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DECLARATION
FOR
CORNERSTONE PARK

(Prepared By and Hold For: Kenneth L. Eagle, ROD 215)

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FOR CORNERSTONE PARK**

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STATE OF NORTH CAROLINA
COUNTY OF WAKE

**DECLARATION
FOR CORNERSTONE PARK**

THIS **DECLARATION FOR CORNERSTONE PARK** is made this _____ day of _____, 2000, by **Highway Seventy, LLC**, a Virginia limited liability company, hereinafter also referred to as the "Developer", and by Branch Banking And Trust Company Of Virginia, a Virginia state banking corporation, hereinafter referred to as "Developer's Lender", and Samuel G. Scott, Trustee, hereinafter referred to as "Trustee";

W I T N E S S E T H:

WHEREAS, Developer is the owner of certain real property located in Wake County, North Carolina, described on **Exhibit A** attached hereto and incorporated by reference, said real property being referred to herein as the "Existing Property", which is located in a residential development presently named "Cornerstone Park" (the name of which the Developer reserves the right to change from time to time);

AND WHEREAS, Developer desires to develop Cornerstone Park as a residential planned community under the Act with a mixture of residential and recreational uses, and wishes to establish and declare this Declaration with respect to the Existing Property and all Additional Property, if any, subjected to this Declaration (the Existing Property, together with all Additional Property, if any, subjected to this Declaration being defined herein as "The Properties"), in order to protect the value and desirability of The Properties by providing for development thereof in accordance with a common plan, and to provide for maintenance of Common Elements and other facilities in The Properties;

AND WHEREAS, although separate easements, covenants and restrictions (which may or may not be similar to those herein contained) may be imposed by Developer with respect to various phases, sections or subdivisions of The Properties, Developer desires to subject all of The Properties to this Declaration, and to establish certain rights for, and impose certain obligations upon, the Owners of The Properties as provided herein;

NOW, THEREFORE, Developer hereby subjects the Existing Property to this Declaration, and hereby declares that all of The Properties shall be owned, held, transferred, sold, conveyed, donated, dedicated, leased, encumbered, occupied and used subject to the terms, covenants, restrictions, easements, affirmative obligations, assessments, charges and liens hereinafter stated, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of The Properties and preserving the values and amenities in The Properties (this Declaration constituting no obligation, promise or representation of the Developer to provide any recreation facility or amenity in The Properties, or to or for the Owners of The Properties, except as specifically stated herein), and all of which shall run with The Properties and all parts thereof and shall be binding on and inure to the benefit of each Owner of The Properties or any part thereof.

ARTICLE I**DEFINITIONS**

The following words and terms, when used in this Declaration or any amendment hereto, or any Supplemental Declaration, unless amended or unless the context clearly indicates otherwise, are defined as follows (when the word as defined has an initial capital letter or letters, its use in this Declaration has the defined meaning only when used with the same initial capital letter or letters). Terms and words used herein without definition shall have the meanings, if any, specified therefor in the "Definitions" section of the Act or, if not defined in the Act, in the "Definitions" section of the Nonprofit Corporation Act, and, in the event of any conflict between the definitions contained herein and the definitions contained in the Act or the Nonprofit Corporation Act, the Act or Nonprofit Corporation Act, as appropriate, shall control:

(a) "Act" is defined as the "North Carolina Planned Community Act", currently contained in Chapter 47F of the North Carolina General Statutes, and including all amendments, supplements and replacements thereof as enacted from time to time.

(b) "Additional Property" is defined as all real property subjected to or annexed to this Declaration subsequent to the recording of this Declaration in the Registry, either by Supplemental Declaration or by merger, as provided herein.

(c) "Articles" is defined as the Articles of Incorporation of the Association, including all duly adopted amendments thereto.

(d) "Association" is defined as Cornerstone Park Community Association, Inc., a North Carolina nonprofit corporation incorporated or to be incorporated under the Nonprofit Corporation Act to serve as the Association under this Declaration, and its successors and assigns.

(e) "Board" is defined as the Board of Directors of the Association, and is the "Executive board" as defined in the Act. The Board is responsible for the management and administration of the Association. Unless reserved by or for Developer, Declarant or any Major Builder in this Declaration, other Governing Documents or applicable Legal Requirements, all rights, powers, easements, functions, services, obligations and duties of the Association may be performed or directed by the Board on behalf of the Association.

(f) "Builder" is defined as a Person who is regularly in the business of constructing Dwellings on real property for resale to other Persons, and who purchases one or more Lots in The

Properties for the purpose of constructing thereon Dwellings for resale to other Persons. A Major Builder also is a "Builder" (but it is possible, although not currently contemplated, that there could be Builders who are not Major Builders).

(g) "Bylaws" is defined as the Bylaws of the Association as they may now or hereafter exist, including all duly adopted amendments thereto.

(h) "Centex" is defined as Centex Homes, a Nevada general partnership, and its successors and assigns.

(i) "City" is defined as the City of Raleigh, North Carolina, the County of Wake, North Carolina, the State of North Carolina, the United States of America and all other governmental entities and quasi-governmental entities that have jurisdiction over The Properties, whichever governmental entity or entities is/are applicable.

(j) "Common Elements" is defined as all real property in The Properties, including all improvements thereon, that is owned or leased by the Association, other than Lots.

(k) "Common Expenses" is defined as expenditures made by or financial liabilities of the Association, including the following: (i) the expenses of maintenance of the Common Elements and Common Expense Properties, including allocations for reserves; (ii) expenses declared to be or described as Common Expenses by the provisions of this Declaration; (iii) ad valorem property taxes and City assessments, if any, applicable to the Common Elements or other assets of the Association; (iv) premiums for hazard, liability or other insurance obtained by the Association; (v) all other expenses incurred by the Association in performing its functions and providing services under this Declaration, including operating expenses and unexpected contingencies; and (vi) expenses determined by the Board to be Common Expenses of the Association.

(l) "Common Expense Properties" is defined as any one or more of the Landscape Easements, Landscaped Rights-of-Way and Major Streets, including improvements therein, that are maintained by the Association and paid for as part of the Common Expenses.

(m) "contiguous" is defined as including all of the following: adjacent to; across a public or private street right of way from; and separated from by an easement, Common Elements or property owned by the City.

(n) "Declarant" is defined as Highway Seventy, LLC, its successors and assigns, until such time as there is a change in the Declarant as provided in Article XVII herein, at which time the Declarant shall be as provided in Article XVII (which includes the possibility of two or more

Declarants). Whenever there are two or more Declarants under this Declaration, unless otherwise specifically provided herein: (i) all of such Declarants are liable jointly and severally for Declarant obligations under this Declaration; and (ii) whenever consent or written agreement or affirmative vote of the Declarant or Class B Member of the Association is required in order for a matter to pass or be effective, the consent, written agreement or affirmative vote by all of such Declarants is required for such matter to pass or be effective.

(o) "Declarant Control Period" is defined as the period of time beginning at the time of recording of this Declaration in the Registry and ending on the first to occur of the following:

(i) the later of 5:00 p.m. on the date that is seven (7) years following the date of recording of this Declaration in the Registry, or 5:00 p.m. on the date that is five (5) years following the date of recordation in the Registry of the most recent Supplemental Declaration signed by the Developer or the Major Builders subjecting Additional Property to this Declaration (provided, however, once the Declarant Control Period has ended because of the expiration of one of the foregoing time periods, the recordation thereafter of a Supplemental Declaration subjecting Additional Property to this Declaration shall not reinstate the Declarant Control Period; further provided, however, if the Developer is delayed in the development of The Properties as the result of a sanitary sewer, water or building permit moratorium, or as the result of some other cause or event beyond the Developer's control, then the applicable time period shall be extended by the amount of time of the delay or by three (3) years, whichever extension is less); or

(ii) final termination of the Class B Membership in the Association; or

(iii) the end of the Development Period.

(p) "Declaration" is defined as this Declaration For Cornerstone Park, and all duly adopted and recorded amendments hereto.

(q) "Developer" is defined as Highway Seventy, LLC, its successors and assigns. Developer is the initial Declarant under this Declaration and may have rights and benefits hereunder that are common to both Developer and Declarant. Until such time as Developer is no longer Declarant, it may exercise such common rights and benefits in either capacity.

(r) "Development Period" is defined as the period of time from the date of recording of this Declaration in the Registry through and including the later of the last day on which Developer or any Major Builder owns any portion of The Properties, or the date of release of the last bond (or letter of credit or other, similar financial guarantee) posted by Developer with the City in connection with

Developer's development of The Properties. Further provided, with respect to appointment of the Architectural Review Committee and architectural approvals for Improvements required to be approved by the Architectural Review Committee as provided herein, unless the Declarant and Major Builders together agree otherwise, the Development Period shall continue until all construction of Dwellings has been completed on all Lots.

(s) "duly called meeting of the Association" is a meeting of the Association which has been called, and with respect to which notice has been given, in accordance with the Governing Documents and all applicable Legal Requirements; "present", in the context of meetings of the Association, means present in person, or represented by proxy meeting all applicable requirements of the Governing Documents and the Legal Requirements, or present by mailed ballot (when allowed) meeting all applicable requirements of the Governing Documents and the Legal Requirements; "notice", in connection with any meeting of the Association, shall include notice of the date, time and place of the meeting, the items on the meeting agenda, a description of the general nature of any proposed amendment to this Declaration, the Articles or the Bylaws, any budget changes, and any proposal to remove an officer or director. If ratification of a proposed budget is to be voted on, the notice shall specify same and shall include a statement that the budget may be ratified without a quorum.

(t) "Dwelling" is defined as a permanent building (or portion thereof) on a Lot physically arranged to create an independent housekeeping establishment with separate facilities for cooking, sleeping, and toilet, and intended for occupancy as a residence. This definition of Dwelling includes both detached dwellings and attached dwellings (for example, townhome dwellings, which may be located in a building that contains more than one townhome dwelling).

(u) "Existing Property" is defined as the real property subjected to this Declaration as described in Article II and on **Exhibit A** attached hereto and incorporated by reference.

(v) "Governing Documents" is defined as this Declaration, all applicable Supplemental Declarations, the Articles, the Bylaws, the rules and regulations of the Association, and duly adopted architectural guidelines.

(w) "Improvement" or "improvement" is defined as a Dwelling and all other improvements, including any one or more of the following: garages; decks; patios; parking areas; storage areas; recreational areas, equipment and facilities; mailboxes; exterior antennae, dishes or other apparatus to receive or transmit television or radio or microwave or other signals; fences; walls; hedges; mass plantings and other landscaping; poles; driveways; clearing, grading and other site preparation; swimming pools; signs; illumination; and all other exterior improvements. The definition of

Improvements includes both initial Improvements and all subsequent changes and additions to existing Improvements.

(x) "include" or "including" is defined as being inclusive of, but not limited to, the particular examples described, unless otherwise obvious from the context in which it is used.

(y) "Landscape Easement" or "Sign Easement" (the terms being used interchangeably) is defined as an area within or contiguous to The Properties that is reserved or established by Developer (or, following the end of the Development Period, by the Association) as an easement for the maintenance therein by the Association of any one or more of the following: plants, trees, flowers, bushes, grass, other landscaping materials, signs, monuments, lighting equipment, irrigation equipment and other associated equipment, apparatus and facilities. A Landscape Easement may be established or reserved by notation on a plat recorded in the Registry or by written document recorded in the Registry. Maintenance of Landscape Easements and improvements therein by the Association is a Common Expense.

(z) "Landscaped Right-of-Way" is defined as a median or other area, including improvements therein, within a public or private street right-of-way in or contiguous to The Properties which is designated as a Landscaped Right-of-Way by Developer or the Association. Maintenance of Landscaped Rights-of-Way and improvements therein by the Association is a Common Expense. The Association may maintain Landscape Easements in a Landscaped Right-of-Way.

(aa) "Legal Requirement" is defined as any duly adopted and applicable law, ordinance, regulation or requirement of the United States of America, the State of North Carolina, the City of Raleigh, North Carolina, the County of Wake, North Carolina, or any other governmental entity or quasi-governmental entity or agency having jurisdiction over The Properties, including any branch, department or division of any of the foregoing governmental and quasi-governmental entities.

(bb) "Limited Common Elements" is defined as a portion of the Common Elements allocated by this Declaration or by applicable Legal Requirements for the exclusive use of one or more but fewer than all of the Lots. While it is not contemplated that there will be any Limited Common Elements under this Declaration, the provisions of this Declaration related to Limited Common Elements have been included to deal with any Limited Common Elements that may exist in the future.

(cc) "Lot Owner" or "Owner of a Lot", as those terms are used herein, is defined as the Owner of record as shown in the Registry, whether one or more Persons, including Declarant and Major Builders, of fee simple title to any Lot, but excluding those having an interest in the foregoing

as a result of a contract, option to purchase, or as security for an obligation. A "Lot Owner" is a specific type of Owner as that term is defined herein.

(dd) "maintain", "maintaining", "maintenance" or any substantially similar term used in this Declaration, is defined to include any one or more of the following, as the context requires: acquisition, purchase, construction, re-construction, installation, maintenance, upkeep, cleaning, renewal, alteration, repair, replacement, repainting, remodeling, restoration, removal, improvement, administration, operation, use, planting, mowing, cutting, trimming, pruning, fertilizing, watering and preservation.

(ee) "Major Builder" is defined as a Person who has a valid but uncompleted contract with Developer to purchase one or more of the Tracts described on **Exhibit A**, or who has purchased one or more of said Tracts from Developer pursuant to such contract. A Major Builder shall continue as a Major Builder under this Declaration until the later of the time that such Person no longer has a valid but uncompleted contract with Developer or no longer owns any portion of The Properties. As of the date of recordation of this Declaration in the Registry, Centex and Westfield are Major Builders. Following completion of construction of the Recreation Facility, Developer also shall be included within the definition of Major Builder with respect to all portions of The Properties owned by Developer. **Notwithstanding anything to the contrary herein or any failure to specifically state same in any applicable portion of this Declaration, during the Declarant Control Period matters in this Declaration or other Governing Documents that require the consent or written agreement of the Declarant or the affirmative vote of the Class B Member of the Association, also must have the consent, written agreement or affirmative vote by all of the Major Builders. Whenever any rights or benefits of the Declarant also are allocated in this Declaration to a Major Builder, such rights or benefits are allocated to such Person in only one of those capacities, it being the express intention of this sentence that such rights or benefits not be doubled or duplicated as a result of a Major Builder also being a Declarant. When a Major Builder also is a Declarant, the Major Builder shall exercise such duplicate rights and benefits in its capacity as a Declarant and not as a Major Builder.**

(ff) "Major Streets" is defined as the rights of way of the two (2) major streets within The Properties to be dedicated to public use, the Major Streets being depicted on **Exhibit B** attached hereto and incorporated by reference. Maintenance by the Association of certain improvements in Major Streets as provided herein is a Common Expense.

(gg) "Master Plan" is defined as the most current version of the drawing approved by the Developer that depicts the conceptual plan for development of The Properties. If there is any conflict between the Master Plan and a Subdivision Plan, the Subdivision Plan shall control.

(hh) "Member" is defined as a Lot Owner, including Declarant and Major Builders, with the membership and voting rights of each Member in the Association being as described herein.

(ii) "mortgage" or "deed of trust" (the terms being used interchangeably herein) is defined as any mortgage, deed of trust or other instrument that creates a security interest in real property, and includes all acts required to create such security interest.

(jj) "Mortgagee" means an institutional lender (including any of the following: commercial bank, savings bank, savings and loan association, trust company, credit union, industrial loan association, insurance company, pension fund or business trust, including real estate investment trust, any other lender regularly engaged in financing the purchase, construction or improvement of real estate, or any assignee of loans made by such lender, or any combination of any of the foregoing entities) which holds a first lien deed of trust encumbering a Lot. Only for the purposes of the notice and inspection rights contained in this Declaration in the portions hereof dealing specifically with Mortgagees, amendment of this Declaration and termination of this Declaration, the term "Mortgagee" also shall include the Federal Housing Administration (FHA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), the Department of Veterans Affairs (VA), the Government National Mortgage Association (GNMA) and any other public or private secondary mortgage market agency participating in purchasing, guaranteeing or insuring Mortgages which has notified the Board of such participation in writing (each of whom generically is referred to herein as a "Secondary Mortgage Market Agency"). Where the approval of Mortgagees is required, such approval consists of any one or more of the following: (i) written approval; (ii) any written waiver of approval rights; (iii) a letter stating no objection; or (iv) presumptive approval if a Mortgagee does not respond to a notice from the Association requesting approval by notifying the Association, in the manner required herein for giving notices, within thirty (30) days after the Association gives notice to the Mortgagee of the request for approval.

(kk) "Nonprofit Corporation Act" is defined as the "North Carolina Nonprofit Corporation Act", currently contained in Chapter 55A of the North Carolina General Statutes, and including all amendments, supplements and replacements thereof as enacted from time to time.

(ll) "Owner" is defined as the owner of record as shown in the Registry, whether one or more Persons, including Declarant and Major Builders, of fee simple title to any portion of the Properties, but excluding those having an interest in the foregoing as a result of a contract, option to purchase, or as security for an obligation.

(mm) "Person" is defined as any natural person, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture or other legal or commercial entity.

(nn) "Plans" is defined as the plans and specifications for a proposed Improvement showing (where applicable) the size, shape, dimensions, materials, exterior finishes and colors, location on the applicable portion of The Properties, driveway, parking areas, provisions for storm water drainage, decorative landscape planting and other decorative landscaping features, floor plans and elevations, and other items specified from time to time in any applicable architectural guidelines. "Approved Plans" are Plans that have been approved by the Architectural Review Committee (or by the Board, on appeal from the Architectural Review Committee).

(oo) "Property Classifications". The various portions of The Properties subjected to this Declaration shall be classified as one of the following (Note: The Property Classification of one or more portions of The Properties may change from time to time as plats thereof are recorded or re-recorded in the Registry or as otherwise provided herein. During the Development Period the Developer, in its sole discretion (and thereafter, the Board), has the authority to resolve any question or dispute regarding the Property Classification of any part or all of The Properties):

(1) "dedicated public street right of way" (or publicly dedicated street right of way" or "public street", the terms being used interchangeably herein) is defined as any portion of The Properties that has been dedicated to public use as a street, either by the recordation of a plat in the Registry, or in such other manner as required or allowed by the City.

(2) "Exempt Property" is defined as all portions of The Properties included within any one or more of the following:

- a) All Common Elements;
- b) All Sub-Association Common Elements;
- c) All property owned by the City;
- d) All property within publicly dedicated street rights of way;

Exempt Property is not subject to any assessments under this Declaration. Exempt Property owned by the City and property within publicly dedicated street rights of way that is owned by the City or by a provider of public utility services (including electricity, telephone, Internet and cable television lines, pipes, equipment and facilities) is not subject to any of the provisions of this Declaration, unless the City or applicable provider of utility services consents to such Exempt Property being subject to the provisions of this Declaration.

(3) "Lot" is defined as any parcel of land within The Properties which is intended for the construction and use thereon of a Dwelling, and is shown as a separate numbered or lettered parcel on any plat recorded in the Registry pursuant to a Subdivision Plan approved by the City.

(4) "Proposed Lot" is any portion of The Properties that is shown on the Master Plan as a lot but which has not yet become a Lot by recordation of a plat pursuant to a Subdivision Plan. The sum of the number of Lots plus Proposed Lots is defined as the "Total Planned Lots". A Proposed Lot is part of the Unsubdivided Land. At the time of the recordation of this Declaration, the number of Total Planned Lots is 451, with Westfield under contract to purchase 296 of same from Developer and with Centex under contract to purchase 155 of same from Developer. The number of Proposed Lots and Total Planned Lots are subject to change as Subdivision Plans are approved and plats thereof recorded in the Registry.

(5) "Sub-Association Common Elements" is defined as portions of The Properties owned or maintained by a Sub-Association for the use or benefit of some or all of its members, other than Lots.

(6) "Unsubdivided Land" is defined as all portions of The Properties that are not Lots or Exempt Property.

(pp) "reasonable attorneys' fees" is defined as attorneys' fees reasonably incurred, without regard to any limitations on attorneys' fees which otherwise may be allowed by law.

(qq) "Recreation Facility" is defined as that portion of The Properties on which the Developer, prior to June 1, 2002, agrees to construct a swimming pool and bath house building (consisting of rest rooms and a small meeting room), and to convey same to the Association, free and clear of all liens and encumbrances, except for this Declaration and all other rights of way, easements and restrictive covenants of record in the Registry that are applicable to such portion of The Properties. It is the intention of Developer to construct the Recreation Facility on land to be subdivided out of "Lot 5" as described on **Exhibit A**. The actual location and configuration of the Recreation Facility shall be as constructed.

(rr) "Recreation Facility Completion Date" is defined as the last day of the month in which construction of the Recreation Facility is completed to the extent that either the swimming pool is open for use or a certificate of occupancy is issued by the City for the Recreation Facility, whichever first occurs.

(ss) "Registry" is defined as the office of the Register of Deeds for Wake County, North Carolina, or any successor office in which deeds, plats, easements, mortgages and deeds of trust are recorded.

(tt) "Subdivision Plan" is defined as the most current development plan approved by the City for the applicable portion of The Properties, as evidenced by a plat recorded in the Registry.

(uu) "The Properties" is defined as the Existing Property, together with all Additional Property.

(vv) "utility" or "public utility" (the terms being used interchangeably herein) is defined as any one or more of the following used in any part or all of The Properties and as the Person who provides same to any part or all of The Properties: electricity; telephone; Internet service; water; sanitary sewer; natural gas; television; and any other service or facility generally recognized as a public utility or determined to be a public utility by the Developer (during the Development Period, and thereafter, by the Board).

(ww) "Westfield" is defined as Westfield Homes Of North Carolina, Inc., a North Carolina corporation.

ARTICLE II

THE PROPERTIES; ANNEXATION AND WITHDRAWAL

Section 1. Existing Property Made Subject To Declaration. The Existing Property described on **Exhibit A** attached hereto and incorporated by reference is hereby made subject to this Declaration, and constitutes The Properties at the time of recordation of this Declaration in the Registry.

Section 2. Annexation of Additional Property.

(a) At any time during the Declarant Control Period Declarant or any Major Builder, by and with the written consent of Declarant and all Major Builders, may annex (or subject, the words being used interchangeably in the context of adding to The Properties) to this Declaration any part or all of any real property that is contiguous to any part of The Properties by recordation of a Supplemental Declaration in the Registry executed by Declarant and all such Major Builders. Provided, however, during the Declarant Control Period any such annexation of Additional Property also shall require approval by the United States Department of Housing and Urban Development

("HUD") or its designee and/or by the United States Veterans Administration ("VA") or its designee unless, at the time of such annexation, applicable HUD or VA regulations no longer require such approval.

(b) If Declarant, a Major Builder or any other Person desires to annex real property to the Declaration that is not of a type described in the immediately preceding subsection, such real property may be annexed to this Declaration only by the recordation in the Registry of a Supplemental Declaration executed by the owner of such real property, the appropriate officers of the Association, and by Declarant and all Major Builders during the Declarant Control Period, following approval of the proposed annexation by the affirmative vote by each class of Members of sixty-seven percent (67%) or more of the votes cast by the Members of that class present at a duly called meeting of the Association. Provided, however, during the Declarant Control Period any such annexation of Additional Property by Declarant or a Major Builder also shall require approval by the United States Department of Housing and Urban Development ("HUD") or its designee and/or by the United States Veterans Administration ("VA") or its designee unless, at the time of such annexation, applicable HUD or VA regulations no longer require such approval.

Section 3. Supplemental Declaration. Each Supplemental Declaration shall be effective to annex Additional Property to this Declaration only upon compliance with the terms of this Declaration and recordation in the Registry, and the effective date of such annexation shall be the later of the date specified therein, if any, or the date of recordation of the Supplemental Declaration. Each Supplemental Declaration shall describe the Additional Property annexed and shall reference this Declaration. A Supplemental Declaration need not be in any specific form and need not be titled Supplemental Declaration, but it shall clearly indicate the intention to subject the Additional Property to this Declaration and shall be executed by all Persons required to execute same as provided herein. Any Supplemental Declaration may specify such use restrictions and may contain such other terms, covenants, restrictions, easements, affirmative obligations, assessments, charges and liens, not inconsistent with this Declaration, as Declarant, the Major Builder or the Person subjecting the Additional Property to this Declaration may determine. This Declaration shall control over any provision of any Supplemental Declaration that conflicts or is inconsistent with this Declaration.

Section 4. Order of Development and Annexation. It is Developer's intent to develop The Properties in accordance with applicable Subdivision Plans, and Developer reserves the right at any time and from time to time to review and modify one or more Subdivision Plans. Such review and modification may include a change in the use or proposed use of any portion of The Properties, or a change in location of any passive or active recreational feature, activity or amenity. Subdivision Plans shall not obligate Developer to develop any particular portion of The Properties now or in the future, nor shall Developer be required to follow any particular sequence or order of

development of The Properties. Additional Property may be subjected to this Declaration before or after development of portions of The Properties previously subjected to this Declaration has been completed.

Section 5. Withdrawal.

(a) At any time and from time to time during the Development Period Declarant or any Major Builder, by and with the written consent of Declarant and all Major Builders, but without the approval or joinder of the Association or any other Person (except for the Owner of the portion of The Properties being withdrawn), may record a Supplemental Declaration withdrawing one or more portions of The Properties from this Declaration, provided each portion of The Properties to be withdrawn has a City zoning classification that allows use for, and is intended for use for, commercial or other non-residential purposes (non-residential meaning use for something other than occupancy of a Dwelling).

(b) After the end of the Development Period, at any time and from time to time one or more portions of The Properties may be withdrawn from this Declaration, provided such portion of The Properties to be withdrawn has a City zoning classification that allows use for, and is intended for use for, commercial or other non-residential purposes, and the withdrawal has been approved by the Owner of such portion of The Properties and by the affirmative vote of sixty-seven percent (67%) or more of the votes cast by the Members present at a duly called meeting of the Association for which the notice of the meeting includes notice of the proposal to withdraw such portion of The Properties.

Section 6. Effect of Annexation or Withdrawal. Any portion of The Properties that is withdrawn from this Declaration may be used, occupied, conveyed, sold, leased and developed in any manner allowed under applicable Legal Requirements, without regard to the provisions of this Declaration.

ARTICLE III

FUNCTIONS, SERVICES AND POWERS OF THE ASSOCIATION

Section 1. Minimum List of Functions and Services. The following are the "Minimum List of Functions and Services" which the Association shall do, provide, perform, accept, or be responsible for, as the case may be:

(a) The Association shall carry out the Association's obligations and business under the terms of the Governing Documents, including legal, financial, accounting and communications services, and shall provide or procure the administrative services necessary in connection therewith.

(b) The Association shall maintain the Common Elements and Landscape Easements, including portions thereof located in easements granted to or reserved by the Association or by Developer on behalf of the Association. In determining the level of maintenance to be performed by the Association, the Board may give due consideration to the extent to which the City or any other Person is responsible for and performs such maintenance.

(c) Subject to the terms of any encroachment agreement between the Association and the City, the Association shall maintain grass and landscaping within the Major Streets with such frequency and in such manner as determined by the Board. In determining the level of maintenance to be performed by the Association, the Board may give due consideration to the extent to which the City or any other Person is responsible for and performs such maintenance.

(d) The Association shall accept transfer of ownership from Developer of any and all Common Elements located within The Properties.

(e) The Association shall accept from Declarant any and all assignments of Declarant rights under this Declaration or any Supplemental Declaration, and shall assume all obligations which are incident to such assignments as they relate to any Common Elements, architectural approvals or other functions or services performed or provided by the Association.

(f) The Association shall accept from Declarant any and all appointments of the Association as the agent of Declarant for administration and enforcement of any of the provisions of this Declaration or any Supplemental Declaration, and shall assume all obligations which are incident to such appointments as they relate to any Common Elements, architectural approvals or other functions or services performed or provided by the Association.

(g) The Association shall operate the Architectural Review Committee(s) as and when provided in this Declaration.

(h) The Association shall keep records of all its acts and corporate business, and, in particular, the Association shall keep financial records sufficiently detailed to enable the Association to comply with the Act.

(i) The Association shall make available to each Member making written request therefor an annual financial report and, upon either the (i) the affirmative vote of majority of the votes cast

by the Members present at a duly called meeting of the Association, or (ii) the written request of the Members possessing twenty-five percent (25%) or more of the total votes of all the Members of the Association, shall have such report audited (at the expense of the Association) by an independent certified public accountant, which audited report shall be made available to each Member making written request therefor.

(j) The Association shall make available for inspection by the Members and Mortgagees, upon reasonable request and during normal business hours, current copies of the Governing Documents, the rules and regulations of the Association, and the books, records and financial statements of the Association.

(k) The Association shall establish a proposed annual operating budget as provided in this Declaration.

(l) The Association shall establish the amount of and collect assessments as provided for in this Declaration.

(m) The Association shall establish reserve funds as provided in this Declaration.

(n) The Association shall hold meetings and give proper notice thereof, as required by the Governing Documents and applicable Legal Requirements.

(o) The Association shall pay all applicable ad valorem property taxes and City assessments, if any, on the Common Elements.

(p) The Association shall obtain and maintain insurance as required in this Declaration.

(q) The Association shall be responsible for storm water management as provided in this Declaration.

Section 2. Other Functions and Services. The Association is authorized, but not required (except as specified in the immediately preceding Section 1), to do, provide, perform, accept, or be responsible for any or all of the following:

(a) The Association may take all actions its deems necessary to enforce and implement the provisions of the Governing Documents, and to perform any of the functions or services delegated to the Association by the Governing Documents.

(b) The Association may enter into agreements with the City to enable the Association to maintain the Common Elements, Landscape Easements and Major Streets.

(c) The Association may maintain Landscaped Rights-of-Way and may enter into agreements with the City with respect to such maintenance and with respect to encroachment into publicly dedicated street rights of way.

(d) To the extent that such services are not, in the opinion of the Board, provided adequately by the City, the Association may provide services of a governmental nature for maintenance of portions of The Properties not owned by the Association.

(e) The Association may make reasonable rules and regulations for the use and operation of the Common Elements, and amend them from time to time. Provided, however, any such rule or regulation adopted by the Board of the Association may be amended or repealed by the affirmative vote of a majority of the votes cast by the Members present at a duly called meeting of the Association.

(f) The Association may enter into agreements or contracts with utility companies with respect to utility installation, consumption and service matters relating to the Common Elements and Common Expense Properties.

(g) The Association may borrow funds to pay costs of operation of the Association, which borrowing may be secured by assignment or pledge of Association rights against Lot Owners who are delinquent in payment of assessments or by liens on other Association assets, as determined by the Board, subject to the Governing Documents and applicable Legal Requirements.

(h) The Association may enter into contracts to maintain one or more bank accounts.

(i) The Association may sue or defend in any court of law on behalf of the Association, and may employ attorneys and other necessary professionals in connection therewith.

(j) The Association may adjust the amount, collect, and use insurance proceeds to repair damage to or replace Common Elements and Common Expense Properties, and if proceeds are insufficient to repair damage to or replace same, levy special assessments (in the manner provided herein) to cover the deficiency.

(k) The Association may provide insect and pest control and other services for The Properties to the extent that it is deemed necessary or desirable, in the sole discretion of the Board;.

(l) The Association may employ a manager or firm to manage the business and property of the Association (herein also referred to as a "property manager" or "management company"), and may employ independent contractors or other employees as the Board may deem necessary.

(m) The Association may retain the services of legal and accounting firms and such other professionals and/or tradesmen as it deems necessary and appropriate.

(n) The Association may contract with Declarant or any other Person for performance of services which the Association is required to perform pursuant to the terms hereof, such contracts to be at competitive rates and upon such terms and for such consideration as the Board may deem proper, advisable and in the best interests of the Association.

(o) The Association may establish from time to time the nonprofit corporation tax status of the Association for federal and State of North Carolina income tax purposes, as determined by the Board to be in the best interests of the Association.

(p) The Association may contract with other nonprofit corporations or associations which exist for purposes substantially similar to those for which the Association exists, with respect to the maintenance of property owned by such corporation or association.

(q) The Association may impose reasonable charges for late payment of assessments and, after notice and an opportunity to be heard, suspend privileges or services provided by the Association (except rights of access to Lots and rights of access to easements in Common Elements that provide public utility services to Lots) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer.

(r) After notice and an opportunity to be heard, the Association impose reasonable fines or suspend privileges or services provided by the Association (except rights of access to Lots and rights of access to easements in Common Elements that provide public utility services to Lots) for reasonable periods for violations of this Declaration, the Bylaws or other Governing Documents.

(s) In addition to the insurance coverages required by this Declaration, the Association may obtain and maintain such other insurance coverage as the Board determines to be in the best interests of the Association.

(t) In addition to the foregoing, exercise all powers and rights authorized under the Act.

Section 3. Storm Water Management. Except for the maintenance responsibilities placed on Lot Owners by this Section or assumed or undertaken by other Persons, the Association,

as a Common Expense, shall: (i) maintain all storm water easements (also referred to herein as "storm water drainage easements" or "drainage easements") in The Properties that are shown on plats of The Properties recorded in the Registry or established by written instruments recorded in the Registry, and which either are located on the Common Elements or benefit or serve more than one (1) Lot; and (ii) maintain the storm water management facilities, if any, on or serving The Properties, which are part of the storm water management system for The Properties as shown on approved Subdivision Plans or other plans approved by the City. Provided, however, such maintenance obligations shall cease and terminate, or be reduced, at such time as the City, through a department of public works or some other agency or division, elects to maintain, in whole or in part, the storm water drainage easements and storm water management facilities, or some other Person is providing the necessary maintenance. Following any such assumption of maintenance by the City or other Person, the Association may, without obligation, continue to provide maintenance to the extent that the City or other Person fails to provide adequate maintenance, in the opinion of the Board. The Owner of any Lot on or over which a storm water drainage easement (or portion thereof) is located shall be responsible for maintenance of that easement (or portion thereof), including any one or more of the following: (i) mowing of grass with reasonable frequency, where applicable; (ii) removal of debris and other matter to the best of the Lot Owner's ability, where such debris or matter has impeded or threatens to impede the free flow of storm water over or through the easement or any storm water management facilities. Such Lot Owner's responsibility shall include notification of the Association of any defects in any fencing, if any surrounding or within a storm water drainage easement or storm water management facility, any debris or other matter which the Lot Owner feels is beyond the Lot Owner's reasonable ability to remove, and any excessive erosion within a storm water drainage easement. The Owner of a Lot on which a storm water drainage easement is located shall not obstruct that easement in any manner. The Owner of a Lot served by a storm water drainage easement shall keep such Lot clear of all debris and other matter which, if carried by water flow into or onto the area of the storm water drainage easement, might significantly impede the free flow of storm water over or through the easement or any storm water drainage facilities. Notwithstanding anything to the contrary herein, each Owner of a Lot, and not the Association, shall be responsible for maintenance of all storm water drainage facilities and equipment used exclusively in connection with such Lot or the Improvements thereon, including guttering, and pipes and drains for transportation of storm water from such Lot into a storm water drainage easement or into a storm water management facility that is part of the storm water management system for The Properties.

Developer, during the Development Period, and thereafter, the Association, subject to any approval required by the City, may at any time and from time to time relocate, abandon and/or release one or more storm water drainage easements in The Properties, provided that such relocation, abandonment or release does not materially adversely affect any portion of The Properties, including the Common Elements.

Section 4. Conveyance or Dedication of Common Elements. The Association, upon complying with applicable provisions of the Act for conveyance or dedication of Common Elements, and, in addition thereto, only after obtaining (i) the written agreement or consent of those Class A Members who have, or the affirmative vote at a duly called meeting of the Association of those Class A Members who have, sixty-seven percent (67%) or more of the total number of votes allocated to the Class A Members, and (ii) during the Declarant Control Period the written consent of Declarant and all Major Builders, the Association, may dedicate portions of Common Elements to public use, and may convey or exchange portions of Common Elements, for any purpose approved by such Members (and, during the Declarant Control Period, also approved by Declarant and all Major Builders), including any one or more of the following purposes: (i) to eliminate unintentional encroachments of Improvements or easements; (ii) to correct any building or other setback violations; (iii) to adjust boundary lines of portions of The Properties; and (iv) to facilitate the orderly subdivision and development of The Properties as determined by the Board. All such conveyances shall be subject to the following: (i) no such conveyance (either alone, or in conjunction with other conveyances) results in a reduction of the portion of the Common Elements that constitutes "open space" required by the City below the minimum amount of "open space", if any, required by the City; (ii) if required by applicable Legal Requirements, the City approves any boundary line adjustment; (iii) any boundary line adjustment is approved by the Owners of all portions of The Properties affected by the adjustment; (iv) each Lot contiguous to Common Elements prior to the conveyance remains contiguous to Common Elements after the conveyance, unless otherwise approved by the affected Owner; (v) the conveyance does not materially conflict with any applicable Subdivision Plan; (vi) no conveyance of Common Elements deprives any Lot of its rights of access and support; and (vii) any conveyance of real property to the Association must be free and clear of all encumbrances except for this Declaration and any applicable Supplemental Declaration, street rights of way or access easements, greenway easements and easements for utilities and storm water drainage.

Any of the foregoing real property acquired by the Association shall be part of the Common Elements and, without further act of the Association or its Members, shall be released from all provisions of this Declaration (and any applicable Supplemental Declaration) except those applicable to the Common Elements. The portion of the Common Elements dedicated, conveyed or exchanged by the Association, without further act of the Association or its Members, shall cease to be Common Elements and shall be subject to those provisions of this Declaration (and any applicable Supplemental Declaration) that would have been applicable to such real property had it not been Common Elements, except that, if required by the City, such portion of the Common Elements may be conveyed by the Association to the City free and clear of all of the terms of this Declaration and any applicable Supplemental Declaration.

In addition to the foregoing requirements, during the Declarant Control Period any conveyance or dedication of Common Elements also shall require approval by the United States Department of Housing and Urban Development ("HUD") or its designee and/or by the United States Veterans Administration ("VA") or its designee unless, at the time of such conveyance or dedication, applicable HUD or VA regulations no longer require such approval.

Section 5. Mortgage and Pledge. Subject to the voting or written consent requirements of the Act and, in addition thereto, upon (i) the written agreement or consent of those Class A Members who have, or the affirmative vote at a duly called meeting of the Association of those Class A Members who have, sixty-seven percent (67%) or more of the total number of votes allocated to the Class A Members, and (ii) during the Declarant Control Period, the written consent of Declarant and all Major Builders, the Association shall have the power and authority to mortgage the Common Elements and to pledge its assets as security for loans made to the Association, which loans shall be used by the Association in performing its functions and providing services under this Declaration. Declarant or any Major Builder may, but shall not be required to, make loans to the Association, subject to the foregoing and further subject to approval by such Person of the use to which such loan proceeds will be put and the terms pursuant to which such loans will be repaid. Notwithstanding anything in this Declaration to the contrary, at any time that there is any unpaid amount owed to Declarant or a Major Builder under any loan made by such Person to the Association, without that Person's written consent the annual assessments shall not be reduced below the amounts in effect at the time such loan first was made.

In addition to the foregoing requirements, during the Declarant Control Period any mortgage or pledge of Common Elements also shall require approval by the United States Department of Housing and Urban Development ("HUD") or its designee and/or by the United States Veterans Administration ("VA") or its designee unless, at the time of such mortgage or pledge, applicable HUD or VA regulations no longer require such approval.

Section 6. Liability Limitations. Except as otherwise required by applicable Legal Requirements, neither Developer, Declarant or any Major Builder, nor any current or former Member of the Association, nor the Board, nor any director on the Board, nor any officer of the Association, nor any shareholder, director, officer, member, manager, agent or employee of Developer, Declarant or any Major Builder, shall be personally liable for debts contracted or incurred by the Association or for a tort of another current or former Member, whether or not such other current or former Member was acting on behalf of the Association. Neither Developer, Declarant or any Major Builder, nor the Association, nor any of the shareholders, directors, officers, partners, members, managers, agents or employees of same, acting in those official capacities, shall be liable for any incidental or consequential damages for failure to inspect any Owner's Lot or Improvements thereon, or for failure to maintain the same (provided, however, as required herein Developer,

Declarant and each Major Builder shall maintain all portions of The Properties owned by such Person, and, except as otherwise specifically provided herein, directors on the Board and officers of the Association shall have all of the other obligations and liabilities of an Owner under this Declaration with respect to portions of The Properties owned by such Persons). The Association shall indemnify all Association directors and officers, and members of the Architectural Review Committee and other committees of the Board, as required by the Articles and Bylaws.

Neither the Board, the Association, any current or former Member of the Association, nor Developer, Declarant or any Major Builder, shall be considered as a bailee of any personal property stored or placed on the Common Elements (including vehicles parked on the Common Elements), whether or not exclusive possession of the particular area is given to the Person who owns such personal property, nor shall any of the foregoing Persons (other than the Person who owns the personal property) be responsible for the security of such personal property or for any loss or damage thereto. The Association shall not be liable for any failure of or interruption to any service to be obtained by the Association or paid for as a Common Expense, or for personal injury or property damage which is caused by the elements or by any Owner or any other Person, or which results from electricity, water, snow or ice which may leak or flow from or over any portion of The Properties or from any pipe, drain, conduit, appliance or equipment, or any secondary or consequential damages of any type resulting from the foregoing. No diminution, offset or abatement of any assessment or other charge shall be claimed or allowed for inconvenience or discomfort arising from maintenance of the Common Elements, Common Expense Properties, or from any action taken by the Association to comply with any applicable Legal Requirement. This Section is not intended, nor shall it be construed, to relieve any insurer of its contractual obligations under any policy benefitting the Association or any Owner.

Section 7. Merger or Consolidation. Upon a merger or consolidation of the Association with another association in accordance with all applicable Legal Requirements, the properties, rights and obligations of the Association, by operation of law, may be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association, by operation of law, may be added to the properties, rights and obligations of the Association as the surviving corporation pursuant to a merger. The surviving or consolidated association shall be considered the Association under this Declaration and may administer the terms and provisions of this Declaration and any applicable Supplemental Declaration, together with the terms and provisions of any declarations, covenants and restrictions applicable to other property under the jurisdiction of the surviving or consolidated Association, as a common plan. Other than as specifically stated in the plan of merger or consolidation approved pursuant to all applicable Legal Requirements, no merger or consolidation shall effect any revocation of the provisions of this Declaration with respect to The Properties, including the limits on any assessment or any other matter substantially affecting the interests of the members of the Association. During the

Development Period, no merger or consolidation of the Association with another association shall be valid without the written consent of Declarant and all Major Builders. In addition to all applicable Legal Requirements, any merger or consolidation of the Association with another association shall be effective and legally valid only upon the affirmative vote by each class of Members of sixty-seven percent (67%) or more of the votes cast by the Members of that class present at a duly called meeting of the Association.

In addition to the foregoing requirements, during the Declarant Control Period any merger or consolidation also shall require approval by the United States Department of Housing and Urban Development ("HUD") or its designee and/or by the United States Veterans Administration ("VA") or its designee unless, at the time of such merger or consolidation, applicable HUD or VA regulations no longer require such approval.

ARTICLE IV

RIGHTS IN AND TO THE COMMON ELEMENTS

Section 1. Lot Owners' Rights and Easements of Enjoyment. Subject to the provisions of this Declaration and any applicable Supplemental Declaration, every Lot Owner shall have a right and easement of use and enjoyment in and to the Common Elements, which right and easement shall be appurtenant to and shall pass with the title to such Owner's Lot; PROVIDED, HOWEVER, such easement shall not give any Lot Owner the right to make alterations, additions or Improvements to any part of the Common Elements, nor to encumber the Common Elements as security for any indebtedness of the Lot Owner. Subject to the terms of the Act and the Governing Documents, a Lot Owner's right of use and enjoyment in and to the Common Elements shall extend to the Lot Owner's immediate family members and guests, and a Lot Owner may delegate or assign such Lot Owner's right of use and enjoyment in and to the Common Elements to lessees and contract purchasers who reside in the Dwelling on such Owner's Lot.

Section 2. Title to the Common Elements. Developer shall convey to the Association by special warranty deed fee simple title to the Recreation Facility (as provided in Article XIII) and to all other real property portions of the Common Elements owned by the Developer, if any, free and clear of all encumbrances and liens, except for this Declaration, ad valorem property taxes subsequent to the date of conveyance, street rights-of-way, storm water drainage easements, utility easements, and any other matters required under applicable Legal Requirements. Except for the Recreation Facility, which shall be constructed and conveyed as otherwise provided in this Declaration, title to all real property portions of the Common Elements shall be conveyed by Developer to the Association at or prior to the time of conveyance by

Developer of the first portion of the applicable phase, section or subdivision of The Properties in or adjacent to which that Common Elements is located (provided, however, any failure of Developer to so convey the Common Elements shall not invalidate this Declaration, shall not constitute a breach of this Declaration giving rise to any legal remedy other than suit for specific performance to convey such Common Elements, and shall not invalidate any subsequent conveyance to the Association of the same or any other portion of the Common Elements). The Association shall not refuse Developer's classification of any of The Properties as Common Elements, Landscape Easements or Landscaped Rights-of-Way, nor shall the Association refuse to accept from Developer the conveyance, transfer or assignment of any Common Elements or of any improvements in, or personal property to be used in, any Common Expense Properties.

Section 3. Extent of Lot Owners' Easement. The rights and easements of enjoyment of the Lot Owners in and to the Common Elements are subject to all of the following:

(a) The right of the Association to prescribe and enforce regulations governing the use and maintenance of the Common Elements (including reasonable charges for the use thereof, limitations on the number of guests of Members who may use the Common Elements, and, as determined by the Board, establishing for Persons who are not Members of the Association memberships in, or privileges to use, the Recreation Facility).

(b) Temporary unavailability of any of the Common Elements for necessary maintenance.

(c) The right of the Association to borrow money for the purpose of maintaining the Common Elements or to enable the Association to perform its functions or provide the services under this Declaration.

(d) Subject to any voting or written consent requirements of the Act and this Declaration, the right of the Association to mortgage the Common Elements, provided that the rights of any Mortgagee in the Common Elements shall be subordinate to the rights of the Lot Owners hereunder.

(e) Subject to any voting or written consent requirements of the Act and the Governing Documents, the right of the Association (and the right of Declarant and Major Builders to require the Association) to convey portions of the Common Elements for any one or more of the following purposes: (i) to correct erroneous, unintentional or inadvertent conveyances of Common Elements by Developer to the Association that are inconsistent with the applicable Subdivision Plan; (ii) to eliminate unintentional encroachments of Improvements or easements; (iii) to correct any building or other setback violations; (iv) to adjust Lot boundary lines; and (v) as otherwise determined by the Board to facilitate the orderly subdivision and development of The Properties, or that is in the best interests of the Association and its Members, subject to the following: (i) no such conveyance

(either alone, or in conjunction with other conveyances) results in a reduction of the portion of the Common Elements that constitutes "open space" required by the City below the minimum amount of "open space", if any, required by the City; (ii) if required by applicable Legal Requirements, the City approves any boundary line adjustment; (iii) any boundary line adjustment is approved by the Owners of all Lots affected by the adjustment; (iv) each Lot contiguous to Common Elements (excluding easements) prior to the conveyance remains contiguous to Common Elements after the conveyance, unless otherwise approved by the affected Lot Owner; (v) the conveyance does not materially conflict with any applicable Subdivision Plan; and (vi) no conveyance of Common Elements deprives any Lot of its rights of access and support.

(f) The right of the Association to take such steps as are reasonably necessary to protect the Common Elements against foreclosure.

(g) Subject to any applicable notice and hearing requirements of the Act, the right of the Association to fine a Lot Owner and/or suspend the rights (voting and other) and easements of enjoyment in and to the Common Elements of a Lot Owner or such Lot Owner's family members, lessees, guests, invitees, or contract purchasers, for any period during which any assessment or other amount owed by the Lot Owner to the Association remains unpaid, and for a reasonable period of time for any violation or infraction of the Governing Documents, the Act or the Association's published rules and regulations. Provided, however, no such suspension shall constitute a waiver or discharge of the Lot Owner's obligation to pay any assessment or other charge under this Declaration. Further provided, the Association shall not suspend the right of any Lot Owner to use any portion of the Common Elements over which there is an easement that provides access for ingress and egress from a public street to such Owner's Lot, or over which a sanitary sewer, water or other utility easement is located that provides such utility services to such Owner's Lot, but such Lot Owner shall remain subject to the rules and regulations, if any, established by the Association for use of such portion of the Common Elements.

(h) The right of the Association to charge reasonable admission and other fees for the use of the Recreation Facility and other Common Elements.

(i) Subject to any voting or written consent requirements of the Act and this Declaration, the right of the Association to sell, dedicate, grant easements over, under and through, or otherwise transfer all or any part of the Common Elements to the City, any public agency, authority, or provider of utility services, for such purposes and upon such terms as the Board, or the Members who exercise the required affirmative vote (if the motion or resolution passed by such vote contains such terms), may determine.

(j) Subject to any voting or written consent requirements of the Act and this Declaration, the right of the Association to transfer title to any part or all of the Common Elements to another nonprofit corporation or association organized and existing for purposes substantially similar to the Association with respect to the Common Elements. Upon the approval of the Board, the Association may lease from, or accept transfer of title from, any such nonprofit corporation or association of any part or all of the property owned by such nonprofit corporation or association.

(k) Easements for storm water drainage, storm water control or removal, utilities, Landscape Easements and other matters shown on recorded plats of the Common Elements or created or reserved by Developer prior to or simultaneously with conveyance of such Common Elements by Developer to the Association, and/or granted by the Association as permitted by this Declaration.

(l) all other provisions of this Declaration affecting such rights and easements.

(m) Lot Owners and their family members, lessees, guests, invitees and contract purchasers, without the prior written consent or approval of the Developer (or the Board, following the end of the Declarant Control Period) shall not do any of the following within any portion of any Common Elements, Landscape Easements, Landscaped Rights-of-Way or Major Streets, except as reasonably may be required to perform any Owner Maintenance Responsibilities specified in the Article of this Declaration dealing with same:

- (1) Grant any easements of any nature whatsoever;
- (2) Remove any trees or vegetation, except in an emergency situation or in order to prevent injury or damage to any Person or property;
- (3) Erect gates, fences or other structures;
- (4) Remove or interfere with any structures maintained therein by the Association;
- (5) Maintain any garbage receptacles;
- (6) Fill or excavate; or
- (7) Plant vegetation in, or otherwise restrict or interfere with the maintenance of, the Common Elements, Landscape Easements, Landscaped Rights-of-Way or Major Streets.

Section 4. Leases Subject to this Declaration. Every lease agreement between a Lot Owner and a lessee for the lease of a Lot shall provide that the terms of the lease shall be subject in

all respects to the provisions of the Governing Documents, and that any failure by the lessee to comply with the terms of such document shall be a default under the terms of the lease. Provided, however, all such leases shall be subject to the terms of this Declaration and the other Governing Documents, whether or not stated therein.

Section 5. Ingress and Egress; Utilities. Notwithstanding anything to the contrary appearing in this Declaration, (i) if ingress and egress from a public street to any Lot is over any part of the Common Elements as shown on any plat or described in any instrument recorded in the Registry, or (ii) sanitary sewer, water or other utility services are provided to a Lot over or through an easement located on the Common Elements as shown on any plat or described in any instrument recorded in the Registry, any conveyance or encumbrance of the affected portion of the Common Elements shall be subject to those easements for ingress and egress and/or utilities.

ARTICLE V

ASSOCIATION MEMBERSHIP AND VOTING

Section 1. Membership. Each Owner of a Lot, including Declarant and each Major Builder, is a Member of the Association and by execution of this Declaration or by acceptance of a deed conveying to such Owner title to a Lot or title to any Unsubdivided Land that later becomes a Lot or Lots, consents to be a Member of the Association, subject to the terms of the Governing Documents and applicable Legal Requirements. Membership in the Association shall be appurtenant to and may not be separated from the Lot owned by the Lot Owner, and the Board may adopt reasonable rules relating to the proof of ownership. Membership in the Association shall terminate automatically whenever a Person ceases to be a Lot Owner (except that the Class B Membership shall finally terminate only as provided herein), but such termination shall not release or relieve any such Person from any liability or obligation incurred under this Declaration during the period of such Person's ownership, nor impair any rights or remedies which the Association or any other Lot Owner has with regard to such former Lot Owner.

Section 2. Classes of Voting Members. The Association shall have two (2) classes of voting membership as follows:

(a) **Class A.** Class A Members are all Owners of Lots, excluding Declarant and all Major Builders during the Declarant Control Period. Provided, following the end of the Declarant Control Period, Declarant and all Major Builders also are Class A Members with respect to all Lots owned by such Persons. A Class A Member is entitled to one (1) vote for each Lot owned by such Class A Member (and when the Class B Membership terminates, Declarant and each Major Builder also

shall be entitled to one (1) vote for each Lot owned by such Person). Provided, however, only one (1) vote is entitled to be cast for each Lot, regardless of the number of Owners thereof.

(b) **Class B.** The Class B Members are Declarant and all Major Builders. During the existence of the Class B Membership, the Class B Members are entitled to three (3) votes for each Lot owned by such Class B Members. The Class B Membership shall terminate and the Class B Members shall become Class A Members upon the first to occur of the following:

(1) the end of the Declarant Control Period for any reason other than final termination of the Class B Membership in the Association.

(2) when the number of votes of the Class A Members equals the number of votes of the Class B Members (that is, when the number of Lots owned by Declarant and all Major Builders is 25% or less of the total number of Lots then existing in The Properties). Provided, however, until all Unsubdivided Land in The Properties has been developed into Lots in accordance with Subdivision Plans approved by the City, the Class B Membership may be reinstated at any time that number of Lots in owned by Declarant and all Major Builders is more than 25% of the total number of Lots in The Properties. Unless otherwise terminated under subsection (1) of this subsection (b), the Class B Membership may terminate and be reinstated on one or more occasions until all of the Unsubdivided Land has been developed into Lots in accordance with Subdivision Plans approved by the City. Termination of the Class B Membership that has been reinstated after all of the Unsubdivided Land has been developed into Lots, or failure of the Class B Membership to be reinstated after all of the Unsubdivided Land has been developed into Lots because Declarant and the Major Builders then own 25% or less of the total number of Lots in The Properties, constitutes "final termination" of the Class B Membership under this Declaration.

Section 3. Voting.

(a) When any Lot entitling the Owner thereof to membership as a Class A or Class B Member is owned of record in the name of two (2) or more Persons, their acts and presence with respect to voting, written consents, and quorum requirements shall be as follows:

(1) If only one (1) of multiple Lot Owners is present in person or by proxy at a meeting of the Association, then such Lot Owner is entitled to cast the vote allocated to that Owner's Lot;

(2) If more than one (1) of multiple Lot Owners is present in person or by proxy at a meeting of the Association, the vote for that Lot may be cast only in accordance with the agreement of a majority in interest of such multiple Lot Owners. Majority agreement is conclusively

presumed if any one of the multiple Lot Owners casts the vote allocated to such Owners' Lot without protest being made promptly to the Person presiding over the meeting by any of the other Owners of the Lot (or Person possessing a valid proxy from any such other Lot Owner);

(3) If more than one (1) of multiple Lot Owners is present in person or by proxy at a meeting of the Association, but the vote is evenly split on any particular matter, the vote shall not be counted (but the presence of such Lot Owners in person or by proxy shall be counted for purposes of determining quorums);

(4) The presence at a meeting, in person or by proxy, of one (1) or more, but less than all, of multiple Owners of a Lot, shall be sufficient for quorum purposes with respect to the vote allocated to such Lot; and

(5) The principles of this Section shall apply, insofar as possible, to the execution of proxies, waivers, consents, written agreements, or objections.

(b) Except when this Declaration, other Governing Documents, or applicable Legal Requirements specifically require a higher percentage or require the applicable percentage to be calculated based on the number of votes "entitled to be cast" by, or the total number of votes allocated to, the Members or portion of Members or Class of Members entitled to vote on the matter at issue, the affirmative vote of a majority of the votes cast at a duly called meeting at which a quorum is present is the act of the Members or portion of Members or Class of Members with respect to the matter voted upon. A "majority" is defined as more than 50% of the total number of votes cast by such Members or portion of Members or Class of Members present at a duly called meeting of the Association. Provided, however, and in addition to the foregoing, during the Declarant Control Period the written consent of Declarant and all Major Builders also shall be required to make effective any matter voted upon by any portion, Class or all of the Members.

(c) Unless otherwise specifically provided in this Declaration, other Governing Documents, or any applicable Legal Requirement, any matter that may be adopted by the vote of Members may be adopted by the written consent of the Members or applicable Class of Members, subject to the following: (i) the foregoing rules governing voting when there is more than one Owner of a Lot applies to written consents; (ii) the majority or other percentage required for adoption by voting is applicable to adoption by written consent, except that, with respect to written consents, the percentage shall be determined in relation to the total number of votes that the Members, or applicable Class of Members (or portion thereof), would be **entitled** to cast if a vote was held; (iii) the date on which the last required Member signs the written consent is the date for determining whether or not the required percentage of Members has consented; and (iv) a written consent may

be withdrawn if done so in the same manner required for giving the written consent and if done prior to the time that the last written consent necessary for adoption of the matter is executed.

(d) Payment of special assessments or any other assessments or charges shall not entitle Members to votes in addition to those specified herein.

(e) Notwithstanding anything to the contrary that may appear herein, no votes allocated to Lots owned by the Association may be cast, nor may they be counted for purposes of determining a quorum.

Section 4. Quorum and Notice Requirements. A quorum shall be required for all meetings of the Association. Unless otherwise specifically provided in this Declaration, the quorum requirements and notice requirements for meetings of the Association shall be as set forth in the Bylaws or, if not addressed in the Bylaws, in accordance with applicable Legal Requirements.

In the event that business cannot be conducted at any meeting of the Association because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those Members present in person or by proxy. Notwithstanding any provisions to the contrary in this Declaration or other Governing Document, the quorum requirement at the next meeting shall be one-half ($\frac{1}{2}$) of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted.

Section 5. Proxies. All Members of the Association may vote and transact business at any meeting of the Association by proxy which is authorized in writing and meets the applicable requirements of the Governing Documents and Legal Requirements. A proxy is void if it is not dated. A proxy terminates eleven (11) months after its date, unless it specifies a shorter term. A Member may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the Person presiding over a meeting of the Association. Proxies may not be used in connection with meetings of the Board, Architectural Review Committee or any other Board committee.

Section 6. Ballots by Mail. When directed by the Board, in its sole discretion, a statement of certain motions to be introduced for vote of the Members at an annual or special meeting of the Association, and a ballot on which each Member may vote for or against each such motion, shall be sent with the notice of the annual or special meeting at which such vote is to be held. The form of the ballot and requirements for the execution, presentation and effectiveness thereof, not inconsistent with this Declaration, shall be as determined by the Board. Each mail ballot properly executed and presented at the applicable meeting shall be counted in calculating the quorum

requirements for the meeting, but such ballots shall not be counted in determining whether or not a quorum is present to vote on motions or other matters that do not appear on the ballot. With respect to any such ballot, the Board shall establish the rules for withdrawal or revocation of the ballot, which rules shall clearly be set forth on the ballot or on the notice of the meeting that accompanies any such ballot. Mail ballots from Members who are not entitled to vote on the date of the meeting of the Association at which the vote is held shall not be counted for voting or quorum purposes.

ARTICLE VI

ASSESSMENTS AND OTHER CHARGES

Section 1. Creation of the Lien and Personal Obligation for Assessments. Subject to the terms of this Declaration, each Owner of a Lot, by execution of this Declaration or by acceptance of a deed or other instrument conveying title to a Lot, whether or not it shall be so expressed therein, is hereby deemed to consent and agree to pay to the Association (or to any Person which may be designated by the Association to collect such monies on behalf of the Association) assessments and other charges as follows: (i) annual assessments; (ii) Reserve Fund Assessment; (iii) special assessments for capital improvements or other matters as set forth herein; (iv) special individual assessments levied against a Lot Owner to reimburse the Association for maintenance expenses resulting from the failure of such Lot Owner to maintain adequately that Owner's Lot, or for such other purposes as stated herein; (v) architectural review fees and costs as specified herein; (vi) fines for violations of Association rules and regulations with respect to use of the Common Elements; (vii) late payment penalties and interest on unpaid assessments; and (viii) other charges imposed under authority contained in the Governing Documents (architectural review fees, fines, penalties, interest and other charges all being referred to herein collectively as "other charges"), and, in addition to such assessments and other charges, to pay all costs, fees and expenses, including reasonable attorneys' fees, incurred by the Association in enforcing or collecting any of the foregoing assessments or other charges. All assessments and other charges shall be established and collected as hereinafter provided. All assessments and other charges remaining unpaid for a period of thirty (30) days or longer, together with the costs of collection thereof, including reasonable attorneys' fees, shall constitute a lien on the Lot against which they are assessed or charged from the time of the filing of a lien in the office of the Clerk of Superior Court of Wake County, North Carolina, and shall be the personal and continuing obligation of the Person who was the Owner of such Lot at the time when the assessment or other charge first became due and payable. A Lot Owner's personal obligation for payment of such assessments and other charges shall not become the personal obligation of a subsequent Lot Owner unless expressly assumed by the subsequent Lot Owner. No Lot Owner shall be exempt from liability for any assessment provided for herein by reason of non-

use of the Common Elements or such Owner's Lot, or abandonment of a Lot, or temporary unavailability of the use or enjoyment of the Common Elements. If necessary to establish the right to collect reasonable attorneys' fees under this Declaration, any obligation of a Lot Owner to pay assessments or other charges or monetary obligations under this Declaration shall constitute evidence of indebtedness for the purpose of establishing under Section 6-21.2 of the North Carolina General Statutes (or any successor statute) the right to collect reasonable attorneys' fees in any action or proceeding to enforce or collect payment of such obligation. Provided, however, the foregoing sentence specifically is intended to supplement, and not to interfere, limit, invalidate or be in conflict with, any provisions of the Act with respect to reasonable attorneys' fees.

Section 2. Liability for Assessments After Change in Membership Status.

No Lot Owner shall be relieved of, or released from, the obligation to pay assessments and other charges under this Declaration because of any resignation or attempted resignation by such Lot Owner of membership in the Association while such Owner owns a Lot, or because of any suspension of such Lot Owner's membership or membership rights in the Association as allowed under the Governing Documents.

Section 3. Nature, Purpose and Use of Assessments. The assessments shall be used by the Association for any one or more of the following: (i) to pay the Common Expenses; (ii) to perform the functions or provide the services required or authorized of the Association pursuant to this Declaration and any applicable Supplemental Declaration; and (iii) to implement, administer and enforce the terms and provisions of this Declaration and any applicable Supplemental Declaration, as the Board determines to be in the best interests of the Association or its Members.

All assessments and other charges collected by the Association shall be the separate property of the Association. As assessments and other charges are paid to the Association by Lot Owners, such funds may be commingled with assessments and other charges paid to the Association by other Lot Owners. No Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer, such Member's interest in the assets of the Association, except as an appurtenance to the Lot owned by such Member. When any Lot Owner shall cease to be a Member of the Association, the Association shall not be required to account to such Lot Owner for any share of the funds or assets of the Association or any portion thereof which may have been paid to the Association by such Lot Owner or acquired with any funds paid to the Association by such Lot Owner.

Section 4. Maximum Annual Assessment and Annual Assessment.

(a) For calendar year 2001, the maximum annual assessment for each Lot shall be \$300.00 per Lot.

(b) Beginning with calendar year 2002, unless otherwise determined by the Board the maximum annual assessment shall automatically increase each calendar year by an amount equal to the greater of (i) ten percent (10%) of the maximum annual assessment for the immediately preceding calendar year, or (ii) the amount of the maximum annual assessment for the immediately preceding calendar year multiplied by the percentage increase reflected in the Consumer Price Index-U.S. City Average, All Items (published by the U.S. Bureau of Labor Statistics, Washington, D.C.) then in effect or such other index as may be the successor to said Consumer Price Index, for the twelve month period ending the immediately preceding July 1. Provided, however, for any calendar year the Board, in its sole discretion by majority vote, may elect to provide for no increase in the maximum annual assessment, or may provide for an increase in the maximum annual assessment in an amount less than the amount by which it would automatically increase as provided herein. Further provided, however, if the Board provides for no increase in the maximum annual assessment or provides for an increase less than the amount by which it would automatically increase as provided herein, the Board may at any time during that calendar year increase the maximum annual assessment up to the maximum amount to which it would have increased automatically as provided herein. The amount finally determined as the maximum annual assessment for a calendar year shall be the amount on which the increase for the subsequent calendar year is based.

(c) The maximum annual assessment for any calendar year may be established at an amount higher than the amount established under this Declaration or by the Board as provided herein, by the affirmative vote by each class of Members of sixty-seven percent (67%) or more of the votes cast by the Members of that class present at a duly called meeting of the Association for which notice of the meeting included notice of the proposal to increase the maximum annual assessment. Provided, however, the automatic increase in the maximum annual assessment for the year subsequent to any year in which the membership increases the maximum annual assessment above its limit as otherwise established pursuant to this Declaration, shall be calculated based on the maximum annual assessment that would have been in effect if no action of the membership had been taken. Further provided, the provisions of this subsection shall not apply to, nor be a limitation upon, any change in the maximum annual assessment undertaken incident to a merger or consolidation in which the Association is authorized to participate under the Governing Documents or any Legal Requirement.

(d) The annual assessment for calendar years 2001 and 2002 shall be \$240.00 per Lot. Beginning with the annual assessment for calendar year 2002, the Board shall establish the annual assessment at any amount not in excess of the maximum annual assessment for that calendar year.

(e) If the Board establishes the annual assessment at an amount less than the maximum annual assessment for that calendar year and, thereafter, during such calendar year, determines that such annual assessment is insufficient, the Board, by majority vote, may levy one or more supplemental annual assessments. Provided, however, the total of the annual assessment plus all

supplemental assessments assessed in any calendar year shall not exceed that calendar year's maximum annual assessment.

Section 5. Reduced Annual Assessment.

(a) Notwithstanding anything to the contrary herein, through the Recreation Facility Completion Date the annual assessment for each Lot owned by Class A Members shall be reduced to one-half ($\frac{1}{2}$) of the amount of the applicable annual assessment, and after the Recreation Facility Completion Date shall be the full amount of such annual assessment. For example, if the construction of the Recreation Facility is completed on May 15, the annual assessment for that year shall be due and payable at $\frac{1}{2}$ of the full rate for January through May and at the full rate for June through December. The additional portion of the annual assessment applicable following the Recreation Facility Completion Date shall be due and payable as specified in a notice from the Association to the Class A Members.

(b) Notwithstanding anything to the contrary herein, through the Recreation Facility Completion Date the annual assessment for each Lot owned by Class B Members shall be reduced to one-fourth ($\frac{1}{4}$) of the amount of the applicable annual assessment, and after the Recreation Facility Completion Date, through the month in which final termination of the Class B Membership occurs, shall be one-half ($\frac{1}{2}$) of the full amount of the applicable annual assessment. For example, if the construction of the Recreation Facility is completed on May 15, the annual assessment for that year shall be due and payable at $\frac{1}{4}$ of the full rate for January through May and at $\frac{1}{2}$ of the full rate thereafter. The additional portion of the annual assessment applicable following the Recreation Facility Completion Date shall be due and payable as specified in a notice from the Association to the Class B Members.

Section 6. Commencement of Assessments. Lots shall be subject to annual and special assessments beginning with calendar year 2001. Provided, however, with respect to any portion of The Properties that first becomes a Lot on or after January 1, 2001, and with respect to any Lot that first becomes a portion of The Properties on or after January 1, 2001, such Lot shall become subject to annual and special assessments on the first day of the calendar month immediately following the calendar month in which it becomes a Lot or in which it is subjected to this Declaration, whichever is applicable, and the annual assessment for that calendar year shall be determined by multiplying the amount of the applicable annual assessment by a fraction whose numerator is the number of months in that calendar year that the Lot is subject to assessment, and whose denominator is twelve (12). The payment due date(s) for each annual assessment shall be as determined by the Board.

Section 7. Operating Budget. The Board shall adopt an operating budget for calendar year 2001, it being contemplated that, prior to January, 2001, there will not be any Members in the Association other than Declarant and Major Builders. Beginning with calendar year 2002, the Board shall adopt a proposed annual operating budget for the Association for each calendar year, containing an estimate of the total amount believed to be necessary to pay the Common Expenses for that calendar year, including such reasonable amounts as the Board deems necessary to provide working capital (available for day-to-day operating expenses and otherwise uncommitted for specific expenses), reserves for contingencies, and reserves for replacement of Common Elements and Common Expense Properties, as applicable. The Board shall give due consideration to the annual operating budget in establishing the annual assessment for that calendar year. Within thirty (30) days after adoption of same, the Board shall provide a summary thereof to all Members (provided, however, a copy or summary provided to any one of multiple Owners of a Lot is deemed to be provided to all Owners of such Lot), together with a notice of the annual or special meeting of the Association at which ratification of such proposed annual operating budget will be considered, including a statement that the proposed annual operating budget may be ratified without a quorum for the meeting. The annual or special meeting at which ratification of the proposed annual operating budget is to be considered shall be held not less than ten (10) days nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting at which ratification of the proposed annual operating budget is to be considered. The proposed annual operating budget is ratified unless at that meeting Members possessing sixty-seven percent (67%) or more of the total number of votes in the Association rejects it. In the event that the proposed annual operating budget is rejected, the annual operating budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent annual operating budget proposed by the Board.

Section 8. Establishing the Annual Assessment. The Board shall establish the amount of the annual assessment for each calendar year beginning with calendar year 2003 and shall cause written notice of each annual assessment to be sent to at least one (1) of the Owners of each Lot not less than thirty (30) days in advance of the payment due date specified in the notice (which shall not be earlier than January 31 of the applicable calendar year), which written notice may be in the form of an invoice for the annual assessment. The failure of the Board to establish the amount of any annual assessment as required herein shall not constitute a violation, waiver or modification of the provisions of this Declaration, or a waiver of the Board's right to establish the annual assessment at any time during the calendar year to which it is applicable, or a release of any Lot Owner from the obligation to pay the assessment or any installment thereof for that or any subsequent year, and the annual assessment for the immediately preceding calendar year shall continue in effect until the Board has established the new annual assessment (but when established, the amount of the new annual assessment shall be retroactive to January 1 of the applicable calendar year). If the annual assessment for any calendar year has not been established by December 31 of

the immediately preceding calendar year, the Board may send a notice of assessment as provided herein for the amount of the immediately preceding calendar year's annual assessment, together with notice that a new assessment may be established for that calendar year that may require an additional payment. Once the new annual assessment is established, any additional amount owed is due and payable by the payment due date specified in a supplemental notice to be sent to the Members by the Board; provided, such payment due date may not be less than thirty (30) days following the date of the notice.

Section 9. Collection of Assessments; Penalties for Late Payment.

(a) Annual and special assessments may be collected on a monthly, quarterly, annual or other basis, as determined from time to time by the Board, with the payment due date to be specified in the notice of the applicable assessment. The billing schedule shall be the same for all Lot Owners. The Board shall have the power at any time and from time to time, in its sole discretion and upon such terms as the Board deems appropriate, to allow percentage discounts to Lot Owners who pay annual and/or special assessments earlier than the payment due date therefor; provided, however, all such discounts shall be made available and applied uniformly to all Lot Owners.

(b) Subject to any limitations contained in this Declaration, other Governing Documents, or any applicable Legal Requirement, the Board has the authority at any time and from time to time to establish the payment due dates, interest rate on unpaid amounts, and penalties for late payment of annual and special assessments and other charges. Assessments not paid by the payment due date shall bear interest at a rate equal to the lesser of (i) eighteen percent (18%) per annum, or (ii) the highest lawful rate under applicable Legal Requirements, or (iii) the amount, if any, established by the Board (or, in the absence of any amount being established by the Board, the lesser amount otherwise established by this subsection). In addition to the obligation to pay the assessment and interest charges thereon, the defaulting owner also shall pay all of the Association's costs and expenses of collection, including reasonable attorneys' fees.

(c) The Board may at any time and from time to time authorize a management company or other billing agent, on behalf of the Association, to bill and collect all assessments and other charges payable under this Declaration.

Section 10. Special Assessments. In addition to the annual assessments authorized herein, and subject to the other requirements of this Declaration, at any time and from time to time the Association may levy a special assessment for the purpose of defraying, in whole or in part, the costs or expenses of any one or more of the following:

- (a) Maintenance of a capital improvement in or on the Common Elements or any Common Expense Properties, including fixtures and personal property related thereto.
- (b) Additions to the Common Elements or any Common Expense Properties.
- (c) The necessary facilities and equipment to enable the Association to perform the functions and offer the services required or authorized herein.
- (d) The Common Expenses of the Association, to the extent that such Common Expenses are not covered by annual assessments and applicable reserve funds.
- (e) Repayment of any loan made to the Association to enable it to pay the Common Expenses or to perform the other functions and provide the other services required or authorized herein.

Each special assessment first shall be approved by the affirmative vote by each class of Members of sixty-seven percent (67%) or more of the votes cast by the Members of that class present at a duly called meeting of the Association for which notice of the meeting includes notice of the proposed special assessment. A special assessment shall be due and payable as established by the vote of the Members approving the special assessment, or, if not established by such vote of the Members, as established by the Board.

Section 11. Certification of Assessments Paid. The Association (or any property manager authorized by the Association), upon demand and payment of a reasonable charge or fee established by the Association, shall furnish to any Lot Owner or such Lot Owner's authorized agent, or to any holder of a first lien deed of trust on a Lot, or to an attorney who represents the Lot Owner or a prospective purchaser of such Lot, or to any other Person approved by the Board, a certificate signed by an officer of the Association (or the authorized property manager) setting forth whether or not the assessments and other charges owed by such Lot Owner have been paid. The certificate shall be furnished within ten (10) business days after receipt of the request therefor and it shall be binding on the Association, the Board and every Lot Owner.

Section 12. Assessment Lien and Foreclosure. The assessments and other charges provided for herein shall be the personal and individual debt of each Person who, at the time of the assessment or other charge, is an Owner of the Lot against which they are assessed or charged. Any assessment or other charge not paid on or before the payment due date and remaining unpaid for a period of thirty (30) days or longer, together with the fines, penalty and interest charges as provided in this Declaration, plus the costs of collection (including reasonable attorneys' fees), shall be a charge and continuing lien on the Lot (and Improvements thereon) owned by the defaulting Lot

Owner from and after the date on which a claim of lien is filed by the Association in the office of the Wake County Clerk of Court. Except as otherwise provided in this Declaration or by applicable Legal Requirements, such lien shall be superior to all other liens and charges against the Lot and Improvements thereon. The Board shall have the power, in its sole discretion, to subordinate the lien to any other lien. The claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Lot at the time the claim of lien is filed, a description of the Lot, and the amount of the lien claimed. In addition to the claim of lien, the Association may execute, issue or record such other evidence of the lien as the Board deems necessary. Subsequent to the filing of the lien in the office of the Wake County Clerk of Court, the Association may foreclose the claim of lien in like manner as a mortgage on real estate under a power of sale or in any other manner allowed or required by applicable Legal Requirements, and/or the Association may institute suit against the Lot Owner personally obligated to pay the assessment or charge, and/or the Association may seek any other available remedy or relief. In any foreclosure proceeding the defaulting Lot Owner shall be required to pay the costs, expenses, and reasonable attorneys' fees incurred by the Association. The Association shall have the power to bid on and purchase the Lot at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal therewith. The remedies against a defaulting Lot Owner and such Owner's Lot are cumulative and not mutually exclusive, and the Association may seek none, or any one or more of such remedies, separately or simultaneously, as deemed appropriate by the Board.

Section 13. Lien Priority. The lien for unpaid assessments and other charges provided for herein is prior to all liens and encumbrances on a Lot except (i) liens and encumbrances (specifically including a mortgage or deed of trust on a Lot) recorded before the docketing of the claim of lien in the office of the Wake County Clerk of Court, and (ii) liens for real estate taxes and other governmental entity assessments and charges against the Lot. Provided, however, this Section does not affect the priority of mechanic's or materialmen's liens. A lien for unpaid assessments and other charges is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the docketing of the claim of lien in the office of the Wake County Clerk of Court. Where the holder of a first mortgage or first deed of trust of record, or other purchaser of a Lot obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust or deed or other proceeding in lieu of foreclosure, such purchaser and its heirs, successors, and assigns, shall not be liable for the assessments against such Lot which became due prior to the acquisition of title to such Lot by such purchaser. Such unpaid assessments shall be deemed to be Common Expenses collectible from all the Lot Owners, including such purchaser, its heirs, successors, and assigns in the event that the Association is unable to collect, or chooses not to pursue collection, from the Owner of the Lot during the time the assessments were assessed against the Lot.

Section 14. Exempt Property. All Exempt Property is exempt from the assessments, charges and liens established pursuant to this Declaration.

Section 15. Reserve Funds. From the annual assessments the Board, in the exercise of its reasonable discretion, shall establish and maintain reserve funds for working capital, contingencies, and replacements of Common Elements and Common Expense Properties. Reserve funds are subject to the following:

(a) Extraordinary expenditures not originally included in the annual operating budget, including (i) major rehabilitation or repair of the Common Elements and Common Expense Properties, (ii) emergency or other repairs required as a result of storm, fire, natural disaster or other casualty loss, or (iii) the initial costs of any new service to be performed by the Association, first shall be charged against the appropriate reserves. Except for expenses of normal and routine maintenance included in the annual operating budget, all expenses for repair or replacement of the Common Elements and Common Expense Properties shall be charged first against appropriate reserves.

(b) If reserve funds become excessive, as determined by the Board, the Board may adjust the reserve funds by reallocation to other annual operating budget items or by applying excess amounts as credits against annual assessments, or by refunding the excess amount to the then Lot Owners.

Section 16. Reserve Fund Assessment. With respect to each Lot, at the first closing of the sale of the Lot after a Dwelling has been constructed thereon, the purchaser of the Lot and Dwelling shall pay to the Association at the time of the closing of the purchase a "Reserve Fund Assessment" in an amount equal to one-sixth (1/6) of the then applicable annual assessment. The Reserve Fund Assessment shall be paid only once with respect to each Lot. All Reserve Fund Assessments shall be allocated to reserve funds. Amounts paid as Reserve Fund Assessments shall be paid in addition to annual assessments and special assessments, and the Reserve Fund Assessments may constitute liens against Lots and be enforced and collected in the same manner as annual and special assessments.

Section 17. Application of Assessments; Assessment Deficit.

(a) Annual assessments shall be applied to payment of Common Expenses as follows:

(1) Through the Recreation Facility Completion Date all annual assessments shall be applied to payment of Common Expenses other than Common Expenses related to the Recreation Facility (it is contemplated that there will be no Common Expenses related to the Recreation Facility until after the Recreation Facility Completion Date);

(2) After the Recreation Facility Completion Date and through the first to occur of the end of December, 2002 or the month in which Centex and Westfield complete their

second closings of portions of The Properties pursuant to their contracts with Developer, all annual assessments shall be applied to payment of Common Expenses as follows: $\frac{1}{2}$ shall be applied to payment of Common Expenses related to the Recreation Facility and $\frac{1}{2}$ shall be applied to payment of all other Common Expenses;

(3) Beginning with the first calendar month after the end of the time period stated in the immediately preceding subsection (2), all annual assessments shall be applied to payment of Common Expenses in such manner as determined by the Board.

(b) Notwithstanding anything to the contrary herein, for any applicable time period during the Declarant Control Period in which the Common Expenses or applicable portion thereof exceed the total amount of annual assessments or applicable portion thereof due and payable for such time period pursuant to this Declaration, the resulting "Deficit" shall be paid by as follows:

(1) Through the first to occur of the end of December, 2002 or the month in which Centex and Westfield complete their second closings of portions of The Properties pursuant to their contracts with Developer, Developer shall pay all Deficits for all Common Expenses other than Common Expenses related to the Recreation Facility, and the Major Builders (excluding Developer but including any Major Builder that is Declarant) shall pay all Deficits for all Common Expenses related to the Recreation Facility;

(2) From and after the end of the time period stated in the immediately preceding subsection (1) through the end of the Declarant Control Period, all Deficits for all Common Expenses shall be paid by the Major Builders (excluding Developer but including any Major Builder that is Declarant) as provided herein.

(c) The Deficits to be paid by the Major Builders (excluding Developer but including any Major Builder that is Declarant) shall be determined as follows:

(1) First, determine the then applicable number of Total Planned Lots, and deduct from that number the total number of Lots and Proposed Lots then owned by Developer. The number thus obtained is referred to herein as the "Denominator";

(2) Next, for each Major Builder other than Developer, determine the total of the number of Lots sold by the Major Builder to a third party plus the number of Lots then owned by the Major Builder plus the number of Proposed Lots then owned by the Major Builder plus the number of Lots and Proposed Lots subject to a current and valid contract to purchase from Developer. The number thus obtained for each Major Builder is referred to herein as the "Major Builder Numerator";

(3) Next, for each Major Builder, divide the Major Builder Numerator by the Denominator to determine the applicable portion of the Deficit to be paid by that Major Builder and round to the nearest 0.01 (0.005 or more to be rounded up and less than 0.005 to be rounded down).

For example, if Centex and Westfield are the only Major Builders other than Developer, the Total Planned Lots is 451, the total number of Lots that Centex has sold to a third party or then owns is 75, and the total number of Proposed Lots then owned by Centex is 40, and the total number of Lots and Proposed Lots subject to a current and valid contract for Centex to purchase from Developer is 40, then the Denominator is 451, the Major Builder Numerator for Centex is 155, and Centex's applicable portion of the Deficit is $155 \div 451 = 0.34$ or 34%.

(d) The Developer shall pay all Deficits that are the responsibility of the Developer and the then Declarant shall pay all Deficits that are the responsibility of the Major Builders (excluding Developer but including any Major Builder that is Declarant). Each such Major Builder shall reimburse Declarant for its respective portion of the Deficit within thirty (30) days after receiving notice from the Declarant of the such Major Builder's portion of the Deficit.

(e) The obligations of Developer and Declarant to pay Deficits, and the obligations of Major Builders to reimburse Declarant for their respective portions of Deficits, shall constitute liens on all Lots and other portions of The Properties owned by the Developer, Declarant or Major Builder who has such obligation, and shall be subject to all remedies for collection of assessments, in the same manner as such liens and remedies are constituted and enforced on Lots under the terms of this Declaration, and such obligations may be enforced and remedies utilized by any or all of the following: any Lot Owner, the Association, Developer, Declarant and any Major Builder.

Section 18. No Default Under Insured Mortgage. Nothing contained in this Declaration shall be construed as stating or implying that any failure of an Lot Owner to pay assessments constitutes a default under any mortgage on such Owner's Lot that is insured by the Federal Housing Administration or Veterans Administration, or any mortgage program administered by either of said agencies.

ARTICLE VII**INSURANCE****Section 1. General Provisions.**

(a) The Board shall have the power on behalf of the Association to: (i) purchase insurance policies relating to the Common Elements and Common Expense Properties, and the activities of the Association; (ii) adjust all claims arising under such policies; and (iii) sign and deliver releases upon payment of claims. The cost of all insurance policies purchased by the Board as allowed or required by this Declaration is a Common Expense. Neither the Board, nor a property manager, nor Developer, Declarant or any Major Builder, shall be liable for failure to obtain any insurance required by this Article, or for any loss or damage that could have been paid by such insurance, if such insurance is not reasonably available. With respect to insurance required by applicable Legal Requirements, the Association, either by hand delivery or United States Mail, postage prepaid, promptly shall notify the Lot Owners if such insurance is not reasonably available, or if there is any material adverse modification, lapse, or cancellation of, such insurance that is not being replaced by other insurance.

(b) To the extent such policy provision is reasonably available, no policy obtained by the Association shall be canceled, invalidated or suspended due to the conduct of any Owner, or such Owner's lessee or such Owner's (or lessee's) household members, guests, employees or agents, or of any director, officer or employee of the Board, or the property manager, without a prior demand in writing that the Association or the property manager cure the defect and such defect is not cured within thirty (30) days after such demand.

(c) An insurer that has issued an insurance policy to the Association for property insurance on the Common Elements or for liability insurance shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Lot Owner, mortgagee under any mortgage on a Lot or beneficiary under any deed of trust on a Lot. The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association and each Lot Owner, mortgagee and beneficiary to whom certificates or memoranda of insurance have been issued, to their respective last known addresses.

(d) All policies or insurance shall be written by reputable companies licensed or qualified to do business in North Carolina.

(e) The deductible or retained limit (if any) on any insurance policy obtained by the Association shall be a Common Expense.

Section 2. Property Insurance.

(a) Commencing not later than the earlier of the Recreation Facility Completion Date or the date of the first conveyance of a Lot to a Class A Member of the Association, the Association, to the extent that it is reasonably available, shall obtain and maintain property insurance on the Common Elements, and, as determined by the Board, on Common Expense Properties, insuring against all risks of direct physical loss commonly insured against, including fire damage and extended coverage perils. The total amount of such insurance after application of any deductibles shall be not less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies. The Board shall also obtain and maintain appropriate coverage on personal property owned by the Association.

(b) Each such property policy also shall provide:

- (1) that each Lot Owner is an insured person under the policy to the extent of such Lot Owner's insurable interest;
- (2) that the insurer waives its right to subrogation under the policy against any Lot Owner or member of that Lot Owner's household;
- (3) that no act or omission by any Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will preclude recovery under the policy; and
- (4) that any "no other insurance" clause expressly exclude individual Owner's policies from its operation so that the Association's policy provides primary coverage and any individual Owners' policies covering the same risk shall be excess coverage, and in no event shall the insurance coverage obtained and maintained by the Association hereunder provide for or be brought into contribution with insurance purchased by Owners or Mortgagees, unless otherwise required by law;

(c) Certificates of property insurance on the Common Elements, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer to any Mortgagee requesting the same.

Section 3. Liability Insurance. Commencing not later than the earlier of the Recreation Facility Completion Date or the date of first conveyance of a Lot to a Class A Member of the Association, the Association, to the extent that it is reasonably available, shall obtain and maintain liability insurance in reasonable amounts, covering all occurrences commonly insured against for

death, bodily injury, and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements, and, as determined by the Board, the Common Expense Properties. "Umbrella" liability insurance in excess of the primary limits may be obtained in reasonable amounts as determined by the Board in its sole discretion.

Section 4. Other Insurance. The Association may obtain and maintain other insurance as follows:

(a) adequate fidelity coverage to protect against dishonest acts on the part of directors, officers, trustees and employees of the Association and all others who handle or are responsible for handling funds of the Association, including any property manager and volunteers. If the Association has delegated some or all of the responsibility for handling funds to a property manager, such property manager shall be covered by its own fidelity insurance; however, the Board may purchase additional fidelity coverage for the property manager as well. Such fidelity insurance (except for fidelity insurance obtained by the property manager for its own personnel) shall: (i) name the Association as an obligee; (ii) be written in an amount not less than one-fourth of the total annual assessment for Common Expenses or the amount required by the Mortgagees, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, whichever is greatest; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

(b) if required by a majority of the Mortgagees or any applicable Legal Requirement, flood insurance on the Common Elements in accordance with the then applicable regulations for such coverage.

(c) workers' compensation insurance if and to the extent necessary to meet the requirements of law (including a voluntary employees endorsement and an "all states" endorsement).

(d) directors and officers liability insurance.

(e) such other insurance: (i) as the Board may determine; (ii) as may be required with respect to the Additional Property by any Supplemental Declaration; or (iii) as may be requested from time to time by the affirmative vote of a majority of the Members present at a duly called meeting of the Association.

Section 5. Owners' Insurance. In addition to any insurance policy issued to the Association, each Owner shall have the right to obtain insurance for such Owner's benefit, at such Owner's expense. Provided, however, no Owner shall acquire or maintain insurance coverage on the Common Elements or any Common Expense Properties insured by the Association so as to: (i)

decrease the amount which the Association may realize under any insurance policy maintained by the Association; or (ii) cause any insurance coverage maintained by the Association to be brought into contribution with insurance coverage obtained by an Owner.

ARTICLE VIII

REPAIR AND RESTORATION OF THE PROPERTIES

Section 1. When Required.

(a) Common Elements. If all or any part of the Common Elements for which property insurance under this Declaration or applicable Legal Requirements is damaged or destroyed the Association promptly shall repair or replace same unless (i) this Declaration is terminated, (ii) repair or replacement would be illegal under any applicable Legal Requirement, or (iii) the Members decide not to repair, restore or replace by a vote of eighty percent (80%) or more of the votes cast by the Members present at a duly called meeting of the Association (which vote, during the Declarant Control Period, also must be have the affirmative vote of a majority of the Class A Members who are present at such meeting, and which vote, with respect to any Limited Common Element, must have the approval of one hundred percent (100%) of the Members to which such Limited Common Element is allocated). The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense, for which there may be a special assessment.

If the damage is not repaired or replaced, then (i) the Association, first using the insurance proceeds attributable to the damaged property, shall remove all remnants of the damaged improvements and restore the damaged area to a condition compatible with the remainder of The Properties, (ii) the insurance proceeds attributable to Limited Common Elements which are not repaired or replaced shall be distributed to the Members to whom such Limited Common Elements were allocated, or to lienholders, as their interests may appear, and (iii) the remainder of the insurance proceeds shall be distributed to all of the Members or lienholders, as their interests may appear, in proportion to the Common Expense liabilities of all of the Lots. Provided, however, and notwithstanding the foregoing, if the Declaration is terminated, the distribution of insurance proceeds shall be in compliance with the applicable requirements of the Act.

(b) Lots. If a Dwelling or other Improvement located upon a Lot is damaged or destroyed, the Lot Owner thereof shall restore the site either: (i) by repairing or replacing such Dwelling or other Improvement; or (ii) by clearing away the debris and restoring the site to a condition compatible with the remainder of The Properties. Unless the Architectural Review Committee permits a longer time period, such work must be commenced within six months and substantially

completed within twelve months after the occurrence of the damage or destruction. Any repair or replacement that differs in any material respect from the previously Approved Plans for the Dwelling or other Improvement that was damaged or destroyed first must be approved by the Architectural Review Committee in the manner required herein.

Section 2. Eminent Domain.

(a) Definitions. For the purposes of this Article, "Taking" means an acquisition of all or any part of the affected portion of The Properties or of any interest therein or right accruing thereto as a result of, in lieu of, or in anticipation of, the exercise of the right of condemnation or eminent domain, or a change of grade caused by the action of the City affecting the value of the Common Elements or any part thereof so severely as to amount to condemnation, or an acquisition or change by any of the foregoing of any property of the Association located in any Common Expense Properties.

(b) Taking of Lot. If there is a Taking of a Lot, or a Taking of part of a Lot leaving the Lot Owner with a remnant which may not practically or lawfully be used for any purpose permitted under this Declaration, the award shall compensate the Lot Owner for the Lot and the Lot Owner's interest in the Common Elements. Upon such Taking, there shall be no votes in the Association allocated to such Lot, or remnant thereof, nor shall such Lot or remnant thereof, be subject to any further assessments under this Declaration.

If there is a Taking of part of a Lot, the award shall compensate the Lot Owner for the reduction in value of the Lot. However, as votes in the Association and assessments are allocated and assessed on a per Lot basis, in the event of a Taking of part of a Lot there shall be no reduction in the vote allocated to that Lot nor in the assessments assessed against such Lot.

(c) Taking of Common Elements. If there is a Taking of all or any part of the Common Elements, then the Association shall notify the Lot Owners, but the Board shall act on behalf of the Association in connection therewith and no Owner shall have any right to participate in the proceedings incident thereto as an Owner. The award made for such Taking shall be payable to the Association, to be disbursed as follows. If the Taking involves a portion of the Common Elements on which improvements have been constructed, or the Taking involves property of the Association located in any Common Expense Properties, then the Association, to the extent reasonably practicable and in accordance with plans reasonably adopted by the Board, shall restore or replace such Common Elements improvements or may restore or replace such improvements in Common Expense Properties, unless a contrary determination is made by Declarant and Major Builders, during the Declarant Control Period, or, following the end of the Declarant Control Period, by the

affirmative vote of sixty-seven percent (67%) or more of the votes cast by the Members present at a duly called meeting of the Association.

If any portion of any award for a Taking of the Common Elements is attributable to any Limited Common Element, such portion of the award shall be apportioned equally between the Association and the Owners of the Lots to which the Limited Common Element was allocated at the time of the Taking.

ARTICLE IX

USE OF THE PROPERTIES; PROTECTION OF COMMON ELEMENTS

Section 1. Use of The Properties. No portion of The Properties shall be used for other than residential, recreational or substantially related purposes which are permissible under applicable City zoning ordinances for residential zoning districts. Provided, however, and notwithstanding the foregoing sentence, (i) Developer or its agent and any Major Builder or its agent may maintain sales offices and temporary construction trailers on any portion of The Properties owned by such Person, for the purpose of conducting business related to the development, improvement or sale of such portion of The Properties or the construction of improvements thereon. Provided, however, all such non-residential uses must comply with all applicable Legal Requirements; and (ii) Developer, any Major Builder, and any Person authorized by Developer or a Major Builder may conduct such business activities on any portion of The Properties owned by such authorizing Developer or Major Builder as may be necessary in connection with the development and/or sales or marketing of any part or all of The Properties.

Section 2. Owner Liability. If any Owner is legally responsible for damage inflicted on any Common Element or Common Expense Properties, the Association may direct such Owner to repair such damage, or the Association may itself cause the repairs to be made and recover damages from the responsible Owner, including costs incurred in seeking and enforcing applicable legal remedies, including reasonable attorneys' fees.

Section 3. Legal Requirements. Nothing herein contained shall be deemed to constitute a waiver of any Legal Requirement applicable to any portion of The Properties, and all applicable Legal Requirements relative to the construction of Improvements on, and/or use and utilization of, any portion of The Properties shall be complied with by the Owners and occupants of such portions of The Properties. Provided, that in any instance in which the provisions of this Declaration impose a more restrictive requirement than the applicable Legal Requirements, the

provisions of this Declaration shall be complied with in addition to the applicable Legal Requirements.

Section 4. New Construction. Construction of new Dwellings only shall be permitted on Lots, it being the intent of this Section to prohibit the moving of any existing building or structure onto any Lot and remodeling or converting same into a Dwelling. Provided, however, the foregoing shall not be construed as prohibiting maintenance of, remodeling of, or construction of additions to, existing Dwellings that previously have been constructed in compliance with this Declaration, provided that such maintenance, remodeling or additions is performed in accordance with the Approved Plans therefor.

Section 5. Rules of the Association. All Owners and occupants of all Lots shall abide by all rules and regulations for the Common Elements adopted by the Board. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and any Lot Owner determined by judicial action to have violated said rules and regulations shall be liable to the Association for all damages, including costs incurred in seeking and enforcing applicable legal remedies, including reasonable attorneys' fees.

Section 6. Temporary Structures Prohibited. No structure of a temporary character, such as a trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any portion of The Properties at any time as a Dwelling.

Section 7. Wetlands. Portions of The Properties may have been determined to meet the requirements for designation as a regulatory wetland. Notwithstanding anything to the contrary that may appear herein or in any other restrictive covenants applicable to such portions of The Properties, any subsequent fill or alteration of any portion of The Properties that has been determined to be a regulatory wetland under applicable laws of the United States or the State of North Carolina shall conform to the requirements of applicable wetland rules adopted by the United States or the State of North Carolina and in force at the time of the proposed alteration. The intent of this Section is to prevent additional wetland fill except as allowed under applicable Legal Requirements, so the Owner of any such portion of The Properties should not assume that a future application for fill or alteration of a wetland will be approved. The Owner of any portion of The Properties subject to any such future application shall report the name of the development (in this case, Cornerstone Park), together with the name of the particular phase, section or subdivision within The Properties, if any, in any application pertaining to wetland rules. The provisions of this Section are intended to ensure continued compliance with wetland rules adopted by the United States or State of North Carolina and this covenant may be enforced by the United States or State of North Carolina. The provisions of this Section shall run with The Properties and be binding on all Owners of any part or all of The Properties and all persons claiming under them.

Section 8. Animals. No animals of any kind (including livestock, reptiles or poultry) shall be kept on any portion of The Properties or in any Dwelling except for dogs, cats or other household pets which are not used for breeding or other commercial purposes, and provided that they do not create a nuisance (in the judgment of the Board), by number of animals, noise, odor, damage or destruction of property, animal waste, or any other reason, and further provided that they are kept in compliance with all applicable Legal Requirements and such rules and regulations pertaining thereto as the Board may adopt from time to time, which rules and regulations may include requirements that all such animals be kept on a leash or otherwise restrained whenever they are anywhere on The Properties other than on the Lot Owner's Lot, and, unless allowed by the Association, all such animals shall at all times be kept off of the Recreation Facility. The Lot Owner responsible for an animal being on The Properties shall promptly clean up or remove from The Properties all solid bodily wastes from that animal.

Each Lot Owner who keeps any animal on any portion of The Properties shall be deemed to have indemnified and agreed to hold harmless the Association, all other Owners, Developer and all Major Builders, from and against any loss, claim for damages to person or property, cause of action, or liability of any kind, including all costs of defending against same (including reasonable attorneys' fees), arising out of or resulting from such keeping of the animal on The Properties, including any actions of the animal. An easement over and upon The Properties hereby is reserved for the City to exercise and enforce all applicable Legal Requirements relating to animal control.

Section 9. Antennas and Other Attachments. No permanent attachments of any kind or character whatsoever (including, but not limited to, television and radio antennas and satellite dishes or other device for reception of television or radio signals) shall be made to the roof or exterior walls of any Dwelling or other building on any portion of The Properties, nor shall the same be located on any portion of The Properties outside of any Dwelling or other building, unless such attachments first shall have been submitted to and approved by the Architectural Review Committee. Provided, however, the Association shall not prevent access to telecommunication services in violation of any applicable Legal Requirement. Generally, exterior antennas, satellite dishes greater than one meter (39 inches) in diameter, or satellite dishes or other reception devices located in or on the front of a Dwelling or other building, will not be allowed on The Properties. Provided, however, (i) a Lot Owner may install an antenna permitted by any applicable architectural guideline upon prior written notice to the Architectural Review Committee; (ii) the Architectural Review Committee may approve other antennas in appropriate circumstances; and (iii) the Architectural Review Committee may establish additional guidelines as technology changes. Further provided, the Board may install and maintain antennas, satellite dishes or similar equipment in or on the Common Elements to serve the Common Elements and/or The Properties. No outdoor clotheslines shall be allowed on any portion of The Properties.

Section 10. Boats, etc. No motorboat, houseboat or other similar water-borne vehicle, airplane, travel trailer, other trailer, or "camper" vehicle shall be maintained, stored or kept on any portion of The Properties, except in enclosed garages or screened areas approved by the Architectural Review Committee.

Section 11. Fences, Walls and Hedges. Except as specifically approved in writing by the Architectural Review Committee, no fence, wall or hedge shall be maintained on any Lot nearer to any street adjoining the front of such Lot than the front building corner of the Dwelling thereon, and shall not exceed four (4) feet in height. All fences on Lots shall be maintained at all times in a structurally sound and attractive manner and in a good state of repair, and shall consist of materials approved by the Architectural Review Committee. No fence shall be maintained on any Lot until the Owner thereof has obtained written approval therefor from the Architectural Review Committee. Provided, however, the foregoing shall not be construed to prohibit, or require prior Architectural Review Committee approval for, fencing to contain trash or "silt" fencing or other soil erosion control fencing used in connection with the construction of Improvements on the Lots.

Section 12. Harmful Discharges. There shall be no emissions of dust, sweepings, dirt, cinders, odors, gases or other substances from any portion of The Properties into the atmosphere (other than those resulting from cleaning or normal, residential chimney or outdoor grill emissions), there shall be no production, storage or discharge of hazardous wastes from or on any portion of The Properties, and there shall be no discharges of liquid or solid wastes or other harmful matter into the ground, sewer or any body of water within The Properties, if such emission, production, storage or discharge may adversely affect the use of any portion of The Properties, or may adversely affect the health, safety or comfort of the occupants of The Properties. Provided, however, the foregoing prohibitions shall not prevent or interfere with the reasonable development or maintenance of any portion of The Properties by Developer, any Major Builder, or any Lot Owner in accordance with applicable Legal Requirements, nor shall they prevent the reasonable use, handling, storage and disposal of medically related hazardous substances and wastes in compliance with all applicable Legal Requirements.

Section 13. Home Businesses. A Lot Owner may maintain an office or home business on such Owner's Lot or in any improvement located on the Lot only if: (i) such office or home business is operated by the Lot Owner or a member of the Lot Owner's household residing on the Lot; (ii) there are no displays or signs indicating that the Lot or improvement is being used other than as a residence; (iii) such office or business does not generate significant traffic or parking usage (as determined by the Board) by clients, customers or other Persons; (iv) no equipment or other items related to the office or business is stored, parked or otherwise kept on such Owner's Lot outside of the Dwelling or other enclosure approved by the Architectural Review Committee; (v) such Lot Owner has obtained from the City, and maintains in effect, all required approvals for such

use; (vi) the activity is consistent with the residential nature of The Properties and complies with all applicable Legal Requirements; (vii) no person is employed in such office or home business except for the Lot Owner or the members of the Lot Owner's household residing on the Lot; and (viii) the Lot Owner has obtained prior written approval from the Board and thereafter registers annually with the Association as long as the operation of the home business continues. As a condition to such use, the Board may require the Lot Owner to pay any increase in the rate of insurance, trash removal, utilities or other costs for the Association or other Lot Owners which result from such use. Garage sales, yard sales and similar activities shall be conducted only in accordance with all applicable Legal Requirements and the rules and regulations, if any, adopted by the Board.

Section 14. Hunting; Discharge of Firearms. Hunting and trapping of wild animals, fowl and game and the discharge of firearms and/or bows and arrows and/or other weapons within The Properties is prohibited, unless required for public or private safety.

Section 15. Landscaping; Utility Lines. No fence, wall, tree, hedge or shrub planting which obstructs sight lines for vehicular traffic on public or private streets in The Properties shall be placed or permitted to remain on any portion of The Properties. Pavement, plants, trees and other landscape and decorative materials shall not be placed or permitted to remain on any portion of The Properties: (i) if such materials may damage or interfere with any easement for the installation or maintenance of utilities; (ii) in violation of the requirements of such easements; (iii) unless in conformity with applicable standards of the public utility provider; (iv) or if such materials may unreasonably change, obstruct or retard direction or flow of any storm water drainage. Otherwise, the installation and maintenance of such materials within utility easements shall be permitted. Except for hoses, temporary lines and other equipment reasonably necessary in connection with construction or maintenance activities or normal landscape or yard maintenance, no water pipe, sewer pipe, gas pipe, storm water drainage pipe, television or telephone cable, electric line or other, similar transmission line shall be installed or maintained on any Lot above the surface of the ground, except for those located in easements maintained by the City or applicable public utility provider or otherwise required by the City or applicable public utility provider, or as approved by Developer during the Development Period, or as approved by the Board following the end of the Development Period.

Section 16. Lighting. No exterior lighting on any portion of The Properties shall be directed outside the boundaries thereof, except for required street and parking lot lighting and as otherwise approved by the Architectural Review Committee. Typical residential floodlights directed toward the Dwelling on a Lot shall be permitted when used in a reasonable manner. All exterior lighting that is not in conformity with applicable architectural guidelines, if any, first shall be approved in writing by the Architectural Review Committee.

Section 17. Mailboxes and Newspaper Tubes. All mailboxes, unless affixed to the Dwelling (which may occur only if approved by the Architectural Review Committee or if required by any Legal Requirement), shall be affixed to a substantial pole or stand permanently placed in the ground and shall not be located within a sidewalk. Newspaper tubes shall conform to the architectural guidelines for same, if any. Architectural guidelines with respect to mailboxes and newspaper tubes may require, prohibit, restrict or specify one or more of the following: method and type of support; style; material; color; size; height; and one or more of the foregoing with respect to the numbering and/or lettering to be placed on a mailbox or newspaper tube, or affixed thereto.

Section 18. Motorized Vehicles; On-Street Parking. All motorized vehicles operating within The Properties, including automobiles, motorcycles, trucks and golf carts, must have proper and adequate mufflers. Each Lot Owner, or any applicable Sub-Association, shall provide for adequate parking space on such Owner's Lot or on Sub-Association Common Elements for all motorized vehicles and bicycles regularly used in connection with such Lot. No vehicles of any kind or any other apparatus designed for movement over and upon streets or highways (whether self-propelled or not) shall be parked in the Common Elements (except in areas, if any, designated for parking) or regularly parked on the streets within or adjoining The Properties, and trucks with tonnage in excess of one (1) ton shall not be permitted to park overnight on the streets, driveways or otherwise within The Properties, except that, during the Development Period, Developer or any Major Builder (and after the end of the Development Period, the Board) may allow such parking by any vehicles used in connection with the construction of improvements within The Properties. In addition to and supplemental to the foregoing, the Association may promulgate and enforce rules and regulations relating to parking on the streets within or adjoining The Properties, including allowing temporary on street parking for special events related to the Recreation Facility.

Section 19. Noises. No Person shall cause any unreasonably loud noise anywhere on The Properties, except for security devices used in the manner intended therefor, nor shall any Person permit or engage in any activity, practice or behavior resulting in substantial and unjustified annoyance, discomfort or disturbance to any Person lawfully present on any portion of The Properties. Provided, however, the prohibition against noises contained in this Section shall not preclude or limit activities on the Recreation Facility or other Common Elements or Sub-Association Common Elements conducted in accordance with the applicable rules and regulations of the Association, including swim meets and other social events. Further provided, the foregoing prohibitions shall not prevent or interfere with the reasonable development or maintenance of any portion of The Properties by Developer, any Major Builder, or any Lot Owner in accordance with applicable Legal Requirements.

Section 20. Nuisance and Other Matters. No noxious or offensive activity shall be conducted upon any portion of The Properties, nor shall anything be done thereon which may be

or may become an annoyance or nuisance to the neighborhood. Provided, however, the usual, customary or reasonable use and maintenance of a Lot, a Dwelling, the Recreation Facility, or any other recreational facilities located within The Properties, shall not constitute a nuisance. Further provided, the development of The Properties by Developer and Major Builders, and the usual, customary or reasonable construction and maintenance of Dwellings and other improvements in The Properties shall not constitute a nuisance. Further provided, the operation and use of the Recreation Facility in the manner required or allowed by the provisions of this Declaration shall not constitute a nuisance.

No trade materials or inventories (other than materials used for construction of Dwellings or other approved structures or improvements) shall be stored upon any portion of The Properties and no tractors, inoperable motor vehicles, rubbish, trash, or unsightly materials of any kind shall be stored, regularly placed, or allowed to remain on any portion of The Properties unless adequately screened as approved by the Architectural Review Committee, except that trash, leaves, tree limbs, materials for recycling pick-up and similar items may be kept or placed temporarily and only for such time as is reasonably necessary to enable the City or appropriate private entity to remove same, and inoperable motor vehicles may be stored if the same are kept entirely in an enclosed garage. Provided, however, as approved by Developer or any Major Builder during the Development Period, trucks and/or other construction vehicles, materials and equipment may be allowed to remain on The Properties temporarily during construction of roads, utilities, the Recreation Facility and other improvements in The Properties, and such vehicles, materials and equipment also may be allowed to remain on The Properties during construction or maintenance on The Properties of Dwellings and/or other improvements which have been approved by the Architectural Review Committee. Notwithstanding the foregoing, no vehicle of any type or size which transports inflammatory or explosive cargo or which stores or transports materials or substances defined as hazardous or toxic by any applicable Legal Requirements shall be kept or stored or allowed to remain in or on The Properties at any time, except as may be required to effectuate transportation or removal of such prohibited materials and substances through or from The Properties, or, with respect to explosive materials, as may be reasonably required in connection with the construction or installation of streets and utilities in The Properties, or as may be allowed by Developer or any Major Builder during the Development Period (or by the Board, following the end of the Development Period) when reasonably required for the construction of other improvements within The Properties.

Section 21. Obstructions, etc. No Owner shall obstruct any of the Common Elements or Common Expense Properties, nor shall anything be kept, stored, altered, constructed or planted in or on the Common Elements or Common Expense Properties, or removed therefrom (except as necessary to prevent injury to person or property), without the prior consent of Developer or any Major Builder, during the Development Period, and, thereafter, the Board, or except in the exercise of any valid easement over any portion of the Common Elements or Common Expense Properties.

Provided, however, Developer, Major Builders and the Association shall have the right to maintain signs in and on the Common Elements and Common Expense Properties, and to maintain in the Common Elements and Common Expense Properties, such materials, equipment and other apparatus as may be necessary to enable the Association to perform its functions and provide the services under this Declaration, or to enable Developer or any Major Builder to market and sell The Properties. The rights of use and enjoyment of the Common Elements conferred upon Lot Owners by this Declaration do not include the right to interfere with Developer's, any Major Builder, or the Association's use or maintenance of the Common Elements.

Section 22. Prohibition on Use for Streets. Without the express written consent of Developer during the Development Period (and, thereafter, by the Board), which consent may be given or denied in its sole discretion, no part of any Lot may be used, established or dedicated as a public street right of way or a private street right of way or driveway, where one of the purposes therefor or results thereof is to provide pedestrian or vehicular access to any property that is not part of The Properties.

Section 23. Restricted Actions by Owners. No Owner shall do or permit anything to be done or kept within The Properties or on the Common Elements which will result in the cancellation of or increase in the cost of any insurance carried by the Association, or which would be in violation of any Legal Requirement or any rule or regulation established by the Association. No waste shall be committed on the Common Elements, except as may be necessary to enable Developer, Declarant, any Major Builder or the Association to exercise any rights reserved to them hereunder or except as may be necessary to enable the Association to perform its functions and provide services under this Declaration. Each Owner shall comply with all Legal Requirements applicable to any part or all of The Properties, including applicable zoning ordinances and building codes.

Section 24. Sewer Systems. As long as reasonably adequate sanitary sewer service is supplied to a Lot by the City, no private sewage system shall be permitted on that Lot.

Section 25. Signs. No sign of any kind shall be displayed to the public view on any portion of The Properties except for signs which are approved by Developer or any Major Builder (during the Development Period, and thereafter, by the Board) and which are for one or more of the following purposes: (i) advertising a portion of The Properties for sale or rent; (ii) advertising the building contractor or Builder constructing Improvements on a Lot during the construction and/or sales period; (iii) identifying the subdivision name of The Properties or of a phase, section or subdivision of The Properties, or the number or street address of a Lot or Dwelling, or directing Persons as to the location of certain portions of The Properties; (iv) identifying any portion of the Common Elements; (v) signs required by the City or a utility, whether or not approved by Developer

or any Major Builder; and (vi) any other purpose approved by Developer or any Major Builder during the Development Period (and thereafter, by the Board); provided however, the foregoing limitations shall not restrict or prohibit Developer or any Major Builder (or, at the appropriate time, the Board) or the City from maintaining on any portion of The Properties signs describing the identity, location, or "for sale" character of The Properties, or portions thereof, or signs identifying various phases, sections or subdivisions of The Properties, or regulatory, street and directional signs. All signs maintained on any portion of The Properties must comply with all applicable Legal Requirements.

Section 26. Soil Erosion Control. During all periods of construction on any portion of The Properties, the Owner thereof shall maintain proper and adequate soil erosion control to protect other portions of The Properties from accumulated silt and other soil erosion.

Section 27. Tree Cutting. No live trees with a diameter in excess of six (6) inches, measured twelve (12) inches above the ground, nor "flowering trees" (such as dogwood or redbud) or broad leaf evergreens (such as holly, laurel or rhododendron) trees in excess of two (2) inches in diameter, similarly measured, no live vegetation on slopes of greater than twenty percent (20%) gradient or marked "no cut" areas on Approved Plans, may be cut without the prior written approval of the Architectural Review Committee, unless necessary to construct Improvements based on Approved Plans or to prevent injury to Persons or property. Further, no live trees planted by the Developer or any Major Builder to comply with applicable Legal Requirements shall be cut without the prior written approval during the Development Period of the Person who planted same (and thereafter, by the Board). The Board may adopt rules and regulations for cutting of trees to allow for selective clearing or cutting.

Section 28. Utility Yards. One or more utility yards shall be provided for each Lot (or, in the case of townhomes, groups of Lots), as required by the Architectural Review Committee. A "utility yard" is an area within which one or more of the following is wholly located: pens, yards and houses for pets; above ground garbage and trash cans or receptacles, above ground and exterior air conditioning, heating and other mechanical equipment, meters, transformers and other utility equipment; and all other structures and objects determined by the Architectural Review Committee to be of a similar nature to the foregoing items or determined by the Architectural Review Committee to be of an unsightly nature or appearance. Each utility yard shall be screened or fenced or otherwise enclosed as required by the Architectural Review Committee. Provided, however, nothing in this Declaration shall prohibit location of trash cans, meters, transformers or other equipment in such places as required by the City or applicable public utility provider.

Section 29. Exclusion for Developer and Builders. Notwithstanding any other provision of this Declaration or any other Governing Documents, during the Development Period

neither the restrictions contained in this Article nor any rules or regulations of the Association with respect to matters addressed in this Article shall apply to any otherwise lawful acts or omissions of Developer or to any lawful acts or omissions of a Builder in constructing Improvements in accordance with approvals, variances or waivers given by the Developer, Declarant or any Major Builder, as applicable, except that Developer and all Builders at all times shall be subject to the provisions of this Article regarding Soil Erosion Control.

ARTICLE X

ARCHITECTURAL APPROVAL

Section 1. Architectural Review Committee - Jurisdiction and Purpose. Except for ordinary and routine repairs and maintenance to a Dwelling or other Improvement on a Lot, and excluding areas within a Dwelling or other building on a Lot visible from the exterior only because of the transparency of doors, walls or windows, with respect to all Lots and Sub-Association Common Elements that adjoin the right of way of a Major Street and the improvements thereon that are visible from the Major Street: no site preparation of, no change in grade or slope, no construction of any Dwelling or other Improvement or exterior additions or exterior alterations to any Dwelling or other Improvement, and no construction of, or alterations or additions to, the exterior of any other Improvement shall be commenced, nor shall any of the same be placed, altered or allowed to remain, until the "Architectural Review Committee" has approved in writing the Plans therefor. The Architectural Review Committee is established to assure that Improvements are constructed and maintained in a manner that provides for harmony of external design and location in relation to Dwellings and Improvements in The Properties, natural features and topography, that avoids Improvements deleterious to the aesthetic or property values, and that promotes the general welfare and safety of the Owners. Notwithstanding anything to the contrary expressed or implied herein, all Improvements constructed or maintained by Developer or the Association within The Properties, all portions of The Properties owned by Developer or the Association, all Common Elements and Improvements in Common Expense Properties maintained by the Association, and all portions of The Properties owned by the City or owned by or subject to easements in favor of providers of public utilities, are specifically excluded from the requirements of this Article. The Architectural Review Committee also is established to exercise jurisdiction over other matters specifically assigned to it in this Declaration. It is contemplated that, except for the items specifically assigned to the jurisdiction of the Architectural Review Committee as provided in this Declaration, other items will be under the jurisdiction of one or more Sub-Associations or their respective architectural review committees; accordingly, the provisions of this Article relate to matters under the jurisdiction of the Architectural Review Committee under this Declaration.

Section 2. Composition and Duration. During the Development Period, the Architectural Review Committee shall consist of Persons appointed thereto by Declarant and each Major Builder, with Declarant and each Major Builder having the right to appoint one Person to such Committee, each of whom generally is familiar with residential development and design, but none of whom is required to be an Owner or a resident in The Properties. Declarant and each Major Builder has the right at any time and from time to time to remove and replace the Person appointed by it to the Architectural Review Committee. Following the end of the Development Period, the Architectural Review Committee under this Declaration shall consist of one member appointed by each Sub-Association and one or two "at large" members appointed by the other members of the Architectural Review Committee, whichever number is required for the total number of members of the Architectural Review Committee to be an odd number rather than an even number.

Section 3. Procedure.

(a) Unless otherwise permitted by the Architectural Review Committee in its sole discretion, not less than thirty (30) days prior to the commencement of any construction, alteration, addition, or placement of any Improvement requiring approval by the Architectural Review Committee, Plans for the proposed Improvement shall be submitted to the Architectural Review Committee, in such format and in such numbers or sets (not to exceed three) as the Architectural Review Committee may require. The Architectural Review Committee shall have the right to refuse to approve any Plans for Improvements which are not, in its sole discretion, suitable or desirable for The Properties, including purely aesthetic reasons. Unless a written response is given by the Architectural Review Committee within thirty (30) days following its receipt of the required number of complete sets of Plans and payment by the applicant of any applicable processing fee and consulting fees, if any established by the Architectural Review Committee, the Plans shall be deemed approved. At any time that the Architectural Review Committee consists of more than one individual, decisions of the Architectural Review Committee shall be by majority vote of its members present (in person or by proxy) at a duly called meeting thereof (or by the written consent of a majority of all the members of the Architectural Review Committee). The written response of the Architectural Review Committee may be an approval, a denial of approval, a conditional approval, or a request for additional information. A request for additional information shall be deemed a determination that the information submitted was incomplete or inadequate, and the thirty (30) day time period for further Architectural Review Committee response shall commence only upon receipt of the requested additional information. If conditional approval is granted, and construction, alteration, addition or placement of the Improvement thereafter commences, the conditions imposed shall become fully a part of the Approved Plans. Any material modification or change in the Approved Plans must again be submitted to the Architectural Review Committee for its review in accordance with the foregoing requirements or such other procedures as adopted by the Architectural Review Committee. If the Plans are approved, or conditional approval is given, at least one set of Approved Plans shall be

retained by the Architectural Review Committee and at least one set of Approved Plans shall be returned to the applicant. The Architectural Review Committee shall keep such other records of its activities as it is instructed to keep by either Declarant and Major Builders, or the Board, whichever is applicable.

(b) During the Development Period the Architectural Review Committee may from time to time adopt procedures for conducting the architectural reviews and its other duties, provided that such procedures do not conflict with the specific requirements of this Declaration. Such procedures may include reasonable fees for processing requests for approval and the right of the Architectural Review Committee, in its sole discretion, to procure the services of an architect or other consultant to assist the Architectural Review Committee in its review of any Plans, the costs of which shall be the responsibility of the applicant, and shall be in addition to any fees due for processing the request for approval. Processing fees shall be payable to the Association at the time the Plans are submitted to the Architectural Review Committee, and the charges of the consultant shall be due and payable immediately to the Association upon its receipt of an invoice therefor. Prior to incurring any consultant charges, the Architectural Review Committee shall afford the applicant a reasonable opportunity either to agree to pay such charges or to withdraw the request for approval. The payment of such fees and costs, as well as other expenses of the Architectural Review Committee required to be paid, shall be deemed to be an individual assessment, enforceable against any applicant in the same manner provided herein for enforcement of annual assessments.

(c) The Architectural Review Committee, at any time and from time to time, may establish architectural guidelines for one or more types of Improvements to be constructed, altered, added or placed on any portion of The Properties under the jurisdiction of the Architectural Review Committee, which guidelines shall not conflict with the specific terms of this Declaration or any applicable Supplemental Declaration, shall be fair and reasonable, and shall carry forward the spirit and intention of this Declaration. With respect to Improvements other than initial construction of a Dwelling, the architectural guidelines may, but shall not be required to, allow construction, alteration, addition or placement of one or more types of Improvements without submitting the Plans therefor to the Architectural Review Committee and going through the formal approval process provided for herein. Although the Architectural Review Committee shall not have unbridled discretion with respect to taste, design and the standards specified herein or in such guidelines, the Architectural Review Committee shall have broad discretion in considering and approving technological advances or general changes in architectural designs and materials in future years and shall use its best efforts to balance the equities between matters of taste and design and the use of private property.

(d) Approval by the Architectural Review Committee of any Plans shall not relieve the applicant from any obligation to obtain all required City approvals and permits, and shall not relieve

the applicant of the obligation and responsibility to comply with all applicable Legal Requirements with respect to such Improvements.

(e) Approval of any particular Plans does not waive the right of the Architectural Review Committee to disapprove the same or substantially similar Plans subsequently submitted, nor does such approval relieve an applicant of the requirement to resubmit such Plans for approval in connection with any portion of The Properties other than the portion for which the Plans were approved.

(f) Notwithstanding anything to the contrary herein, architectural approvals given by the Architectural Review Committee prior to the end of the Development Period shall remain in effect following the end of the Development Period. Approved Plans may not be revoked or withdrawn by the Architectural Review Committee without the written consent of the Person who owns the portion of The Properties to which the Approved Plans are applicable.

(g) The Architectural Review Committee shall have the right, but not the obligation, to inspect Improvements that are being constructed or installed on any portion of The Properties to monitor compliance with the provisions of this Article and compliance with the Approved Plans for such Improvements, such right to include entry onto such portion of The Properties at reasonable times to inspect the Improvements. Provided, however, no member of the Architectural Review Committee shall have the right to enter a Dwelling without the consent of an Owner or occupant of such Dwelling.

Section 4. Completion of Construction. Construction of Dwellings on Lots shall be completed not later than twelve (12) months immediately after construction is commenced, or by such later date as specified in the Approved Plans. For the purposes of this Section, construction is "commenced" when a building permit for the construction has been issued by the City, and construction is "completed" when the City has issued a certificate of occupancy or completion, or for the Improvement. The Architectural Review Committee, in its sole discretion, may grant waivers or extensions of the foregoing time period for completion of construction, and, when requested and upon reasonable evidence of the existence thereof, shall grant reasonable waivers or extensions for events of Force Majeure that delay or prevent a Person from completing construction within the foregoing time periods. For such purposes, events of "Force Majeure" are any one or more of the following: acts of God, earthquakes, blizzards, tornadoes, hurricanes, fire, flood, malicious mischief, insurrection, riots, strikes, lockouts, boycotts, picketing, labor disturbances, public enemy, war (declared or undeclared), landslides, explosions, epidemics, compliance with any order, ruling, injunction or decree by any court, tribunal or judicial authority of competent jurisdiction, inability to obtain materials or supplies after the exercise of all reasonable efforts, substantial interference in construction activities resulting from construction activities conducted simultaneously on adjacent

lands by or under the direction of unrelated parties, and any other similar circumstances beyond the reasonable control of the Person responsible for such performance.

Section 5. Compensation. No member of the Architectural Review Committee shall be compensated for service on the Architectural Review Committee. However, the Association may reimburse members of the Architectural Review Committee for reasonable out-of-pocket expenses incurred in performing such services.

Section 6. Limitation of Liability. Neither the Architectural Review Committee nor the members thereof, nor Declarant or any Major Builder, nor the Association, nor any partners, members, managers, shareholders, officers, directors, employees or agents of Declarant or any Major Builder or the Association, shall be liable in damages or otherwise to any Person by reason of: (i) mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval of Plans, or the failure to approve or disapprove, any Plans, except where the foregoing results from gross negligence or willful misconduct; or (ii) any failure of Approved Plans to comply with any applicable Legal Requirements, including zoning and building codes; or (iii) any defect in any Improvements constructed on any portion of The Properties.

Section 7. Violation; Enforcement. Each failure of an Owner or any other Person to construct or alter any Improvement in accordance with the Approved Plans as required herein therefor shall be a violation of this Declaration. Declarant, each Major Builder, all Lot Owners and the Architectural Review Committee each shall have the right, but not the obligation, to enforce the provisions of this Section against a Lot Owner or any other Person who violates or attempts to violate same, either to restrain the violation, recover damages, or seek other available legal or equitable remedies. Any failure to enforce this Section of the Declaration or seek any applicable remedy with respect to any specific violation hereof shall not constitute a waiver of the right to do so thereafter, nor shall it constitute a waiver of the right to enforce this Section of the Declaration at any other time with respect to the same or substantially similar matter. All such rights, remedies and privileges granted in this Section are cumulative, and the exercise of any one or more of such rights, remedies or privileges shall not constitute an election of remedies or preclude subsequent exercise of other rights, remedies and privileges.

ARTICLE XI**EASEMENTS**

Section 1. Easements Reserved by Developer. Developer, for itself, and its successors and assigns (including the Association, Sub-Associations, the City and public utility providers), reserves the following easements, which may be exercised by Developer or its successors or assigns in its sole discretion, without any obligation to exercise any of same. These easements specifically include the right of access to and from the easement area, the right to maintain equipment, structures, facilities and impoundments therein, and the right to remove any obstruction within the easement area that, in the sole discretion of Developer or its successors or assigns, constitutes interference with the use of the easement or with the maintenance of any equipment or structures or facilities or impoundments located therein:

(a) Perpetual, non-exclusive and alienable easements for maintenance of utilities and related appurtenances and equipment (including wires, poles, pipes, transformer boxes and conduits), storm water drainage equipment and facilities, and soil and water impoundments over, under and across all of the following: (i) portions of The Properties as shown on plats recorded in the Registry; (ii) the Common Elements and Common Expense Properties; and (iii) Lots, in a ten (10) foot wide area parallel and adjacent to the boundary lines thereof. Provided, however, neither the foregoing reservation of easement rights nor any similar reservation of easement rights contained in this Declaration shall create or impose any obligation upon Developer, or its successors and assigns, to provide or maintain any such utility, equipment, facility, structure or impoundment.

(b) The right to subject The Properties to a contract with Carolina Power And Light Company (or other, appropriate utility provider) for the installation of above ground or underground electric cables and lines and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment by each Lot Owner.

Section 2. Easements Reserved for the Association. Easements are reserved for the Association as follows, which may be exercised by the Association in its sole discretion, without any obligation to exercise any of same. These easements specifically include the right of access to and from the easement area, the right to maintain equipment, structures, facilities and impoundments therein, and the right to remove any obstruction within the easement area that, in the Association's sole discretion, constitutes interference with the use of the easement or with the maintenance of any equipment or structures or facilities or impoundments located therein:

(a) A perpetual, non-exclusive and alienable easement over and upon all portions of The Properties to enable the Association to perform its functions and provide the services under this

Declaration. Provided, however that any such entry by the Association upon any portion of The Properties shall be made with as minimum inconvenience to the Owner of such portion of The Properties as reasonably practicable, this easement does not include a right to enter any Dwelling or other building on a Lot without the consent of an Owner of that portion of The Properties, and any damage caused by or resulting from the gross negligence or willful misconduct of the Association's employees, contractors or agents shall be repaired by the Association at the expense of the Association.

(b) In addition to the foregoing, and in order to implement effective and adequate soil erosion controls and/or storm water management, a perpetual, non-exclusive easement to enter upon any portion of The Properties, before and after Improvements have been constructed or placed thereon, to maintain or cause to be maintained soil erosion control and/or storm water management; provided, however, no exercise of the easement shall interfere with any permanent Improvements constructed on any such portion of The Properties (which Improvements have been approved by the Architectural Review Committee as required herein). If the need for storm water management or soil erosion controls results from the construction of Improvements on any portion of The Properties or any excavation, grading, removal, reduction, addition or clearing of any portion of The Properties, the cost of any such work performed by the Association for the purpose of implementing effective and adequate storm water management or soil erosion control shall be assessed against the Owner of such the portion of The Properties on which such work has been performed, and shall be a lien and be enforceable in the same manner as annual assessments. Provided, however, if the Association determines that appropriate corrective action is necessary on any portion of The Properties, prior to exercising this easement the Association shall give the Owner of such portion of The Properties written notice of the proposed corrective action and a reasonable opportunity to take the corrective action specified in such notice. If such Owner fails to complete the corrective action by the date specified in the notice, the Association may then exercise this easement.

Section 3. Easement Reserved for the City and Public Utilities. Perpetual, non-exclusive and alienable easements are hereby reserved and established over all portions of The Properties for the City and for all public utility providers serving The Properties, and their agents, employees and contractors, for the purpose of setting, removing and reading utility meters, maintaining utility or storm water drainage equipment and connections, and acting for other purposes consistent with the public safety and welfare, including garbage removal, police protection and fire protection. Except in an emergency, these easements shall be exercised in a reasonable manner and at reasonable times. This easement does not include a right to enter any Dwelling or other building on any portion of The Properties without the consent of the Owner of such portion of The Properties.

Section 4. Easements Shown On Recorded Plats. Developer, for itself and its successors and assigns (including the Association, Sub-Associations, the City and public utility

providers), and in addition to all other easements reserved in this Declaration, hereby reserves perpetual, non-exclusive and alienable easements in the locations and for the purposes shown and indicated on all plats of The Properties recorded in the Registry. These easements specifically include the right of ingress, egress and regress over and upon such easement areas, and the right to maintain in the easement areas identified on such plats all improvements deemed necessary, in the reasonable discretion of the Person who exercises the easement rights, for the full exercise of such easements. The Persons who have the foregoing easement rights shall have no obligation to exercise any part or all of same.

Section 5. Restriction on Easements. Notwithstanding anything to the contrary contained in this Article, no easement granted, reserved or established in this Declaration shall be construed to give Developer, the Association, the City or any other Person the right to enter any Dwelling or other building located on any Lot.

ARTICLE XII

LOT OWNER AND SUB-ASSOCIATION MAINTENANCE RESPONSIBILITIES

Section 1. Duty to Maintain. Subject to any other applicable terms of this Declaration, each Lot Owner, at such Lot Owner's sole cost and expense, and each Sub-Association, at such Sub-Association's sole costs and expense, shall maintain such Lot or Sub-Association Common Elements, as the case may be, including all Improvements thereon, in a safe, clean and attractive condition at all times, including all of the following:

- (a) Prompt removal of all litter, trash, refuse and wastes.
- (b) Lawn maintenance on a regular basis, including, subject to any applicable Legal Requirements, any portions of a publicly dedicated street right of way or private street right of way adjacent to any boundary of such portion of The Properties and not maintained by the Association or the City.
- (c) Tree and shrub pruning and removal of dead or diseased trees, shrubs and other plant material.
- (d) Maintenance of flower and plant gardens.
- (e) Maintenance of exterior lighting and mechanical facilities.

- (f) Maintenance of parking areas and driveways.
- (g) Complying with all applicable Legal Requirements.
- (h) Soil erosion control as required by this Declaration.
- (i) Maintenance of storm water drainage easements and portions of The Properties served by storm water drainage easements, as required by this Declaration.
- (j) To the extent not adequately maintained by the City, the Association or a public utility provider, maintenance of the sidewalk, driveway, driveway apron and utility laterals serving each such portion of The Properties, even if located in the Common Elements. Each Lot Owner and Sub-Association also shall provide snow and ice removal for any sidewalks located adjacent to such Lot Owner's or Sub-Association's portion of The Properties, to the extent that it is not promptly and adequately provided by the City.

The foregoing responsibilities in a manner that does not unreasonably disturb or interfere with the reasonable enjoyment of The Properties by Persons entitled thereto. Provided, however, and notwithstanding anything to the contrary appearing herein, Developer and all Major Builders are exempted from the provisions of this Article regarding Lot Owner Maintenance Responsibilities with respect to all Lots and other portions of The Properties owned by such Persons.

Section 2. Enforcement. If any Lot Owner or Sub-Association fails to perform any of the foregoing maintenance Responsibilities, then the Association may give such Person written notice of the failure and such Person must, within ten (10) days after such notice is given by the Association, perform the required maintenance. If any such Person fails to perform the required maintenance within the allotted time period, then the Association, acting through its authorized agent or agents, shall have the right and power, but not the obligation, to enter such Person's portion of The Properties and perform such maintenance without any liability for damages for wrongful entry or trespass. Such Person shall be liable to the Association for the expenses incurred by the Association in performing the required maintenance, and shall reimburse the Association for such expenses within thirty (30) days after the Association mails or delivers to such Person an invoice therefor. If any Lot Owner fails to reimburse the Association as required, the Association shall have the same rights and remedies against such Lot Owner and such Owner's Lot as the Association has with respect to the enforcement and collection of annual assessments.

Section 3. Unimproved Portions of The Properties. Notwithstanding the foregoing provisions of this Article, but subject to the other applicable provisions of this Declaration, Owners of unimproved Lots or other portions of The Properties shall be required to maintain same only in

accordance with such maintenance standards, if any, as are established by the Developer, during the Development Period, and thereafter, in accordance with such reasonable maintenance standards as are established by the Board.

ARTICLE XIII

RECREATION FACILITY

Section 1. Obligation To Construct Recreation Facility. Subsequent to the recordation of this Declaration, Developer will construct or complete construction of the "Recreation Facility" in The Properties, consisting of a swimming pool and associated bathrooms, and not less than two (2) tennis courts. Developer shall complete construction of the Recreation Facility and convey ownership of the Recreation Facility to the Association prior to June 1, 2002. Upon such conveyance to the Association, the Recreation Facility will be part of the Common Elements owned, operated and maintained by the Association, subject to the limited rights of Developer and Major Builders to use the Recreation Facility as reserved in this Declaration. Developer unqualifiedly and absolutely has no obligation or commitment to construct or provide any other recreation facilities or any other amenities in or for The Properties or for the use of the Owners.

Section 2. Lien To Secure Construction. Developer's obligation to construct the Recreation Facility shall constitute a lien on the real property described on **Exhibit C** attached hereto and incorporated by reference and hereinafter referred to as "Tract 8", subject to the following:

(a) The lien may be enforced by any Major Builder or the Association in the same manner as provided in this Declaration for enforcement of a claim of lien against a Lot Owner's Lot.

(b) All portions of Tract 8 that Developer conveys to a Major Builder prior to completion of construction of the Recreation Facility shall be released from the lien, and recordation in the Registry of a Deed from Developer to a Major Builder conveying such portions of Tract 8 constitutes the release.

(c) At the time of recordation of this Declaration in the Registry, the lien is subordinate to the liens of the deeds of trust and other financing documents in favor of Developer's Lender, notwithstanding that Developer's Lender has joined in the execution of this Declaration. Within thirty (30) days following the date of recordation of this Declaration in the Registry, Developer shall do one of the following:

(1) With respect to said Tract 8, obtain and record in the Registry a document from Developer's Lender subordinating the liens of Developer's Lender to the lien against Tract 8 provided for herein; or

(2) Place in escrow the sum of \$400,000.00 or a letter of credit in the amount of \$400,000.00, to secure Developer's obligation to construct the Recreation Facility. The Escrow Agreement and/or letter of credit shall be in such form as is reasonably agreeable to Developer, Centex and Westfield.

Section 3. Use of Recreation Facility. Subject to the rights of Developer and Major Builders to use the Recreation Facility reserved in this Declaration, use of the Recreation Facility shall be subject to the rules and regulations established by the Association, and any use of the Recreation Facility in violation of those rules and regulations shall be deemed a trespass and shall subject the Person who violates same to all of the penalties for violation established by the Association or this Declaration. The Board, at any time and from time to time, when it determines that is in the best interests of the Association or the Members of the Association, may establish memberships or other use rights in the Recreation Facility for Persons who are not Members of the Association (and who are not family members, guests or invitees of Members of the Association), such membership or other use rights to be upon such terms, and for payment of such fees or charges, as the Board, in the exercise of its reasonable discretion, may determine.

Section 4. Use of Recreation Facility by Developer and Major Builders. During the Development Period, Developer, for itself and all Major Builders, hereby reserves the right for use of the Recreation Facility by Developer and Major Builders at reasonable times, without any charge or payment therefor, for any one or more of the following purposes: (i) the club house, if any, for meetings with Owners and contractors in connection with the development or sale of portions of The Properties and for meetings of the Association, the Board and Association committees; provided, however, the club house shall not be used by Developer or any Major Builder as an administrative or sales office; (ii) to the extent that it does not unreasonably interfere with use of the Recreation Facility by Class A Members of the Association, the remaining Recreation Facility may be used from time to time for promotional functions in connection with the marketing or sale of any part of The Properties. The foregoing rights of Developer and Major Builders include the right to use a reasonable number of parking spaces on the Recreation Facility and any other Common Elements parking areas.

Section 5. Use Not a Nuisance. Use of any part of the Recreation Facility by Developer or any Major Builder as described herein, or by any other Person in accordance with the rules and regulations established by the Association, including use for swim meets and social events, shall not constitute a nuisance.

Section 6. Management. The Association shall have the right and authority, at any time and from time to time, to employ a management company or other Person to manage and operate the Recreation Facility for the Association.

Section 7. Risks Associated With Use. Developer hereby informs all Lot Owners, and their family members, guests and invitees, that there exist certain hazards or risks associated with use of the Recreation Facility, particularly with use of the swimming pool, whether or not a lifeguard is on duty during times when the swimming pool is open for use. The Association may, but shall not be required to, employ or provide for the services of one or more lifeguards during times that the swimming pool is open for use, it being within the sole discretion of the Board whether or not to employ or provide for the services of lifeguards. Each Lot Owner, by acceptance of a deed to such Owner's Lot, specifically acknowledges the existence and acceptance of the foregoing risks, and agrees to comply with the rules and regulations established by the Association for use of the Recreation Facility.

Section 8. Limitation of Liability. Neither the Developer or any Major Builder, nor any of its partner, shareholders, officers, directors, members, managers, employees, agents, affiliates, subsidiaries, predecessors or successors (for the purposes of this Section, referred to as a "Named Person") shall be responsible or liable in any way to any Owner or to any other Person for any claims, causes of action, damages, judgments, liens, losses, injuries, demands, interference, liabilities, or obligations whatsoever, that may result from property damage or personal injury in connection with such Owner or other Person's use of any Recreation Facility, unless the same arises out of or results from the negligence or intentional act or omission of such Named Person, or unless the same arises out of or results from the act or omission of any such named Person while actually using the Recreation Facility.

ARTICLE XIV

MORTGAGEES

Section 1. Notice to Board. Upon request from the Board, any Lot Owner who mortgages such Owner's Lot shall notify the Association of the name and address of the Mortgagee. No Mortgagee shall be entitled to any Mortgagee rights under this Declaration unless such Mortgagee has notified the Association as required in this Article and has requested Mortgagee rights under this Declaration.

Section 2. Requirements of Mortgagee. Whenever any Mortgagee desires to avail itself of the rights afforded Mortgagees under this Declaration and receive notices from the

Association, it shall furnish written notice thereof to the Association by CERTIFIED OR REGISTERED MAIL, identifying the Lot upon which such Mortgagee holds a first lien mortgage or deed of trust, specifying which rights it wishes to exercise and notices or other information it wishes to receive, and designating the name of the person and mailing address to which notices, reports or information are to be sent by the Association. The Mortgagee shall be responsible for updating the information required by this Section.

Section 3. Obligation of Association to Mortgagees. Any Mortgagee who has notified the Association as required in the immediately preceding Section of this Article, shall have each of the following rights that are specifically requested in the notice to the Association:

(a) To inspect Association documents and records on the same terms as the Members of the Association.

(b) To be notified of any meeting of the membership to be held for a vote on any material amendment to this Declaration.

(c) To be notified of any proposed amendments to this Declaration.

(d) To be notified of any condemnation or casualty loss affecting the Common Elements or any portion thereof.

(e) To be notified of any event giving rise to a claim under the Association's physical damage insurance policy insuring the Common Elements, where the damage to the improvements on the Common Elements exceeds an amount equal to ten percent (10%) of the Association's annual budget for Common Expenses, or where the damage is to any Lot insured by the Association upon which the Mortgagee holds a mortgage.

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

(g) To be notified of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days), and to be notified of any other default of the provisions of this Declaration, by the Owner of the Lot upon which the Mortgagee has a mortgage. Provided, however, any failure of the Association to notify the Mortgagee of the delinquency or default shall not affect the validity of any Association lien, or any other Association rights and remedies, against the defaulting Lot Owner or such Owner's Lot.

(h) The right of a majority of all the Mortgagees (including those who have notified and who have not notified the Association) to demand professional management of the Association.

(i) The right of a majority of all the Mortgagees (including those who have notified and who have not notified the Association) to demand an audit of the Association's financial records, not to exceed one audit per calendar year.

Section 4. Mortgagees Not Obligated to Collect Assessments. No Mortgagee shall have any obligation to collect any assessment under this Declaration.

ARTICLE XV

AMENDMENT OF DECLARATION

Section 1. Amendment by Declarant and Major Builders. During the Declarant Control Period Declarant and all Major Builders together may, without the approval or joinder of the Association, or any Member of the Association, Mortgagee or Secondary Mortgage Market Agency, amend any provision of this Declaration or any Supplemental Declaration from time to time to: (i) make non-material, clarifying or corrective changes not materially, adversely affecting any Owner's rights or obligations hereunder; or (ii) satisfy the requirements of FHA (Federal Housing Administration), VA (Veterans Administration), Fannie Mae (Federal National Mortgage Administration); Office of Interstate Land Sales Registration of the Department of Housing and Urban Development (OILSR) or other governmental agency Secondary Mortgage Market Agency or Mortgagee; or (iii) establish or maintain the tax exempt status of the Association under the laws of the United States or the State of North Carolina. Any such amendment shall be effective upon the later of the date of its recordation in the Registry or the effective date specified therein. Provided, however, during the Declarant Control Period any such amendment of the Declaration also shall require approval by the United States Department of Housing and Urban Development ("HUD") or its designee and/or by the United States Veterans Administration ("VA") or its designee unless, at the time of such amendment, applicable HUD or VA regulations no longer require such approval.

Section 2. Amendment by the Members. Unless amended as allowed under Section 1 of this Article, this Declaration may be amended only as follows:

(a) Unless a higher percentage or different voting requirement is specified herein or by applicable Legal Requirements, this Declaration may be amended only by (i) the written agreement or consent of those Class A Members who have, or the affirmative vote at a duly called meeting of the Association of those Class A Members who have, sixty-seven percent (67%) or more of the total number of votes allocated to the Class A Members, and (ii) during the Declarant Control Period, with the written consent of Declarant and all Major Builders.

(b) Written notice of an annual or special meeting of the Association at which any proposed amendment to this Declaration is to be voted on, together with at least a summary description of the proposed amendment, shall be given to all Members not less than ten (10) days nor more than sixty (60) days in advance of the date of such meeting.

(c) When any amendment to this Declaration is approved by Members of the Association (and Declarant and Major Builders, when applicable) as provided in this Section, the appropriate officers of the Association (and Declarant and Major Builders, when applicable) shall execute in the same manner as a deed and record in the Registry, a document setting forth the amendment, the effective date of the amendment (if no effective date is stated the amendment shall be effective upon the recording of same in the Registry), the date of the meeting of the Association at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes required to constitute a quorum at such meeting, the total number of votes present at such meeting, the total number of votes necessary to adopt the amendment, the total number of votes cast in favor of such amendment and the total number of votes cast against the amendment. The document shall be recorded in the Registry within thirty (30) days following the date of the meeting at which the amendment was adopted. Provided, however, and notwithstanding the foregoing or anything to the contrary appearing herein, no amendment to this Declaration duly adopted by the Members of the Association shall be void or invalid solely because the document describing the amendment is not recorded in the Registry within said thirty (30) day period, and any such duly adopted amendment to this Declaration recorded following the end of said thirty (30) day period shall become effective on the later of the effective date specified therein, if any, or on the date it is recorded in the Registry.

(d) Amendment of Supplemental Declarations shall be governed by the provisions for amendment contained therein, if any; otherwise, the provisions of regarding amendment of this Declaration shall apply.

(e) In addition to the foregoing requirements, during the Declarant Control Period any such amendment to this Declaration also shall require approval by the United States Department of

Housing and Urban Development (“HUD”) or its designee and/or by the United States Veterans Administration (“VA”) or its designee unless, at the time of such amendment, applicable HUD or VA regulations no longer require such approval.

Section 3. Prohibited Effects of Amendment. No amendment to this Declaration shall do or result in any of the following:

- (a) increase the financial obligations of an Owner in a discriminatory manner.
- (b) further restrict development on any portion of The Properties in a discriminatory manner.
- (c) during the Development Period, diminish or impair the rights of Declarant, Developer or any Major Builder under this Declaration, without the prior written consent of Declarant, Developer or such Major Builder.
- (d) impose additional obligations upon Declarant, Developer or any Major Builder, without the prior written consent of the Declarant, Developer or such Major Builder.
- (e) diminish or impair the express rights of the Mortgagees under the Declaration, without the prior written approval of a majority of the Mortgagees. Except as specifically provided in the Declaration, no provision of the Declaration shall be construed to grant to any Owner or to any other Person any priority over any rights of Mortgagees.
- (f) terminate or revise any easement established by this Declaration, without the written consent of the Person benefitted by the easement or by the Owner of the portion of The Properties benefitted by the easement, whichever is applicable.
- (g) alter or remove any applicable Legal Requirement.

ARTICLE XVI

DURATION OF DECLARATION; DISSOLUTION OF ASSOCIATION

Section 1. Duration. Unless sooner terminated as required by applicable Legal Requirements, this Declaration shall run with and bind The Properties and each Owner, and shall inure to the benefit of Developer, Declarant, each Major Builder, the Association, and each other Owner of any portion of The Properties, and their respective heirs, successors, and assigns, from and after the recording of this Declaration in the Registry until such time as it is terminated by a written

termination agreement, executed or ratified in the same manner as a deed, as follows: (i) during the Declarant Control Period, executed or ratified by Declarant, all Major Builders, and by those Members to whom eighty percent (80%) or more of the Class A votes in the Association are allocated; and (ii) following the end of the Declarant Control Period, executed or ratified by those Members to whom eighty percent (80%) or more of the total votes in the Association are allocated. Execution or ratification by any one of multiple Owners of a Lot is sufficient for that Lot unless, prior to the time the termination agreement is recorded in the Registry, any other Owner of such Lot files with the Association a written objection to the termination of this Declaration (in which event the vote allocated to such Lot shall be considered as not having been exercised). The termination agreement shall specify a date after which it will be void unless it is recorded in the Registry before that date. The termination agreement may not be recorded in the Registry unless and until the requisite number of signatures have been obtained as provided herein, and it shall be effective only upon recordation. If, pursuant to the termination agreement, any real estate in The Properties is to be sold following termination of the Declaration, the minimum terms of the sale shall be set forth therein.

Section 2. Dissolution of the Association. The Association shall be dissolved upon the termination of this Declaration. Provided, however, until any sale of the Common Elements authorized by the termination agreement or approved by the Lot Owners in the same manner as required for approval of the termination agreement is completed and the sale proceeds distributed, the Association shall continue in existence with all of the powers it had before termination. The Association, on behalf of the Lot Owners, may contract for the sale of the Common Elements, but the contract is not binding unless such sale has been authorized in the termination agreement or it has been approved by the Lot Owners in the same manner as required for approval of the termination agreement. Proceeds of the sale of Common Elements shall be distributed to the Lot Owners and lienholders as their interests may appear, as provided in the termination agreement or other agreement approved by the Lot Owners in the same manner as required for approval of the termination agreement. If the Common Elements are not to be sold following termination of this Declaration, title to the Common Elements vests in the Lot Owners upon termination, as tenants in common in proportion to their respective interests as provided in the termination agreement.

Upon dissolution of the Association or upon loss of ownership of all of the Common Elements by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Elements as allowed by this Declaration, or by reason of merger and/or consolidation with any other association as allowed by this Declaration), except as otherwise provided in the termination agreement, other agreement approved by the Lot Owners in the same manner as required for approval of the termination agreement, or applicable Legal Requirements (in particular, section 47F-2-118 of the Act, or any successor section of the Act), any portion of the Common Elements not under the jurisdiction of and being maintained by another

association substantially similar to the Association, together with all other assets of the Association, shall be offered to the City of Raleigh, North Carolina, or to some other appropriate governmental entity or public agency (as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Elements and such assets were required to be devoted by the Association. If the City of Raleigh or such other appropriate governmental entity or public agency accepts the offer of dedication, such portion of the Common Elements and assets shall be conveyed by the Association to the City of Raleigh or such other appropriate governmental entity or public agency, subject to the superior right of a Lot Owner to an easement (if necessary) for reasonable ingress and egress to and from such Owner's Lot and the public or private street(s) on which such Lot is located, subject to all other applicable rights of way and easements, and subject to ad valorem property taxes subsequent to the date of such conveyance.

If the City of Raleigh or such other appropriate governmental entity or public agency refuses the offer of dedication and conveyance, the Association may transfer and convey such Common Elements and assets to any nonprofit corporation, association, trust or other entity which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Elements was required to be devoted by this Declaration, such transfer and conveyance to be made subject to the rights of Lot Owners and the other matters set forth in the immediately preceding paragraph of this Section. If there is no nonprofit corporation, association, trust or other entity who will accept such transfer and conveyance of the Common Elements and assets of the Association, then such Common Elements and assets shall be distributed as provided in the plan of termination/dissolution adopted by the Association.

Section 3. Termination or Dissolution During Declarant Control Period.

In addition to the foregoing requirements, during the Declarant Control Period any termination of this Declaration or dissolution of the Association also shall require approval by the United States Department of Housing and Urban Development ("HUD") or its designee and/or by the United States Veterans Administration ("VA") or its designee unless, at the time of such termination or dissolution, applicable HUD or VA regulations no longer require such approval.

ARTICLE XVII

CHANGE OF DECLARANT

Following the Recreation Facility Completion Date, all Major Builders other than Developer shall become Declarants under this Declaration, unless, on or prior to the Recreation Facility Completion Date, one of the Major Builders has acquired all of Tract 8 as described on **Exhibit C**,

in which event that Major Builder shall become the sole Declarant under this Declaration. A Major Builder who acquires or completes the acquisition of Tract 8 after the Recreation Facility Completion Date also shall become the sole Declarant under this Declaration thereafter. Whenever there is a change in Declarant under this Article, the previous Declarant shall execute, in a form mutually agreeable to the relevant Persons and suitable for recording in the Registry, an assignment of Declarant rights to the new Declarant(s); provided, however, execution of such assignment is not a condition precedent to the change of Declarant to the change in Declarant as described herein.

Whenever it appears from the context of any provision of this Declaration any obligation or required performance was to have been done by Developer, such obligation or required performance shall not be transferred to the new Declarant(s), unless such new Declarant(s) specifically assume and agree to complete such obligation or required performance.

ARTICLE XVIII

RESTRICTIONS ON DEVELOPER COMMERCIAL PROPERTY

Developer owns certain real property contiguous or located near The Properties, and Developer intends for such real property to be developed and used for commercial and office purposes, such real property being described on **Exhibit D** attached hereto and incorporated by reference and being referred to herein as "Developer Commercial Property". The Developer Commercial Property or applicable portions thereof is subject to the following restrictions, which (i) are imposed for the benefit of The Properties and Owners thereof, (ii) shall run with the Developer Commercial Property or applicable portions thereof and be binding upon Developer and all subsequent owners of any part or all of the Developer Commercial Property or applicable portions thereof, and (iii) which Developer agrees to include in any declaration of covenants or restrictions that Developer records in the Registry with respect to the Developer Commercial Property:

(a) Tracts 3 and 4 of the Developer Commercial Property are subject to the following restrictions:

(1) No building on Tracts 3 and 4 shall exceed three stories in height, exclusive of basements and attics; and

(2) All buildings on Tracts 3 and 4 shall have exterior elevations that are residential in style on the portions of such buildings that face The Properties. Approval of such elevations by the Developer and Major Builders under this Declaration shall be binding on all parties who are entitled under this Declaration to enforce the provisions of this Article.

(b) All of the Developer Commercial Property is subject to the following restriction: to the extent reasonably practicable, all parking area lighting on the Developer Commercial Property shall be designed and shall operate so as contain the light therefrom within the parking areas or other areas directly around the buildings constructed on the Developer Commercial Property, it being the purpose of this restriction that such light not shine on any portions of The Properties.

(c) The owner(s) of Tracts 3 and 4 of the Developer Commercial Property, or the owners association responsible for maintenance of same, shall at all times maintain the portions of Cornerstone Park Drive adjoining the boundaries of Tracts 3 and 4 to a standard that is not less than the standard of maintenance by the Association of the portions of Cornerstone Park Drive that adjoin the boundaries of Tracts 5 and 6 of The Properties.

(d) Developer hereby grants to the Major Builders a temporary, non-exclusive easement over and upon portions of Tract 4 of the Developer Commercial Property as are designated by Developer for such easement, an easement to place and maintain signs for the marketing for sale of portions of The Properties owned by such Major Builders. This easement is subject to the following:

(1) This easement shall exist and continue for each Major Builder until the first to occur of the end of the Development Period or such time as the Major Builder no longer owns any portion of The Properties;

(2) The exercise of this easement is subject to such reasonable rules and regulations as the owner of Tract 4 of the Developer Commercial Property from time to time establishes with respect to number and sizes of signs;

(3) All signs used by a Major Builder in the exercise of this easement shall comply with applicable Legal Requirements and shall be maintained by such Major Builder in good condition and repair at all times. The owner of Tract 4 of the Developer Commercial Property shall have the right to remove and destroy all signs that are not so maintained.

(4) Unless otherwise agreed by the owner of Tract 4 of the Developer Commercial Property and all Major Builders, the portion of Tract 4 subject to this easement shall be limited to an area at the intersection of Ebenezer Church Road and Cornerstone Park Drive and to areas adjacent to Cornerstone Park Drive as designated by the owner of Tract 4.

(e) The foregoing restrictions on the Developer Commercial Property are enforceable by the Major Builders, the Developer, the Association and the Owners under this Declaration, in the same manner as provided for enforcement of this Declaration under Section 1 of Article XIX. Matters concerning the non-exclusive easement for signs are enforceable only by the Developer and the

Major Builders, and, with respect to such enforcement and other matters relating to such easement, each of them shall have all remedies available at law or in equity in North Carolina.

ARTICLE XIX

MISCELLANEOUS PROVISIONS

Section 1. Enforcement. The Association, each Owner, and, when enforcement rights are granted by this Declaration, a Mortgagee, the VA or FHA, shall have the right, but not the obligation, to enforce this Declaration by any proceeding at law or in equity (or otherwise, as provided in this Declaration) against any Person who has violated, is violating, or is attempting to violate, any part of this Declaration, either to restrain the violation, recover damages, or seek other available legal or equitable remedies. Any failure by the Association, an Owner, or any other Person to enforce this Declaration or seek any applicable remedy with respect to any specific violation or lien shall not constitute a waiver of the right to do so thereafter, nor shall it constitute a waiver of the right to enforce this Declaration at any other time with respect to the same or substantially similar matter. All rights, remedies and privileges granted to the Association, any Owner, or any other Person herein are cumulative, and the exercise of any one or more of such rights, remedies or privileges shall not constitute an election of remedies or preclude subsequent exercise of other rights, remedies and privileges.

Section 2. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of this Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent and final jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses and phrases of this Declaration shall continue in full force and effect and shall not be affected thereby. To the extent that any provision of the Governing Documents is determined to be overly broad or unenforceable and a narrower or partially enforceable construction may be given to such provision without destroying its intent, then the narrower or partially enforceable provision shall be applied and, to the extent lawful, shall be enforced. It is hereby declared that said remaining paragraphs, sections, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses or phrases shall become or be illegal, null or void.

Section 3. Notice. Except as otherwise provided herein, whenever written notice to an Owner is required hereunder, such notice may be hand delivered to such Owner, or given by first class United States mail, postage prepaid, or given in such other manner specifically allowed or required by applicable Legal Requirements, or given in such other manner determined by the Board to be proper and which does not violate any applicable Legal Requirements, addressed to the

address of such Owner appearing on the records of the Association or to the address for such Owner appearing in the records of the Wake County Revenue Department. Properly addressed notice shall be deemed to have been given by the Association as follows: (i) on the third day following the date the notice was deposited in the United States mail, first class postage prepaid; or (ii) on the date of personal delivery to the Owner or an adult residing with the Owner, as evidenced by a receipt signed by the Owner or such other Person; or (iii) on the delivery date indicated on a return certified or registered mail receipt, or (iv) on the date indicated by the records of a national, regional or local same day or overnight courier service, or (v) on the date acknowledged in writing by the recipient Owner or other adult residing with such Owner, or (vi) upon execution of a written waiver of such notice by the Owner. Notice to the Association may be given and shall be deemed to have been given in the same manner as notice to an Owner, when addressed to the principal business office of the Association or the property manager employed by the Association. It shall be the duty of each Lot Owner to keep the Association informed of such Lot Owner's current mailing address and telephone number. If a Lot Owner has not provided the Association with the Owner's current mailing address the Association may use as the mailing address the street address of the Lot owned by such Lot Owner or the address for such Lot Owner in the records of the Wake County Revenue Department. If no address for an Owner is reasonably available to the Association, the Association shall not be required to give notice to such Owner. Notice given to any one of multiple Owners of any portion of The Properties shall be deemed to have been given to all of such Owners.

Section 4. Titles. The titles, headings and captions which have been used throughout this Declaration are for convenience only and are not to be used in construing this Declaration or any part thereof, except as necessary with respect to any cross-referencing of any provisions of this Declaration.

Section 5. Number and Gender. Whenever the context of this Declaration requires, the singular shall include the plural and one gender shall include all.

Section 6. No Exemption. No Lot Owner may become exempt from any obligations imposed hereby by non-use or abandonment of the Common Elements or any Lot owned by such Lot Owner.

Section 7. Subdivision, Combination of Lots; Plat Re-recording. A Lot may be subdivided, and the boundaries of a Lot may be altered, only with the written consent of Developer and the Owner thereof (if different from the Developer), during the Development Period, and, thereafter, the Board and Owner thereof, and with any prior approval required of the Mortgagees and the City. Provided, however, and notwithstanding the foregoing sentence, such consent is not required for leases, deeds of correction, deeds to resolve boundary line disputes or similar corrective instruments, or deeds or other instruments granting any easement, right-of-way or license to

Developer, any Major Builder, the Association, the City or a public utility provider. One or more Lots may be combined into a single Lot with the written consent of the Developer and Owner thereof (if different from the Developer), during the Development Period, and thereafter, the Board and Owner thereof, and the resulting Lot shall be considered as one Lot for the purposes of this Declaration, except for the purposes of assessments and votes in the Association, and for such purposes the resulting Lot shall be treated as if it were the number of Lots that existed before such combination. Provided, the foregoing shall not prohibit or restrict the right of Developer during the Development Period, which is hereby expressly reserved for Developer, to subdivide, combine, resubdivide, recombine, record or re-record maps relating to, any Lot or other portion of The Properties owned by Developer.

During the Development Period Developer may, at any time and from time to time, in its sole discretion and without the consent or approval of any other Person (except for such approvals as may be required by the City) record or re-record any previously recorded plat of The Properties (i) in connection with any of the purposes described in the immediately preceding paragraph of this Section, or (ii) to eliminate any inconsistency between such plat and this Declaration or any Supplemental Declaration (including, for example, building setback distances).

Section 8. Association Contracts and Leases made during the Declarant Control Period.

All Association contracts and leases made during the Declarant Control Period which extend beyond the Declarant Control Period must meet at least one of the following criteria: (i) be for a term limited to two years or less; (ii) be terminable without penalty by the Association upon ninety (90) days written notice; (iii) be commercially reasonable and made with an entity not affiliated with Declarant or a Major Builder; or (iv) be approved by the United States Department of Housing and Urban Development ("HUD") or its designee or by the United States Veterans Administration ("VA") or its designee. Any Association contract or lease entered into before the first Board elected by the Class A Members takes office, and which is not bona fide or which was unconscionable to the Lot Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the first Board elected by the Class A Members takes office, upon not less than ninety (90) days' notice to the other parties to the contract or lease.

Section 9. Conflicts. Whenever there exists a conflict among the Governing Documents of the Association, the provisions of this Declaration and thereafter, any applicable Supplemental Declaration shall control, except as to matters of compliance with the Nonprofit Corporation Act, in which event the Articles shall control. Whenever there is a conflict between the provisions of the Articles and Bylaws, the provisions of the Articles shall control. With respect to the foregoing, specific provisions shall control general provisions, except that a construction

consistent with the Act and the Nonprofit Corporation Act shall in all cases control over any construction inconsistent therewith. The provisions of the Bylaws shall control over any conflicting provision of any rule, regulation or other resolution adopted by the Association. The Governing Documents shall be construed together and shall be deemed to incorporate one another in full.

Section 10. Assignment. Developer, Declarant and all Major Builders each specifically have the right, in such Person's sole discretion, at any time and from time to time, to temporarily or permanently assign any or all of its rights, privileges and powers under this Declaration or under any Supplemental Declaration.

Section 11. Costs and Reasonable Attorneys' Fees. In any action to enforce the provisions of any Governing Documents, the court may award reasonable attorneys' fees to the prevailing party, even if such action is settled prior to any trial, judgment or appeal. It is the specific intent of this Section that it constitute the allowance of the award of reasonable attorneys' fees as required under Section 47F-3-120 of the Act.

Section 12. Rule Against Perpetuities. As provided in Section 47F-2-103(b) of the Act, the rule against perpetuities may not be applied to defeat any provision of this Declaration, or the Bylaws, rules, or regulations adopted pursuant to Section 47F-3-102(1) of the Act. In the event of the absence of the protection of Section 47F-2-103(b) of the Act, if any provision of this Declaration violates any applicable Rule Against Perpetuities, such provisions shall be deemed reformed to continue in effect for the maximum period of time that such provision could exist without violating such applicable Rule Against Perpetuities.

Section 13. Reserved Rights. Whenever this Declaration reserves a right for, or requires or authorizes a consent, approval, variance or waiver by, Declarant, Developer or a Major Builder during the Declarant Control Period and/or during the Development Period, and thereafter confers such right upon, or requires or authorizes such approval or waiver by, the Board, the applicable right may be exercised, or the applicable approval or variance or waiver may be given, only by Declarant, Developer or the Major Builder, as applicable (or its assigns, which may include the Board) during the applicable period and, thereafter, only by the Board (the consent, approval or waiver of Declarant, Developer or any Major Builder then not being required).

Section 14. Legal Requirements. All Governing Documents shall be subject to and construed in accordance with all applicable Legal Requirements. It shall be the responsibility of each Owner to comply with all applicable Legal Requirements, whether or not any approval, disapproval, waiver or variance of the terms of any Governing Documents has been given by Developer, Declarant, a Major Builder, the Association or the Architectural Review Committee. It is the express intention of the Governing Documents to comply with the Act, and any provisions of

the Governing Documents that are not in compliance with the Act shall be deemed reformed from time to time to comply therewith. Provided, however, it also is the intention of the Governing Documents that, unless its provisions violate the Act, such provisions shall control, and, insofar as reasonably possible, the provisions of the Governing Documents shall be construed in such manner as to be consistent with, and not in violation of, the Act.

Section 15. Joinder of Developer's Lender. Part or all of the Existing Property as described on **Exhibit A** is subject to the following "financing documents" in favor of Branch Banking And Trust Company Of Virginia (referred to herein as "Developer's Lender"):

- (a) Deed of Trust recorded in the Registry in Book 8687, Page 91.
- (b) Assignment Of Leases And Rents recorded in the Registry in Book 8687, Page 101.
- (c) Deed of Trust recorded in the Registry in Book 8687, Page 109.
- (d) Assignment Of Leases And Rents recorded in the Registry in Book 8687, Page 119.
- (e) Uniform Commercial Code Financing Statement recorded in the Registry in file no. FS 00-6638, and any corresponding Uniform Commercial Code Financing Statement recorded in the office of the North Carolina Secretary of State.

Developer's Lender and Samuel G. Scott, Trustee under the above-referenced Deeds of Trust, join in the execution of this Declaration to acknowledge and agree that the foregoing described financing documents shall be subordinate to this Declaration only to the extent that, upon any foreclosure or conveyance of deed in lieu of foreclosure of either or both of said Deeds of Trust, or upon any default by Developer under any of said financing documents and pursuit of any legal or other proceedings or remedies against Developer for such default, this Declaration shall survive such foreclosure, proceeding or remedy in its entirety and not be extinguished in whole or in part by such foreclosure, proceeding or remedy. Provided, however, Developer's Lender does not subordinate its financing documents to this Declaration for any other purpose, and specifically reserves the priority of its financing documents over any lien for unpaid assessments and other charges created by this Declaration or the Act.

IN WITNESS WHEREOF, the Declarant, Declarant's Lender and Trustee each has caused this Declaration to be executed in legal and binding form, on the date indicated in the acknowledgment of such signature, the last date of which shall be the date of execution of this Declaration and inserted in the first paragraph hereof.

Highway Seventy LLC

By: [Signature]

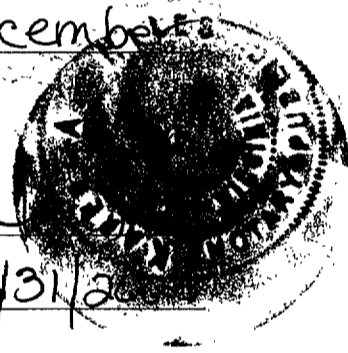
Manager

State of Virginia, County or City of Virginia Beach

I, Karen A. Hiles, Notary Public of the County or City and State aforesaid, certify that Nathan D. BENSON, Manager of Highway Seventy, LLC, a Virginia limited liability company, personally appeared before me this day and acknowledged that he is a Manager of said company and that he executed this Declaration on behalf of and as the act of the company by authority duly given.

Witness my hand and official stamp or seal, this 19th day of December, 2000.

Karen A. Hiles
Notary Public
My commission expires: 3/31/2001




Branch Banking And Trust Company
Of Virginia

By: [Signature]
Title: [Signature]

State of Virginia, County or City of NORFOLK

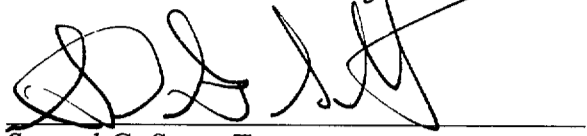
I, Elizabeth A. Goetz, Notary Public of
the County or City and State aforesaid, certify that Richard J. Rogers
Vice President of Branch Banking And Trust Company Of Virginia, a
Virginia state banking corporation, personally appeared before me this day and acknowledged
that he/she is an officer of said corporation and that he/she executed
this Declaration on behalf of and as the act of the corporation by authority duly given.

Witness my hand and official stamp or seal, this 19 day of December,
2000.

Elizabeth A. Goetz
Notary Public
My commission expires: 11/30/2002


Declaration For Cornerstone Park
Execution or Exhibit Page

BBT Bank of Va.



Samuel G. Scott, Trustee

State of Virginia, County or City of Norfolk

I, Elizabeth A. Goetz, a Notary Public of the County or City and State aforesaid, certify that Samuel G. Scott, Trustee, *for BBT Bank of Va.* personally appeared before me this day and acknowledged execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 19 day of December, 2000.

Elizabeth A. Goetz

Notary Public

My commission expires: 11/30/2002



EXHIBIT A

DESCRIPTION OF EXISTING PROPERTY

Lying and being in the City of Raleigh, Wake County, North Carolina, and being more particularly described as follows:

LOTS NOS. 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14, inclusive, as said LOTS are shown on a plat by Michael E. Dickerson, Professional Land Surveyor, of Withers & Ravenel Engineering & Surveying, Inc., entitled "CORNERSTONE PARK LOTS 1 THROUGH 14", dated 12/14/00, and recorded in the Wake County, North Carolina Registry in Book of Maps 2000, Pages 2238 and 2239, said plat being incorporated by reference as if fully set out herein.

(Note: The above-referenced Lots 5 through 14 are referred to as Lots on the Plat but are referred to as "Tracts" in this Declaration in order to distinguish such Tracts as unsubdivided from "Lots" as defined in this Declaration.)

EXHIBIT B

MAJOR STREETS

Lying and being in the City of Raleigh, Wake County, North Carolina, and being more particularly described as follows:

The rights of way of Cornerstone Park Drive and Parkstone Drive, as said streets are shown on a plat by Michael E. Dickerson, Professional Land Surveyor, of Withers & Ravenel Engineering & Surveying, Inc., entitled "CORNERSTONE PARK LOTS 1 THROUGH 14", dated 12/14/00, and recorded in the Wake County, North Carolina Registry in Book of Maps 2000, Pages 2238 and 2239, said plat being incorporated by reference as if fully set out herein.

EXHIBIT C

DESCRIPTION OF TRACT 8

Lying and being in the City of Raleigh, Wake County, North Carolina, and being more particularly described as follows:

LOT NO. 8 as said Lot is shown on a plat by Michael E. Dickerson, Professional Land Surveyor, of Withers & Ravenel Engineering & Surveying, Inc., entitled "CORNERSTONE PARK LOTS 1 THROUGH 14", dated 12/14/00, and recorded in the Wake County, North Carolina Registry in Book of Maps 2000, Pages 2238 and 2239, said plat being incorporated by reference as if fully set out herein.

(Note: The above-referenced Lot 8 is referred to as a Lot on the Plat but are referred to as "Tract 8" in this Declaration in order to distinguish such Tract as unsubdivided from "Lots" as defined in this Declaration.)

EXHIBIT D

DESCRIPTION OF DEVELOPER COMMERCIAL PROPERTY

Lying and being in the City of Raleigh, Wake County, North Carolina, and being more particularly described as follows:

LOTS NOS. 1, 2, 3 and 4, inclusive, as said LOTS are shown on a plat by Michael E. Dickerson, Professional Land Surveyor, of Withers & Ravenel Engineering & Surveying, Inc., entitled "CORNERSTONE PARK LOTS 1 THROUGH 14", dated 12/14/00, and recorded in the Wake County, North Carolina Registry in Book of Maps 2000, Pages 2238 and 2239, said plat being incorporated by reference as if fully set out herein.

(Note: The above-referenced Lots 1, 2, 3 and 4 are referred to as Lots on the Plat but are referred to as Tracts in this Declaration in order to distinguish such Tracts from "Lots" as defined in this Declaration.)

Laura M Riddick
Register of Deeds
Wake County, NC



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**Yellow probate sheet is a vital part of your recorded document.
Please retain with original document and submit for rerecording.**



**Wake County Register of Deeds
Laura M. Riddick
Register of Deeds**

North Carolina - Wake County

The foregoing certificate s of Heron P. Hiles
Elizabeth A. Loetz

_____ Notary(ies) Public is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

Laura M Riddick, Register of Deeds
By Suzanne Ellies
Assistant/Deputy Register of Deeds

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