

**DECLARATION OF COVENANTS AND RESTRICTIONS
OF THE DUNBARTON HOMEOWNERS ASSOCIATION**

THIS DECLARATION OF COVENANTS AND RESTRICTIONS MADE BY DUNBARTON HOMEOWNERS ASSOCIATION, INC., A North Carolina non-profit corporation, hereinafter referred to as "Homeowners Association."

ARTICLE I - DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

- (a) "Association" shall mean and refer to Dunbarton Homeowners Association, Inc.
- (b) "The Properties" shall mean and refer to all such existing properties, and additions thereto, as are subject to this Declaration or any Supplemental Declaration under the provisions of Article II hereof.
- (c) "Common Properties" shall mean and refer to those areas of land now or hereafter shown on any recorded subdivision plat of the Properties or hereafter deeded to the Association and intended to be devoted to the common use and enjoyment of the owners of the Properties.
- (d) "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of Common Properties as heretofore defined.
- (e) "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence by a single family, whether as owners or tenants.
- (f) "Multifamily Structure" shall mean and refer to any building containing two or more living units under one roof except when each such living unit is situated upon its own individual lot.
- (g) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot or living unit situated upon the properties, but not with-standing any applicable theory of the deed of trust, shall not mean or refer to the Trustee or cestui qui trust unless and until there has been a transfer of title pursuant to foreclosure or any proceeding in lieu of foreclosure.
- (h) "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Article III, Section 1, hereof.
- (i) "Mortgagee" shall include the noteholder or cestui qui trust secured by a deed of trust secured by a deed of trust.

ARTICLE II - PROPERTY SUBJECT TO THIS DECLARATION: ADDITIONS THERETO

Section 1. Existing Property. The real property which is, and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in the City of Durham, Durham Township, Durham County, North Carolina, and is more particularly described in Exhibit A attached hereto, all of which real property shall hereinafter be referred to as "Existing Property."

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

- (a) Upon approval in writing of the Association pursuant to a vote of its members as provided in its Articles of Incorporation, the owner of any property who desires to add it to the scheme of this Declaration and subject it to the jurisdiction of the Association, shall make a filing of record of a Supplementary Declaration of

Covenants and Restrictions with respect to the additional property which shall extend the scheme of the Covenants and Restrictions of this Declaration to such property or by adopting these Covenants and Restrictions in whole or in part by reference.

Such supplementary Declaration may contain such complimentary additions and modifications of the Covenants and Restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the scheme of this Declaration. In no event, however, shall such supplementary Declaration revoke, modify or add to the Covenants established by this Declaration with the Existing Property.

- (b) Upon a merger or consolidation of the Association with another Association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Existing Property together with the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the covenants established by this Declaration with the existing property except as hereinafter provided.

ARTICLE III - MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any lot or living unit or undeveloped and undesignated land which is subject by covenants or record to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

Section 2. Voting Rights. The Association shall have one class of voting membership. Membership shall be entitled to one vote for each lot or living unit in which they hold the interests required for membership, by Section 1. When more than one person holds such interest or interests in any lot or living unit, all such persons shall be members, and the vote for such lot or living unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such lot or living unit.

ARTICLE IV - PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3, every Member shall have a right and easement of enjoyment in and to the Common Properties, including rights of access, ingress and egress to and from public streets and walkways and the right to park a motor vehicle in areas specifically designated for such purpose; and such easement shall be appurtenant to and shall pass with the title to every lot or living unit.

Section 2. Abandoned Vehicles. Cars with expired license plates must not be parked anywhere in Dunbarton. Upon notice from the Property Manager, the car must be removed immediately or the Board of Directors will take action to have it removed at the owner's expense.

Section 3. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

- (a) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the common properties and in aid thereof to mortgage said properties. In the

event of a default in any such mortgage the lender's rights hereunder shall be limited to a right, after taking possession of such properties, to charge admission and other fees as a condition to continued enjoyment by the Members and, if necessary, to open the enjoyment of such properties to a wider public until the mortgage debt is satisfied whereupon the possession of such properties shall be returned to the Association and all rights of the members hereunder shall be fully restored; and

- (b) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosure; and
- (c) The right of the Association, as provided in its Articles and Bylaws, to suspend the enjoyment rights of any Member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations; and
- (d) The right of the Association to charge reasonable admission and other fees for the use of the Common Properties; and
- (e) The legal right of an owner of property shown on the same plat to include portions of the Common Properties as may be necessary for said owner to qualify under governmental requirements such as setback lines, open space, parking or other aspects which may be needed for inclusion for a building permit to be secured to rebuild a damaged living unit; and
- (f) The right of the Association to dedicate or transfer all or any part of the Common Properties to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members provided that no such dedication or transfer determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument signed by Members entitled to cast two-thirds (2/3) of the votes of each class of membership has been recorded, agreeing to such dedication, transfer purposes or conditions, and unless written notice of the proposed agreement and action thereunder is sent to every Member at least thirty (30) days in advance of any action taken.

ARTICLE V - COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Except as hereinafter specifically provided, each owner of any lot or living unit, by the acceptance of title thereto, shall be deemed to covenant and agree to pay to the Association assessments as outlined in this Declaration of Covenants and Restrictions. These assessments may be classified as (a) Regular for (1) operation, maintenance, repair, replacement and improvement of recreational areas and Common Properties, (2) maintenance and repair of the premises of an Owner and (3) other purposes, and (b) special assessments for (1) capital improvements to recreational areas and Common Properties and (2) maintenance repair or improvement of the premises of an Owner. These assessments are to be fixed, established and collected from time to time as hereinafter provided. Any lot or living unit owned by the Developer shall not be subject to assessments classified as (a) (2) or (b) (2) without prior consent of the property owner.

The regular and special assessments, together with such interest thereon and cost of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents in the Properties and in particular for the improvements and maintenance (1) of properties, services, and facilities devoted to this purpose and related to the use and enjoyment of Common Properties and (2) of the lots and living units situated upon the Properties. Without limitation, such uses shall include satisfaction of the Association's obligation regarding the Common Properties to pay hazard and liability insurance, ad valorem taxes, the payment of governmental assessments for public and private capital improvement made to or for the benefit thereof, the repair, replacement, and additions thereto, and for the cost of labor equipment, materials, management, and supervision thereof.

Upon default by the Association to the appropriate governmental authority in the payment of any ad valorem taxes or assessments for public improvements, which said default shall continue for period of six (6) months, the taxing or assessing governmental authority shall be vested with a lien on each individual townhouse lot within the property described on Exhibit A attached hereto in a amount determined by dividing the total taxes and assessments due the governmental authority by the total number of townhouse lots in said property.

Section 3. Basis for Computing Assessments. The Board of Directors shall categorize the purposes for which it makes assessments so that each purpose will be either:

(a) One which is charged in the same amount to each owner of a lot or living unit, or

(b) One which is charged in relation to the square footage of the exterior portions (i.e., walls, windows, doors, roof, etc.) of the living unit above the basement or foundation level plus the square footage of the balconies, wooden decks and screening fences. Where such square footage is 3000 the basis shall be one (1); and units having more or less such square footage shall be charged a pro-rata amount. All measurements are to be adjusted to the nearest one hundred square feet.

Section 4. Special Assessments for Capital Improvements. In addition to the assessments authorized by Sections 1 and 3 hereof, the Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two thirds of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 5. Change in Basis of Assessments. The Association may change the basis of the assessments fixed by Section 3 hereof prospectively for any such period provided that any such change shall have the assent of two-thirds of the votes of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting, provided further that the limitations of Section 3 hereof shall not apply to any change in the basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation and under Article II, Section 2, hereof.

Section 6. Quorum for Any Action Authorized Under Sections 4 and 5. The quorum required for any action authorized by Sections 4 and 5 hereof shall be as follows:

At the first meeting called, as provided in Sections 4 and 5 hereof, the presence at the meeting of Members, or of proxies entitled to cast sixty (60) percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth in Sections 4 and 5, and the required quorum at any such subsequent meeting shall be two-thirds of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Date of Commencement of Assessments: Due Dates. The assessments provided for herein shall commence on the 1st day of the month following their determination by the Board of Directors. Pending the action in this regard the Board of Directors, the Owner of each lot or living unit, shall pay to the Association dues month.

The fiscal year of the Association shall be from October 1 through September 30; and assessments may be made by the Board on a monthly, quarterly, semi-annual or annual basis. Any assessment shall be due and payable on the 1st day of the month specified. Any person becoming an owner during an assessment period which is greater than monthly shall be responsible for this pro-rata share of such assessment from the time of acquisition to the next due date; and if the period is monthly, then his responsibility shall begin with the first

day of the month following his acquisition. The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each lot or living unit for each assessment period of at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the assessment shall thereupon be sent to every Owner subject thereto.

The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Effect of Non-Payment of Assessment; the Personal Obligation of the Owner; the Lien; Remedies of Association. If the assessments are not paid on the date when due (being the dates specified in Section 7 hereof), then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the property which shall bind such property in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the delinquency date or a written arrangement for payment consented to by the Association, the assessment shall bear interest from the date of delinquency at the rate of eight percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same and/or to foreclose the lien against the property, and there shall be added to the amount of such assessment a charge to be determined by the Association of at least Fifty Dollars (\$50.00) for the cost of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee of at least Fifty Dollars (\$50.00) to be fixed by the court together with the cost of this action.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinated to the lien of any deed of trust or deeds of trust now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, a deed of foreclosure under power of sale or any other transfer in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessment hereafter becoming due, nor from the lien of any such subsequent assessment.

Section 11. Exempt Property. The following property subject to this Declaration shall be excepted from the assessments, charge and lien created herein: (a) all properties to the extent of any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use; (b) all Common Properties as defined in Article I, Section 1, hereof.

Section 12. Unit Maintenance Account. Pursuant to a vote of the membership taken at the September 15, 2003 Annual Meeting of the members of the Association, the required notice theretofore having been given, the Association decided to transition from a maintenance operational system based upon individual unit-owner Escrow Accounts to an aggregated, single Unit Maintenance Account, effective October 1, 2003. To this end, both regular assessments, payable monthly and consistent with the annual budget then in effect, and special assessments, payable as set forth in the minutes of the Association reflecting membership action taken to approve such special assessments, shall be identical in amount for each unit-owner (save and except for those Inglenook unit owners who elect not to participate in such Unit Maintenance Account, and hence, not to receive certain or all of the services to be rendered by the Association).

To fund such transition, each unit-owner (save and except for [i] those certain Inglenook unit-owners electing not to participate in the Unit Maintenance Account as referred to in particular hereinabove, and (but without duplication) [ii] those certain unit- owners who had or will have had their units either exterior-painted or roofed during fiscal year October 1, 2002 - September 30, 2003) will deposit or cause to be deposited with the Treasurer of the Association a required initial funding of \$600.00, with such unit-owner's existing Escrow Account balance (or deficit) to be transferred to such Unit Maintenance Account in satisfaction (or partial satisfaction) of the initial funding requirement. To the extent that such transfer of an owner's Escrow Account balance does not satisfy in full the initial Unit Maintenance Account funding requirement of \$600.00 for such Owner's unit, the unit-owner shall deposit or cause to be deposited with the Treasurer such additional monies as necessary to satisfy in full the initial funding requirement of \$600.00 for each such unit. To the extent that such transfer of Escrow Account balance exceeds the amount necessary to satisfy in full the initial Unit Maintenance Account funding requirement of \$600.00 for an owner, the Treasurer of the Association shall remit or caused to be remitted to the unit-owner the excess monies so received so as to reduce such Unit Maintenance Account balance for such particular unit-owner to the initial funding requirement level of \$600.00 for each unit.

Monies owing by the Association to a unit-owner for monies transferred from a unit-owner's Escrow Account to the Unit Maintenance Account in excess of the initial funding requirement of \$600.00 per unit shall be payable by the Association to the unit-owner as of October 1, 2003, and shall be paid no later than December 1, 2003.

As to those certain unit-owners identified in [i] and [ii] above who are excepted from the Unit Maintenance Account requirements, all monies on deposit in her or his (their) respective individual unit-owner Escrow Accounts as of October 1, 2003 shall be refunded to them, and the Treasurer of the Association shall remit or cause to be remitted to such unit-owner(s) such monies which shall be paid no later than December 1, 2003. Notwithstanding the exception of the certain unit-owners defined under [i] and [ii] from the initial funding requirements of the Unit Maintenance Account, such revolving, refunding and replacement funding requirements will be applicable to such units as to all sales and conveyances of the unit or units so previously excepted upon any sale and conveyance of the subject unit or units subsequent to October 1, 2003. In the event any Inglenook unit-owner(s) otherwise qualifying for an exemption under [i] above makes an election subsequent to October 1, 2003 to participate in the Unit Maintenance Account, such unit-owner(s) thereafter shall be subject to the revolving, refunding and replacement funding requirements imposed by the terms and provisions of this Section 12.

As to any consummated sale and conveyance of a unit by an owner subsequent to October 1, 2003, the grantor-transferor (Seller) thereof shall be entitled to a refund of the Unit Maintenance Account initial funding of \$600.00 (if so funded as required pursuant to this Section 12. and to the extent so funded). This obligation for refund will be evidenced by a written undertaking by the Association to the unit-owner which will be delivered by the Treasurer of the Association to the unit-owner contemporaneously with the unit-owner satisfying the initial funding requirement for the Unit Maintenance Account. Upon a transfer and conveyance of the unit thereafter by the unit-owner who theretofore had satisfied the initial funding requirement for the Unit Maintenance Account, the Treasurer of the Association forthwith shall remit or cause to be remitted to the grantor-transferor unit-owner (Seller) the initial funding of \$600.00, and the grantee-transferee (subsequent) unit-owner (Purchaser) forthwith shall deliver to the Treasurer of the Association monies in the amount of \$600.00 to satisfy such revolving funding requirement for the Unit Maintenance Account. Such revolving, refunding and replacement funding requirements imposed by the terms and provisions of this Section 12 will operate thereafter in same and like manner for all subsequent sales and conveyances of the unit.

ARTICLE VI - RIGHTS OF FIRST MORTGAGES

Section 1. First mortgages shall have the right, upon request and during normal business hours, to examine the books and records of the Association.

Section 2. Upon its written request, the holder of a first mortgage upon a lot or living unit shall be entitled to written notification of any default by the Owner of said lot or living unit in the performance of his obligation pursuant to these Covenants or Bylaws of the Association, if such default is not cured within thirty (30) days.

Section 3. One or more first mortgages of lots or living units, may, jointly or singly, in respect to the Common Properties, pay taxes or other charges which are in default and have or may become a charge against same, pay overdue hazard insurance premiums or secure new hazard insurance coverage after policy lapse. The parties making such expenditures shall be entitled to immediate reimbursement from the Association.

ARTICLE VII - PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the lots shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall must restore it as a party wall unless the

other Owner agrees to the contrary in advance, and the other Owners thereafter making use of the wall shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who by his or her negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision of a majority of all the arbitrators shall be final and conclusive of the question involved.

ARTICLE VIII - REVIEW BY THE ARCHITECTURAL AND/OR GROUNDS COMMITTEES

Section 1. Architecture Committee. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board or its designated committee, fail to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been complied with fully. The Association shall have the right to bring action to enjoin any activity taken in violation of this Article.

Section 2. Grounds Committee. No planting or landscaping change (other than on the inside of a fenced/or walled area) shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board.

In the event said Board or its designated committee, fail to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been complied with fully. The Association shall have the right to bring action to enjoin any activity taken in violation of this Article.

ARTICLE IX - EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance. In addition to maintenance upon the Common Properties, the Association shall provide exterior maintenance upon each lot and living unit which is subject to assessment under Article V hereof, as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building services (other than windows, screens and glass doors), trees, shrubs, grass, walks, and other exterior improvements.

Section 2. Assessment of Cost. The cost of such exterior maintenance may be assessed against the lot or living unit upon which such maintenance is done and shall be added to and become a part of the annual maintenance assessment or charge to which such lot or living unit is subject under Article V hereof and, as part of such annual assessment or charge, it shall be a lien and obligation of the Owner shall become due and payable in all respects as provided in Article V hereof. The Board of Directors of the Association, when establishing the annual assessment against each lot or living unit for any assessment year as required under Article V hereof, may add thereto the estimated cost of the exterior maintenance for that year and/or it may add an amount to be placed in a sinking fund or reserve for future exterior maintenance.

Section 3. Access at Reasonable Hours. For the purpose solely of performing the exterior maintenance required by this Article, the Association, through its duly authorized agents or employees shall have the right after reasonable notice to the Owner to enter upon any lot or exterior of any living unit at reasonable hours of the day.

ARTICLE X - SALE OR LEASE; RIGHT OF FIRST REFUSAL

In the event any Owner of a lot or living unit shall wish to resell or lease the same and shall have received a bona fide offer therefor from a prospective purchaser or tenant said Owner shall give to the Board of Directors of the Association a copy of the offer together with the name and address and such other information concerning the prospective purchase or tenant as the Association may reasonably require. The remaining Owners through the Board of Directors or its nominee shall have the right to purchase or lease the subject property upon same terms and conditions as set forth in the offer if it exercises this right by written notice to the Owner within fourteen (14) days from the receipt of all required information from the Owner proposing to sell or lease. In the event the Association should elect to purchase or lease the subject property, it shall have twenty (20) days after such election in which to consummate the transaction.

In the event any Owner shall attempt to sell or lease his lot or living unit without affording to the Association the right of first refusal herein provided, said sale or lease shall be null and void and shall convey no title or interest whatsoever upon the intended purchaser or lessee. This right of first refusal shall not affect the right of an Owner to subject his lot or living unit to a deed of trust.

The failure of or refusal by the Association to exercise the right to purchase or lease shall not be deemed to be a waiver of such right to purchase or lease when an Owner receives any subsequent bona fide offer from a prospective purchaser or tenant.

In the event of any default on the part of any Owner under any deed of trust made in good faith and for value, any sale under foreclosure, including delivery of a deed to the cestui qui trust or its nominee in lieu of such foreclosure, shall be made free and clear of the provisions of this Article; however, the purchaser (or grantee under deed in lieu of foreclosure) of the subject property shall thereafter be subject to all of the provisions of this Declaration

Upon written request of any prospective purchaser, lessee or lender for any lot or living unit, the Association shall issue a written certificate in recordable form or as an addendum to the deed or lease, evidencing that proper notice was given by the selling or leasing Owner and that the Association did not elect to exercise its option to purchase or lease. The transfer of the interest of a deceased Owner by devise or inheritance shall not be subject to the provisions of this Article. The Board of Directors of the Association may delegate its responsibility under this Article to a committee established for said purpose.

ARTICLE XI - GENERAL PROVISIONS

Section 1. No lot or living unit shall be used for any purpose which is not permissible under applicable governmental residential zoning regulations.

Section 2. No noxious or offensive trade or activity shall be carried on upon or in any lot or living unit, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

Section 3. No trailer, mobile home, basement, tent, shack, garage shall at any time be used for human habitation temporarily or permanently, nor shall any structure of a temporary character be used for human habitation.

Section 4. The Board of Directors shall have the authority to adopt rules for the use of the Common Properties and shall furnish a written copy of said rules to the Owners. Any violation of such rules shall be punishable by fine and/or suspension of the right to use specified portions of the Common Properties. The Board of Directors shall also have the power to adopt rules and regulations which prohibit or limit the types of animals or household pets which may be kept in or about the lots or living units and which govern their allowance upon the Common Properties.

Section 5. Duration. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, until January 1, 2005, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the then Owners of two-thirds of the lots or living units have been recorded, agreeing to change said covenants and restrictions in whole or in part. (For purpose of meeting the two-thirds requirement, when living units are counted, the lot or lots upon which such living units are situated shall not be counted). Provided, however, that no such agreement to change shall be effective unless made and recorded one (1) year in advance of the effective date of such change, and unless written notice of the proposed change is sent to every Owner at least ninety (90) days in advance of any action taken.

Section 6. Amendment. These covenants and restrictions may be amended by a vote of at least two-thirds (2/3) of each class of members cast in person or by proxy at a meeting duly called for this purpose, written notice of which, including the subject matter of the proposed amendment shall be sent to all Members at least thirty (30) days in advance. Matters mentioned elsewhere in these Covenants requiring the approval of first mortgagees or requiring a greater percentage of Members for approval shall be so governed. Any such amendment shall become operative and binding upon all Members and their properties when set forth in an Amended Declaration of Covenants and Restrictions and recorded in the office of the Register of Deeds of Durham County, North Carolina.

Section 7. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, or otherwise delivered, to the last

known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 8. Enforcement. Enforcement of these Covenants and Restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to enforce any lien created by these Covenants; and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 9. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 10. Liability of Board or Committee Members. Neither any member of the Board, nor members of Committees appointed by the Board, shall be personally liable to any member, or to any other party for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Association, Board or Committee, provided that such Board or Committee member has, upon the basis of such information as may be possessed by him or her, acted in good faith.

Section 11. Occupancy of Units. Each living unit shall be used and occupied as the residence of a single family. "Single family" shall mean and refer to a single individual, or two or more persons related by blood or marriage, or not more than two unrelated persons living together as a single housekeeping unit, together with the children of any such person(s). In the case of any of the foregoing, children shall include adopted children and minor wards residing with a legally appointed guardian. This provision shall not exclude an individual, or two or more related persons, residing in the living unit for the purpose of rendering medical, nursing, housekeeping, childcare or other related services to the occupants of the living unit.

This is a compilation of the Declaration of Covenants and Restrictions of the Dunbarton Development, as amended, contained in instruments dated February 20, 1975, October 19, 1978, October 20, 1980, July 1, 1981, January 24, 1983, September 15, 1997, and September 15, 2003, and recorded at the Office of the Register of Deeds of Durham County.



FOR REGISTRATION REGISTER OF DEEDS
Willie L. Covington
DURHAM COUNTY, NC
2004 APR 02 01:16:25 PM
BK:4336 PG:839-842 FEE:\$20.00

INSTRUMENT # 2004016998

Prepared by & Mail to: Homa J. Freeman, Jr., P.O. Box 52396, Durham, NC 27717-2396
NORTH CAROLINA

DURHAM COUNTY

**FOURTH AMENDMENT TO DECLARATION OF
COVENANTS AND RESTRICTIONS COVERING
THE DUNBARTON DEVELOPMENT AS
RECORDED IN DEED BOOK 423 AT PAGE 112 AND
AMENDED BY AMENDMENTS RECORDED IN
DEED BOOK 1044 AT PAGE 248, DEED BOOK 1104
AT PAGE 940 and DEED BOOK 2377 AT PAGE 448
OF THE DURHAM COUNTY REGISTRY**

**THIS FOURTH AMENDMENT TO DECLARATION OF COVENANTS
AND RESTRICTIONS** made this the 15th day of September, 2003, by Dunbarton Homeowners
Association, Inc., a North Carolina non-profit corporation, hereinafter sometimes referred to as
"Homeowners Association".

WITNESSETH:

WHEREAS, by Declaration of Covenants and Restrictions dated the 20th day of
February, 1975 and recorded in Book 423 at Page 112 of the Durham County Registry, Herndon
Building Company subjected the real property described therein to the provisions of said
Declaration of Covenants and Restrictions; and

WHEREAS, numerous additional parcels of real property have been made
subject to such Declaration of Covenants and Restrictions pursuant to Article II thereof; and

WHEREAS, the Declaration of Covenants and Restrictions have previously been
amended by instruments recorded in Deed Book 1044 at Page 248, Deed Book 1004 at Page 940
and Deed Book 2377 at Page 448 of the Durham Country Registry; and

WHEREAS, Article V, Section 5 and Article XI, Section 6, of the Declaration of
Covenants and Restrictions provides for this amendment by a vote of at least two-thirds (2/3) of
each class of members of the Homeowners Association cast in person or by proxy at a meeting
duly called for that purpose; and

WHEREAS, pursuant to the provisions of Article V, Section 5 and Article XI,
Section 6 of the Declaration of Covenants and Restrictions, a meeting was duly called and held
on the 15th day of September, 2003, following written notice in the manner prescribed, for the
purpose of, among other items of business, adopting the following amendment to the
Declaration; and

WHEREAS, at least two-thirds (2/3) of the members present in person or by
proxy at the meeting cast votes in favor of such amendment.

NOW, THEREFORE, Dunbarton Homeowners Association, Inc., does hereby
amend the Declaration of Covenants and Restrictions recorded in Book 423 at Page 112 of the

Durham County Registry, as previously amended by instruments recorded in Books 1044 at Page 248, 1104 at Page 940 and 2377 at Page 448 of the Durham County Registry, as follows:

By adding the following Section 12 to Article V:

"Section 12. Unit Maintenance Account.

(a) Effective October 1, 2003, each owner of a living unit shall deposit, or cause to be deposited, with the Treasurer of the Association the sum of Six Hundred Dollars (\$600.00) (the "initial funding requirement") to be placed in a single Unit Maintenance Account under the control of the Association. Inglenook unit owners electing not to participate in the Unit Maintenance Account (therefore not receiving the services of the Association earmarked from the Account) and unit owners whose units were either exterior painted or reroofed during fiscal year October 1, 2002 through September 30, 2003, shall be exempt from the initial funding requirement. Regular and special assessments shall be charged in the same amount to each owner of a living unit and, when collected, deposited in the Unit Maintenance Account. Funds in the Unit Maintenance Account shall be used only for those purposes set forth under this Article V.

(b) On, or after, October 1, 2003, upon conveyance of a living unit, the Grantor shall be refunded the initial funding requirement, to the extent so funded. The Grantee shall deposit, or cause to be deposited, the sum of Six Hundred Dollars (\$600.00) (the "replacement funding requirement") with the Treasurer of the Association to be placed in the Unit Maintenance Account. The owner of any living unit exempt from the initial funding requirement shall be subject to the replacement funding requirement".

Except as amended herein the remaining provisions of the Declaration of Covenants and Restrictions, as previously amended, shall remain in full force and effect.

IN WITNESS WHEREOF, Dunbarton Homeowners Association, Inc., has caused this instrument to be duly executed as of the day and year first above written.

DUNBARTON HOMEOWNERS ASSOCIATION, INC.

By Kathryn L. Lundstrom
President

NORTH CAROLINA

DURHAM COUNTY

I, ARNOLD R. SPELL, a Notary Public in and for said County and State, do hereby certify that KATHRYN L. LUNDSTROM, President of Dunbarton Homeowners Association, Inc., personally appeared before me this day and acknowledged the due execution of the foregoing instrument.



Witness my hand and official stamp or seal, this the 31st day of March, 2004.

[Signature]
Notary Public

My commission expires:

6/30/07



FOR REGISTRATION REGISTER OF DEEDS
Willie L. Covington
DURHAM COUNTY, NC
2008 OCT 07 11:44:16 AM
BK:6072 PG:109-112 FEE:\$20.00

INSTRUMENT # 2008039841

Prepared by & mail to: Homa J. Freeman, Jr., P.O. Box 52396, Durham, NC 27717-2396

NORTH CAROLINA

DURHAM COUNTY

FIFTH AMENDMENT TO DECLARATION OF COVENANTS AND RESTRICTIONS COVERING THE DUNBARTON DEVELOPMENT AS RECORDED IN DEED BOOK 423 AT PAGE 112 AND AMENDED BY AMENDMENTS RECORDED IN DEED BOOK 1044 AT PAGE 248, DEED BOOK 1104 AT PAGE 940, DEED BOOK 2377 AT PAGE 448, DEED BOOK 2377 AT PAGE 448 and DEED BOOK 4336 AT PAGE 839 OF THE DURHAM COUNTY REGISTRY

THIS FIFTH AMENDMENT TO DECLARATION OF COVENANTS AND RESTRICTIONS made this the 15 day of September, 2008, by Dunbarton Homeowners Association, Inc., a North Carolina non-profit corporation, hereinafter sometimes referred to as "Homeowners Association".

WITNESSETH:

WHEREAS, by Declaration of Covenants and Restrictions dated the 20th day of February, 1975 and recorded in Book 423 at Page 112 of the Durham County Registry, Herndon Building Company subjected the real property described therein to the provisions of said Declaration of Covenants and Restrictions; and

WHEREAS, numerous additional parcels of real property have been made subject to such Declaration of Covenants and Restrictions pursuant to Article II thereof; and

WHEREAS, the Declaration of Covenants and Restrictions have previously been amended by instruments recorded in Deed Book 1044 at Page 248, Deed Book 1104 at Page 940, Deed Book 2377 at Page 448 and Deed Book 4336 at Page 839 of the Durham Country Registry; and

WHEREAS, Article V, Section 5 and Article XI, Section 6, of the Declaration of Covenants and Restrictions provides for this amendment by a vote of at least two-thirds (2/3) of each class of members of the Homeowners Association cast in person or by proxy at a meeting duly called for that purpose; and

WHEREAS, pursuant to the provisions of Article V, Section 5 and Article XI, Section 6 of the Declaration of Covenants and Restrictions, a meeting was duly called and held on the 15th day of September, 2008, following written notice in the manner prescribed, for the purpose of, among other items of business, adopting the following amendments to the Declaration; and

WHEREAS, at least two-thirds (2/3) of the members present in person or by proxy at the meeting cast votes in favor of such amendment.

NOW, THEREFORE, Dunbarton Homeowners Association, Inc., does hereby amend the Declaration of Covenants and Restrictions recorded in Book 423 at Page 112 of the Durham County Registry, as previously amended by instruments recorded in Books 1044 at Page 248, 1104 at Page 940, 2377 at Page 448 and 4336 at Page 839 of the Durham County Registry, as follows:

1. By deleting Article V, Section 12 in its entirety.
2. By deleting Article X in its entirety.
3. By redesignating Article XI as Article X.

Except as amended herein the remaining provisions of the Declaration of Covenants and Restrictions, as previously amended, shall remain in full force and effect.

IN WITNESS WHEREOF, Dunbarton Homeowners Association, Inc., has caused this instrument to be duly executed as of the day and year first above written.

DUNBARTON HOMEOWNERS ASSOCIATION, INC.

By J. C. Bradley, Jr.
President

NORTH CAROLINA

DURHAM COUNTY

I, G.P Williams, a Notary Public in and for said County and State, do hereby certify that James C. Bradley, Jr., personally appeared before me this day and acknowledged that he is President of Dunbarton Homeowners Association, Inc., and as such, executed the foregoing instrument on behalf of the corporation.

Witness my hand and official stamp or seal, this the 15th day of September, 2008.



Notary Public

My commission expires:

April 4, 2009

