of North Carolina, Inc. has executed this Agreement as of the day and year first above written.