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 Franklin County North Carolina
 Linda H. Stone Register of Deeds
 BK 1785 PG 809-866

By: Linda H. Stone, Register of Deeds

STATE OF NORTH CAROLINA
 COUNTY OF FRANKLIN

DECLARATION OF COVENANTS
 CONDITIONS AND RESTRICTIONS FOR
 TWIN CREEKS TOWNHOMES

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR TWIN CREEKS TOWNHOMES is made this 2nd day of September, 2010, by TWIN CREEKS HOLDINGS, LLC, a North Carolina Limited Liability Company, (together with any duly designated assignee as described Article XIV, in Section 13 herein being hereinafter referred to as the "Declarant") with the consent of Richland Hills Associates, LLC (hereinafter referred to as "Developer");

WITNESSETH:

WHEREAS the property described on Exhibit "A" attached hereto is a tract consisting of 15.7688 acres more or less (the "Base Acreage") which was at all times relevant to this Declaration intended to be a residential townhome development known as Twin Creeks Townhomes (the "Townhouse Development"); and

WHEREAS CAMCO Properties, Inc. (hereinafter referred to as "CAMCO" or "Original Declarant"), Affordable Homes of Wake Forest, Inc. (hereinafter referred to as "Affordable") and Horizon Homes, Inc. (hereinafter referred to as "Horizon") caused a Declaration of Covenants, Conditions and Restrictions For Richland Hills Twin Creeks Townhomes to be recorded in Book 1485, Page 34 in the Office of the Franklin County Register of Deeds (the "Erroneous Declaration") which was intended to encumber the Base Acreage, however, due, inter alia, to the lack of a legal description and the failure of such Erroneous Declaration to restrict the use of the Base Acreage to residential townhouses, the same was ineffective for its intended purpose; and

WHEREAS prior to recording the Erroneous Declaration, CAMCO subdivided the Base Acreage into "Phase I" and "Phase II," Phase I being comprised of Block A, Block B, Block C, Block D, Block E, Block F, Block G, Block H, Block I and Block J (and related easements, open space, and common areas), all as shown on that certain plat entitled "Block Plat For Phase I Twin Creek Townhomes at Richland Hills" recorded in Book of Maps 2005, Page 72 in the Office of the Franklin County Register of Deeds (the "Phase I Subdivision Plat"); and

WHEREAS Block A, Block B, Block E and Block I more fully described on the Phase I Subdivision Plat have been fully developed as residential townhouses and appurtenant improvements; and

WHEREAS Block C, Block D, Block F, Block G, Block H and Block J more fully described on the Phase I Subdivision Plat, while subdivided parcels, are presently not improved with townhouses but are intended to be a part of the Townhome Development (the "Unimproved Lots"); and

WHEREAS, the common areas, open space, private roads, and easements within Phase I as shown on the Phase I Subdivision Plat are also intended to be part of the Townhome Development (collectively the "Phase I Common Areas"); and

WHEREAS Phase II as created by, and partially depicted on, the Phase I Subdivision Plat ("Phase II Property") is currently undeveloped but intended to be a part of the Townhouse Development; and

WHEREAS the Declarant is the current owner of the Base Acreage less and except Block I, (such Base Acreage less and except (i) Block I, and (ii) the Phase II Property being hereinafter referred to as the "Property"); and

WHEREAS, Block I has been improved with townhouses and further subdivided into Lot 1-1, Lot 1-2, and Lot 1-3 (hereinafter collectively referred to as the "Block I Lots") all as shown on that certain plat entitled "Final Plat For Townhouse Subdivision, Twin Creeks Townhomes at Richland Creek, Block I, Ph. 1", recorded in Book of Maps 2006, Page 32 in the Office of the Franklin County Register of Deeds; and

WHEREAS, Ronald DiGiuseppe and Janice DiGiuseppe, Megan Oursler and Hargis Caudill are the current owners of the Block I Lots (collectively, together with their heirs, successors and assigns, the "Block I Owners", whom, as of the recording of this Declaration, have collectively chosen not to subject their respective Block I Lots to the terms and provisions of this Declaration; and

WHEREAS the undersigned Declarant desires to provide for the orderly annexation of the Block I Lots and Phase II Property so as to subject the same to the terms and provisions of this Declaration; and

WHEREAS, Declarant desires to now subject the Property (including the Phase I Common Areas) to the protective covenants, conditions, restrictions, reservations and charges which are hereinafter set forth; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities in said community to create an agency to which should be delegated and assigned the powers of owning, maintaining and administering the Common Area or Common Property, administering and enforcing the covenants, conditions and restrictions, contained in this

Declaration, collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety and welfare of the residents; and

WHEREAS, to that end, Declarant has incorporated, under the laws of the State of North Carolina, a non-profit corporation known as Twin Creeks Townhome Owners Association, Inc., for the purpose of exercising the functions aforesaid, among others; and

WHEREAS the Declarant, acting alone, reserves the right to annex all or any portion of the Phase II Property as and when it is improved with townhouses and further subdivided into townhouse Lots, so that each such block is made a part of the Townhouse Development, provided such annexation occurs prior to December 31, 2025 (the "Annexation Deadline"); and

WHEREAS the Declarant, acting in concert with one or more of the Block I Owners reserves the right to annex one or more of the Block I Lots into and make them a part of the Townhouse Development at such time as one or more of the Block I Owners desire to be annexed into the Townhouse Development; and

NOW, THEREFORE, subject to the terms and conditions contained herein, Declarant hereby declares that the Property as hereinabove described shall be held, sold and conveyed subject to each and every reservation, covenant, condition and restriction set forth and contained in this Declaration, which shall supersede and replace, in all respects, the Erroneous Declaration, which shall run with the Property, shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof and on their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I DEFINITIONS

The following capitalized words when used in this Declaration or any Supplemental Declaration, as hereinafter defined, or amendment hereto or thereto as the case may be (unless the context shall otherwise require) shall have the following meanings:

(a) "Articles" shall mean and refer to the Articles of Incorporation of the Association, a true copy of which are attached hereto as Exhibit "B".

(b) "Association" shall mean and refer to the Twin Creeks Townhome Owners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

(c) "Base Acreage" shall mean and refer to that certain 15.7688 acre parcel of land more fully described as Exhibit "A" attached hereto and incorporated herein by reference.

(d) "Block" shall mean and refer to any land which is located within the boundaries of the Base Acreage, is intended for multi-family residential townhome use, and is shown as a lettered plot on any plat recorded in the office of the Register of Deeds of Franklin County, North Carolina which the Developer, CAMCO, the Declarant, or a subsequent owner of any

portion of the Phase II Property has recorded, or has caused to be recorded. As of the registration of this Declaration, each of the following is a "Block": the lettered plots of land shown on Map Book 2006, Page 40 (i.e., Block B) Map Book 2006, Page 288 (i.e., Block E), and Map Book 2006, Page 289 (i.e., Block A), all Franklin County Registry, and Block C, Block D, Block F, Block G, Block H, and Block J as shown on the Phase I Subdivision Plat recorded in Map Book 2005, Page 72, also in the Franklin County Registry. "Block" does not include property presently designed as "Common Area," "Open Space," or as "Phase II" on a recorded map. As of the recording of this Declaration, there are nine (9) Blocks within the boundaries of the Property. Subsequent to the registration of this Declaration, the then-owner of Block C, Block D, Block F, Block G, Block H, Block J, or the Phase II Property (or any portions thereof) may divide such property by duly approved and recorded plat, at which time each lettered Block shown on such recorded map shall become numbered Lots.

(e) "Block I Lots" shall mean and refer to those certain numbered Lots shown and more fully described on that certain plat entitled "Final Plat for Townhouse Subdivision, Twin Creeks Townhomes at Richland Creek, Block I, Ph. I", recorded in Book of Maps 2006, Page 32 in the Office of the Franklin County Registry.

(f) "Board" shall mean and refer to the Board of Directors of the Association.

(g) "Bylaws" shall mean and refer to the Bylaws of the Association as they may now or hereafter exist.

(h) "Common Area" or "Common Property" shall mean and refer singularly or collectively, as applicable, to real property (other than the Blocks and Lots) and improvements thereon or associated therewith, including without limitation, recreation facilities, which is/are owned or leased by the Association; easements granted to or reserved by or on behalf of the Association (or the Declarant for later transfer or assignment to the Association); constructed streets and roadways within the Townhouse Development which are either private or which have not been publicly accepted (collectively "Roads") and other real property which has been designated by the Phase I Subdivision Plat or the Declarant as Common Area or Common Property on any recorded plat, in a Supplemental Declaration, or in a duly recorded deed or other duly recorded written instrument executed by the Declarant, and where applicable, the Block I, Owners and also shall refer to all personal property owned or leased by the Association and designated as Common Area or Common Property by the Declarant or the Association, and which Common Area or Common Property is for the common use, enjoyment or benefit of the Owners. "Common Area" or "Common Property" does not include any open space or easements which CAMCO or a prior Owner agreed to convey to a governmental entity (or its designee) in connection with any governmental approval of the Townhouse Development. All Common Area or Common Property shall be subject to the terms and conditions of this Declaration. Common Area or Common Property also may include, as determined by Declarant in its sole discretion, all water retention ponds, facilities and areas, if any, including all facilities, structures and improvements associated therewith, required to be constructed, repaired, replaced or maintained on or near the Property or any portion thereof by the laws, rules or regulations of any governmental authority having jurisdiction thereof and which is required to handle storm water runoff and/or drainage from any part or all of the Property.

(i) "Common Expenses" shall mean and refer to (i) expenses of administration, maintenance, improvement, repair or replacement of Common Area or Common Property and/or Landscaped Rights-of-Way and/or Roadway Medians, (ii) expenses declared to be or described as Common Expenses by the provisions of this Declaration, (iii) premiums for hazard, liability or other insurance as may be obtained by the Association, and (iv) all other expenses incurred by the Association in carrying out its functions and duties under this Declaration.

(j) "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Twin Creeks Townhomes as it may be amended and supplemented (by Supplemental Declarations) from time to time as herein provided.

(k) "Developer" shall mean and refer to Richland Hills Associates, LLC, its successors and assigns.

(l) "Improvement" or "Improvements" shall mean and include all buildings, roofed structures, decks, patios, parking areas, exterior recreational areas, recreational equipment and facilities, mailboxes, exterior antennae, dishes or other apparatus to receive or transmit television, radio, microwave or other signals, loading areas, trackage, fences, walls, hedges, mass plantings, poles, driveways, ponds, lakes, changes in grade or slope of a Lot, site preparation of a Lot, landscaping, swimming pools, tennis courts, signs, exterior illumination, changes in any exterior color or shape and any other exterior construction or exterior structure or other exterior improvement which may not be included in any of the foregoing. The definition of Improvements includes both original Improvements and all later changes and additions to Improvements.

(m) "Landscaped Rights-of-Way" shall mean the medians and other areas within public or private street rights-of-way within or adjoining the Property which are designated as Landscaped Rights-of-Way by Declarant.

(n) "Lot" shall mean and refer to any land which is located within the boundaries of the Blocks, (whether now existing or hereafter created) is intended for multi-family residential townhome use, and is shown as a numbered or lettered plot on any plat recorded in the office of the Register of Deeds of Franklin County, North Carolina which the Developer, CAMCO, the Declarant, or a subsequent owner of any portion of Phase II has recorded, or has caused to be recorded. As of the registration of this Declaration, each of the following is a "Lot": the numbered plots of land shown on Map Book 2006, Page 40, Map Book 2006, Page 288, and Map Book 2006, Page 289, all Franklin County Registry, and Block C, Block D, Block F, Block G, Block H, and Block J as shown on the Phase I Subdivision Plat (each such "Block" presently constituting a single "Lot"). "Lot" does not include property presently designed as "Common Area," "Open Space," or as "Phase II" on a recorded map. As of the recording of this Declaration, there are 22 existing Lots. Subsequent to the registration of this Declaration, the then-owner of Block C, Block D, Block F, Block G, Block H, Block J, Block I or the Phase II Property (or any portions thereof) may divide such property by duly approved and recorded plat, at which time each numbered plot of land shown on such recorded map shall prospectively be a "Lot."

(o) "Maintain" or "Maintenance" or any substantially similar term used in this Declaration, when applied to a power or duty of the Association shall mean and include, without limitation, the right to construct, install, repair, replace, improve, operate and use the improvement, or other item which is the subject thereof.

(p) "Master Declaration" shall mean and include that certain Declaration of Covenants, Conditions and Restrictions for Richland Hills recorded in Book 1327, Page 296 in the Office of the Franklin County Register of Deeds and in Book 010041, Page 00645 in the Office of the Wake County Register of Deeds. To the extent of any conflict between the Master Declaration and this Declaration, this Declaration shall be deemed to control.

(q) "Member" shall mean and refer to each Owner of a Lot who is a Member of the Association as provided in this Declaration.

(r) "Original Declarant" shall mean and refer to CAMCO, INC.

(s) "Owner" shall mean and refer to the owner of record as shown in the Franklin County, North Carolina Registry, whether one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

(t) "Person" shall mean and refer to any individual, corporation, partnership, association, trust or other legal entity.

(u) "Phase I" means that portion of the Base Acreage that is shown and more fully identified as Phase I on that certain plat entitled "Block Plat For Phase I Twin Creek Townhomes at Richland Hills" recorded in Book of Maps 2005, Page 72 in the Office of the Franklin County Register of Deeds.

(v) "Phase I Property" shall mean that portion of the Base Acreage denominated on the Phase I Subdivision Plat as "Phase I".

(w) "Phase II Property" shall mean all of the Base Acreage less and except the Phase I Property.

(x) "Property" shall mean the Base Acreage less and except (i) the Block I Lots, and (ii) the Phase II Property until such time as one or more of the Block I Lots or some or all of Phase II Property has been annexed into the Townhouse Development, at which time the term "Property" shall prospectively include such annexed property.

(y) "Roadway Medians" shall mean all areas within public or private street rights of way within or adjoining the Property that are not Landscaped Rights-of-Way and which have been designated as Roadway Medians by the Developer or the Declarant.

(z) "Subdivision" shall include the Richland Hills Subdivision as shown on plats thereof recorded by or with the consent of the Developer, the Original Declarant, or a Declarant in the Wake County, North Carolina Registry and the Franklin County, North Carolina Registry. For purposes of this Declaration, the Property being subjected to the Declaration is situated fully within Franklin County, North Carolina, however, the entire development, of which the Property is a part, is situated partially in Wake County, North Carolina and partially in Franklin County, North Carolina.

(aa) "Supplemental Declaration" shall have the meaning given in Article II, Section 4 of this Declaration.

(bb) "Unimproved Lots" means Block C, Block D, Block F, Block G, Block H, and Block J shown and more fully described on the Phase I Subdivision Plat.

ARTICLE II PROPERTY

Section 1. Property Made Subject to Declaration. The Phase I Property less and except Block I is hereby made subject to this Declaration and it shall be owned, held, leased, transferred, sold, mortgaged and/or conveyed by Declarant, the Association and each Owner subject to this Declaration and the terms, covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration.

Section 2. Annexation of Phase II Property by Declarant. All or any portion of the Phase II Property may be annexed by the Declarant on or before the Annexation Deadline without the consent of (1) Members; (2) any Owner of a Lot within the Townhouse Development; or (3) the Block I Owners, (4) any lender (including such lender's trustee) holding a deed of trust encumbering any Lot within the Townhouse Development or (5) the Association. Public roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise contiguous Phase II Property. Upon annexation of all or any portion the Phase II Property and accordingly subjecting such property to the terms and conditions of this Declaration, with regard to all or any part of the Phase II Property annexed by Declarant, Declarant shall have the right to make such modifications and/or additions to the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, including, without limitation, modifications and/or additions to the restrictions contained in Article VI hereof, but such modifications and/or additions shall not materially adversely affect the Phase II Property being annexed, and shall have no material adverse effect upon the properties previously subjected to this Declaration; provided, however, the voting rights and assessment obligations of Lots added shall be the same as the voting rights and assessment obligations of the Lots hereby made subject to this Declaration. With regard to any portion of the Phase II Property not annexed by Declarant, Declarant makes no representations with regard to the use of such property or the exterior appearance, design, size or intended purpose of any improvements now or hereafter erected on such property.

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Section 3. Annexation of the Block I Lots. The Block I Lots may be annexed by the Declarant in concert with one or more of the Block I Owners prior to the Annexation Deadline without the consent of (1) Members; (2) any Owner of a Lot within the Townhouse Development other than the Block I Owners; (3) any lender (including such lender's trustee) holding a deed of trust encumbering any Lot within the Townhouse Development or (4) the Association. Declarant shall have an absolute obligation to annex any or all of any Block I Lots should one or more of the Block I Owners request to be annexed into the Townhouse Development at any time prior to the Annexation Deadline.

Section 4. Contents of Supplemental Declaration. Each Supplemental Declaration shall be effective upon recordation in the Franklin County, North Carolina Registry and/or the Wake County, North Carolina Registry as applicable, and shall incorporate the provisions of this Declaration either by reference hereto or by fully setting out the provisions hereof. Such Supplemental Declaration need not be in any specific form (for example, it may be contained in a deed from Declarant conveying the real property being subjected to this Declaration), but shall clearly indicate the intention to subject the Phase II Property or any part thereof and the Block I Lots to this Declaration. A Supplemental Declaration may contain such other terms and conditions, not inconsistent herewith, as the parties subjecting the Phase II Property or the Block I Lots, as the case may be, to this Declaration, may agree upon.

Section 5. Merger or Consolidation. Upon a merger or consolidation of the Association with another association, which is a nonprofit corporation or other legal entity composed of owners of residential property (which merger or consolidation may occur under the provisions of applicable laws or the provisions of this Declaration not inconsistent with such applicable laws), the properties, rights and obligations of the Association may, by operation of the 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 the surviving corporation pursuant to a merger. The surviving or consolidated association shall be considered the Association and shall administer the terms and provisions of this Declaration and any applicable Supplemental Declaration affecting the portions of the Property in the jurisdiction of such Association, together with the covenants and restrictions established upon any other properties, as one scheme. The plan of merger or consolidation between the Association and any such other association may contain terms and provisions with respect to Common Area or Common Property owned by the Association or such other association as may be approved by the Association and such other association in the votes authorizing the merger and, to the extent that such provision may conflict with the provisions of this Declaration, the provisions contained in the approved plan of merger or consolidation shall control. No such merger or consolidation, however, shall affect any revocation, change or addition to the terms and provisions of this Declaration or any Supplemental Declaration pertaining, to the Property or any portion thereof except as specifically provided in this Declaration.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Each and every Owner of a Lot subject to this Declaration shall automatically be a Member of the Association.

Section 2. Classes of Voting Members. Subject to the rights of Declarant reserved in Section 4 of this Article, the Association shall have two classes of voting membership as follows:

Class A. Class A Members shall be all Owners of Lots, with the exception of Declarant until such time as Declarant's Class B Membership is converted to Class A Membership as provided in this Article. A Class A Member shall be entitled to one (1) vote for each Lot owned by such Class A Member at the time notice is given of the particular meeting at which Class A membership votes are eligible to be cast. Provided, when two (2) or more Persons own or hold interests in any Lot, all such Persons shall be Class A Members, and the one (1) vote for such Lot shall be exercised as they, among themselves, determine (including the division thereof into fractional votes), but in connection with any particular vote no more than one Class A Membership (1) vote shall be cast with respect to each Lot.

Class B. The Class B Member shall be the Declarant. The Class B Membership shall be entitled to seven (7) votes for each Lot owned by the Class B Member at the time notice is given of the particular meeting at which the Class B votes are eligible to be cast.

The Class B Membership shall terminate and be converted to Class A Membership upon the happening of the first to occur of the following:

(a) when the total votes outstanding in Class A Membership equal the total votes outstanding in the Class B Membership. Provided, however, and notwithstanding anything to the contrary that may appear herein or in the Master Declaration, if at any time prior to January 1, 2025, the Class B Membership terminates for the foregoing reason and thereafter Declarant subdivides a Block or annexes all or any part of the Phase II Property pursuant to Section 2 of Article II of the Declaration, such that, following such annexation, if votes are allocated to the Lots owned by Declarant at the rate of seven (7) votes per Lot that Declarant's total outstanding votes would exceed the total outstanding votes of the Class A Members, the Class B Membership shall be reinstated until such time as it again terminates due to one of the events of termination stated herein. Prior to January 1, 2025 or the voluntary termination of the Class B Membership by Declarant, whichever first occurs, there shall be no limitation on the number of times the Class B Membership may terminate and be reinstated in accordance with the provisions of this paragraph (a); or

(b) voluntary termination by Declarant; or

(c) January 1, 2025.

Membership shall be appurtenant to and may not be separated from ownership of any Lot, and the Board may make reasonable rules relating to the proof of ownership of a Lot.

Section 3. Voting, Quorum and Notice Requirements. Except as may be otherwise specifically set forth in this Declaration, the Articles or the Bylaws, the vote of the majority of the aggregate votes entitled to be cast by all classes of the Members present, or represented by legitimate proxy, at a legally constituted (duly called) meeting of the Association at which a quorum is present, shall be the act of the Members with respect to the matter that is the subject of such vote. The number of votes required to constitute a quorum shall be as set forth herein or in the Bylaws. Notice requirements for all action to be taken by the Members of the Association shall be as set forth herein or in the Bylaws.

Section 4. Termination of Membership. A Person's membership in the Association shall terminate automatically whenever such Person ceases to be an Owner, but such termination shall not release or relieve any such Person from any liability or obligation incurred under or in any way connected with the Association or this Declaration during the period of such Person's ownership of a Lot, or impair any rights or remedies which the Association or any other Member has with regard to such former Member.

ARTICLE IV PROPERTY RIGHTS IN THE COMMON AREA

Section 1. Owners' Easements of Enjoyment. Subject to the provisions of this Declaration (and subject to the provisions of any Supplemental Declaration or additional declaration which may be applicable and not inconsistent herewith), every Owner of a Lot subject to this Declaration shall have a right and easement of use and enjoyment in and to the Common Area or Common Property, which right and easement shall be appurtenant to and shall pass with the title to every Lot; PROVIDED, HOWEVER, such easement shall not give such person the right to make alterations, additions or improvements to any part of the Common Area or Common Property. Subject to the terms of this Declaration and the Bylaws, any Owner may delegate such Owner's right of use and enjoyment in and to the Common Area or Common Property to the members of such Owner's family, tenants or contract purchasers who reside on the Owner's Lot, or to such Owner's guests.

Section 2. Title to the Common Area or Common Property. Declarant shall subsequent to the recording of this Declaration, convey to the Association (by deed without warranty at Declarant's option) fee simple title to all real property portions of the Common Area or Common Property, if any, presently shown on any plat of any part or all of the Property recorded by Declarant or Original Declarant which conveyance shall be free and clear of all encumbrances and liens other than the lien of current taxes and assessments not in default and utility easements, other easements and encumbrances (not constituting a lien to secure the payment of money) and mineral interests outstanding and on record in Franklin County, North Carolina, and the terms and conditions of this Declaration and any applicable Supplemental Declaration. The Declarant shall convey to the Association other real property portions of the Common Area or Common Property shown on any maps of part or all of the Property recorded

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subsequent to the recordation of this Declaration prior to the conveyance of the first Lot (other than a Block) shown on any such map, such conveyance to be in accordance with and subject to the terms and conditions of this paragraph.

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

(a) The right of the Association to prescribe and enforce regulations governing the use, operation and maintenance of the Common Area or Common Property (including limiting the number of guests of Members who may use the Common Area or Common Property);

(b) Subject to the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present (but if the required quorum is not present at the first such meeting, subsequent meetings may be called subject to the same notice requirement, and the required quorum at the subsequent meetings shall be one-half (1/2) of the required quorum at the immediately preceding meeting) and which is duly called and held for the following purpose, the right of the Association to borrow money for the purpose of improving, repairing, replacing and maintaining the Common Area or Common Property and facilities and/or the Landscaped Rights-of-Way and/or the Roadway Medians and in connection with such borrowing to mortgage the Common Area or Common Property, provided the rights of such mortgagee in the Common Area or Common Property shall be subordinate to the rights of the Owners hereunder (Note: the term "mortgage" when used in this Declaration also includes a deed of trust and any other type of security interest in real or personal property);

(c) The right of the Association to take such steps as are reasonably necessary to protect the Common Area or Common Property against foreclosure;

(d) The right of the Association to suspend the voting rights and right to use Common Area or Common Property, if any, by an Owner for any period during which any assessment against such Owner's Lot remains unpaid; and for a period not to exceed one hundred twenty (120) days for any infraction of the Association's published rules and regulations;

(e) The right of the Association to charge reasonable admission and other fees for the use of the Common Area or Common Property;

(f) The Association shall, upon the request of any Owner of Block C, Block D, Block F, Block G, Block H, and Block J, convey to such Owner any portion of the Common Area upon which an unintentional or de minimus encroachment of an Improvement has then been constructed. Subject to the approval of any governmental entities or agencies whose approval is required therefor, the Association shall have the right to exchange portions of the Common Area or Common Property within Phase II with the Declarant for substantially equal (in acreage or value) portions of the Property within Phase II for the purpose of eliminating unintentional or de minimus encroachments of Improvements onto portions of the Common Area or Common Property; For purposes of this section (f) the term de minimus shall mean any encroachment if Improvements into the Common Area or Common Property less than ten (10) feet.

(g) Subject to the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a duly called meeting at which a quorum is present, the right of the Association to dedicate or transfer all or any part of the Common Area or Common Property to any public agency, authority, utility or other third party for such purposes and upon such conditions as the Board, or the Members who exercise the required affirmative vote (if the motion or resolution passed by such vote contains such conditions), may determine;

(h) Easements for drainage, storm water control or removal, utilities, signs and other matters shown on recorded plats of the Common Area or Common Property or created or reserved by Declarant pursuant to or simultaneously with the conveyance of such Common Area or Common Property by Declarant to the Association, and/or granted by the Association as permitted by this Declaration;

(i) Subject to the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a duly called meeting at which a quorum is present, the right of the Association to lease or transfer title to any part or all of the Common Area or Common Property to another nonprofit corporation or association organized and existing with respect to property owned by such corporation or association, for purposes substantially similar to the Association with respect to the Common Area or Common Property. Upon the approval of the Board, the Association may lease from or accept transfer of title from any such nonprofit corporation or association any part or all the property owned by such corporation or association;

Section 4. Leases of Lots. Any lease agreement between an Owner and a lessee for the lease of such Owner's Lot shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and the Articles and Bylaws of the Association, 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.

Section 5. Ingress and Egress. Notwithstanding anything to the contrary appearing in this Declaration, if ingress and egress to any Lot or the Phase II Property is through any part of the Common Area or Common Property, any conveyance or encumbrance of such part of the Common Area or Common Property shall be subject to an easement for ingress and egress for such Lot or the Phase II Property over and upon such portion of the Common Area or Common Property as is designated as a public or private street or right of way and shown on a recorded plat of such Common Area or Common Property or the Lot affected thereby or created or reserved by Original Declarant or Declarant in an instrument now or hereafter recorded in the Franklin County, North Carolina Registry.

Section 6. Initial Construction Easement. Notwithstanding anything to the contrary contained in this Article IV, Declarant, for itself, and its successors and assigns including any builder of townhouses on any Lot (collectively "Declarant Parties" and singularly a "Declarant Party"), shall have a construction easement over, upon, and across the Roads and any other Common Area or Common Property for the purposes of construction of residential structures (and related improvements) on Block C, Block D, Block F, Block G, Block H, Block J and the

Phase II Property, said easement to run in favor of each Declarant Party and its contractors and subcontractors, agents, employees, laborers, and materialmen. During the period of such use, neither the Owner of a Lot nor the Association shall exercise any easement rights they have in a manner that materially interferes with any such construction activities.

Notwithstanding the foregoing, in the event a Declarant Party or its agents, employees, contractors, subcontractors, designees, delegates, successors or assigns shall damage any part of the Common Area or Common Property in the course of such Initial Construction, or cause damage or loss to the Association or to any Owner, or any third party, then in either of such events, the said Declarant Party shall indemnify and hold the Association, each such Owner or third-party, as the case may be, harmless from and against any such damage or loss.

ARTICLE V ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. Subject to the terms and conditions of this Declaration, each Owner of a Lot subject to this Declaration, by acceptance of a deed or other conveyance therefor subsequent to the recording of this Declaration, whether or not it shall be so expressed in any such deed or other conveyance, is hereby deemed to covenant and agree (and such covenant further shall be deemed to constitute a portion of the purchase money and consideration for acquisition of the Lot), to pay to the Association (or to any Person which may be designated by the Association to receive such monies on behalf of the Association): (i) annual assessments or charges; (ii) special assessments for capital improvements or unusual or emergency matters; (iii) special individual assessments levied against an Owner to reimburse the Association for extra costs for maintenance and/or repairs caused by the failure of such Owner to maintain such Owner's individual Lot and Improvements thereon; and fines or penalties levied by the Association for violations of this Declaration or other rules or regulations established by the Association, all of such assessments and charges to be fixed, established and collected as hereinafter provided. The annual, special and special individual assessments, together with such interest thereon and costs of collection thereof (including, without limitation, reasonable attorney fees) as are hereinafter provided shall be a charge on the Lot and shall be a continuing lien upon each Lot against which each such assessment is made and shall also be the personal and continuing obligation of the Owner of such Lot at the time when the assessment became due. An Owner's personal obligation for payment of such assessments shall not pass to such Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used for the purposes of implementing and enforcing the terms and provisions hereof and of any Supplemental Declaration and promoting the beautification of Townhouse Development, the enjoyment, recreation, health, safety and welfare of the Owners of Lots, and in particular, but without limitation, for the (i) improvement, use, operation, repair, replacement and maintenance of the Common Area or Common Property, private streets, parking lots and sidewalks situated in the Common Area or Common Property and serving the Townhouse Development, Landscaped Rights-of-Way and original landscaping on private Lots; (ii) exterior maintenance of certain

improvements or facilities situated on the Lots, including but not limited to routine exterior maintenance of the townhome itself, such as exterior paint, roof shingles and gutters but excluding structural matters pertaining to the townhomes and also excluding heating and air conditioning units, interior maintenance of any kind and sidewalks and driveways situated wholly within the boundaries of a Lot; (iii) payment of hazard and public liability and other insurance of the Association; (iv) paying the costs of labor, equipment (including the expense of leasing any equipment) and material required for the Common Area or Common Property, the Roadway Medians and Landscaped Rights-of-Way, and the improvement, maintenance, repair, replacement, management, protection, preservation, use and supervision thereof; and (v) carrying out the purposes and duties of the Association as stated in its Articles and Bylaws and as stated in this Declaration.

Section 3. Maximum Annual Assessment and Annual Assessment. Through and including December 31, 2010, the maximum monthly assessment shall be set by the Board at a level consistent with the Association's needs to operate the Property in accordance with this Declaration and the Bylaws, based upon a duly adopted budget.

(a) The maximum annual assessment for the calendar year beginning January 1, 2011 and for successive calendar years thereafter, shall be established by the Board based upon the same criteria as is set forth above and may be increased by the Board without approval by the Membership for the Association by an amount per year not to exceed ten percent (10%) of the amount of the maximum annual assessment of the immediately preceding calendar year.

(b) The maximum annual assessment for the calendar year beginning January 1, 2011 and for each successive calendar year thereafter, may be increased without limit by the affirmative vote of two-thirds (2/3) of the votes of each class of Membership entitled to be cast by the Members present or represented by proxy at a duly called meeting of the Association at which a quorum is present. The provisions of this subsection shall not apply to nor be a limitation upon any change in the maximum annual assessment undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under this Declaration or its Articles or Bylaws or any applicable laws.

(c) Subject to the provisions of this Article V, the Board may fix the annual assessment at any amount not in excess of the maximum annual assessment allowed for the applicable calendar year.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized herein, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or Common Property, including fixtures and personal property related thereto, or original landscaping on private Lots, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Membership entitled to be cast by the Members present or represented by proxy at a duly called meeting of the Association at which a quorum is present. 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 5. Notice and Quorum For Actions Authorized Under Sections 3 and 4.

Written notice of any meeting of the Association called for the purpose of taking any action required to be taken by the Membership under the preceding Sections 3 and 4 of this Article shall be sent to all Members not less than thirty (30) days or more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members plus proxies entitled to cast sixty percent (60%) of the combined total number of votes of all classes of Membership shall constitute a quorum. If the required quorum is not present at the first such meeting, subsequent meeting(s) may be called subject to the same notice requirement, and the required quorum at the subsequent meeting(s) shall be one-half (½) of the required quorum at the immediately preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the immediately preceding meeting.

Section 6. Rate of Assessments.

(a) Both annual assessments and special assessments must be fixed at a uniform rate for all Lots. Annual assessments and special assessments may be collected on a monthly, quarterly, annual or other basis, as determined by the Board. The Board shall have the power at any time and from time to time, in its sole discretion and upon such terms and conditions as the Board deems appropriate, to allow percentage discounts to Owners who pay annual and/or special assessments earlier than would otherwise be required for such payments; provided, however, all such discounts shall be made available to and applied uniformly to the Owners of all Lots that are subject to the assessment to which the discount applies.

(b) The annual assessment for a Lot for which a certificate of occupancy has not been issued by the governmental authority having jurisdiction thereof at the time the Lot is conveyed by Declarant shall be in an amount equal to twenty-five percent (25%) of the annual assessment established by the Board until the earlier to occur of the following events at which time the full rate shall apply; (i) conveyance of such Lot to a buyer who will occupy or lease it as a residence or (ii) twelve (12) months after title to such Lot is transferred by Twin Creeks Holdings, LLC to a person, firm, company, corporation or other entity presently holding or previously having held a security interest in such Lot whether by deed in lieu of foreclosure or by way of foreclosure (including an assignee of the holder of the security interest).

Nothing contained herein shall serve to reduce the dues or assessments presently being paid by any Owner occupying or renting their Lots as a residence.

Section 7. Commencement of Assessments: Establishing the Amount: Due Dates:

Annual assessments shall commence at various times depending upon the current status of a particular Lot. For all Lots currently occupied by an Owner or a tenant of an Owner, assessments shall be due and payable at the maximum amount upon the recordation of this Declaration. For all Lots for which a certificate of occupancy has not been issued, assessments shall be payable in accordance with Section 6(b) above. As for Twin Creeks Holdings, LLC, it holds title to the Property for the sole purpose of correcting certain defects in title affecting the Property arising out of the Erroneous Declaration and for no other purpose. Accordingly, Twin

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Creeks Holdings, LLC shall have no liability or responsibility for the payment of any assessments levied against the Property.

A special assessment shall be applicable to each Lot subject to this Declaration at the time such assessment is established. The Board shall establish the amount of the annual assessment for the ensuing calendar year at least thirty (30) days in advance of the beginning of such year, and, if the amount of the annual assessment changes from the amount for the current year, the Board shall cause written notice of the new annual assessment to be sent to at least one of the Owners of each Lot subject to the assessment. Subject to any limitations contained in this Declaration, the Articles, the Bylaws or any applicable laws, the Board is empowered at any time and from time to time to establish the due dates and penalties for late payment of annual assessments and special assessments. The failure of the Board to establish the amount of any annual assessment as required herein shall not be a waiver or modification in any respect 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 is applicable, or a release of any Owner from the obligation to pay the annual assessment or any installment thereof for that or any subsequent year, and the annual assessment established for the immediately preceding calendar year shall continue in effect until the Board has established the new annual assessment.

Section 8. Certification of Assessments Paid. The Association (or any Person employed by the Association to assist in the management of the Association and collection of assessments and authorized to issue such certificate) shall, upon demand and for a reasonable charge or fee, furnish a certificate signed by an officer of the Association (or the Person or an officer, partner or agent of such Person having authority to issue such certificate) setting forth whether or not the assessments (whether annual or special) on a particular Lot have been paid. A properly executed certificate of the Association (or authorized Person) as to the status of the payment of such assessments shall be binding on the Association, as of the date of its issuance, with respect to the assessments addressed therein.

Section 9. Owner's Personal Obligation for Payment of Assessments. The annual assessments and special assessments provided for herein shall be the personal and individual debt of the Owner (as of the due date of the applicable assessment payment) of the Lot to which such assessments relate. No Owner shall be exempt from liability for such assessments by nonuse of such Owner's Lot(s) or the Common Area or Common Property of otherwise. In the event of default in the payment of any such assessment, the defaulting Owner shall be obligated to pay monthly late charges (either a fixed fee or interest on the amount of the assessment from the due date thereof until the date the assessment is paid or both) to be determined by the Board, together with all costs and expenses of collection, including reasonable attorney's fees.

Section 10. Assessment Lien and Foreclosure. All unpaid sums that have been assessed in the manner provided in this Article shall, together with the late charges as provided in this Declaration, plus the cost of collection (including reasonable attorney's fees), become a continuing lien and charge on the Lot and all Improvements thereon owned by the defaulting Owner as of the assessment due date, which shall bind such Lot and Improvements then in the hands of the Owner, and the defaulting Owner's heirs, devisees, personal representatives, successors, and assigns. Except as otherwise provided in this Declaration, the aforesaid lien

shall be superior to all other liens and charges against such Lot and the Improvements thereon. The Board shall have the power to subordinate the aforesaid assessment lien to any other lien, and such power shall be entirely discretionary with the Board. To evidence the aforesaid assessment lien, the Board may prepare a written notice of assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot and Improvements thereon covered by such lien, and a description of the Lot. Such notice shall be signed by an agent of the Association and shall be filed in the Office of the Clerk of Court of Franklin County, North Carolina. Such lien for payment of assessments shall attach with the priority above set forth from the date that such payment becomes delinquent and, subsequent to the public filing of such notice, the lien may be enforced by the foreclosure of the defaulting Owner's Lot and Improvements thereon by the Association in like manner as a deed of trust with power of sale on real property, or the Association may institute suit against the Owner personally obligated to pay the assessments, or the lien may be enforced by judicial foreclosure or the Association may pursue one or more of the foregoing remedies and/or may seek any other available remedy or relief. In any foreclosure proceeding, whether judicial or nonjudicial, the Owner shall be required to pay the costs, expenses, and reasonable attorney's fees incurred by the Association. The Association shall have the power to bid on the Owner's Lot and Improvements thereon at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same.

Section 11. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein against a Lot shall be subordinate and inferior to the lien of any first mortgage or deed of trust on such Lot; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the sale (whether public or private) of such Lot pursuant to the terms and conditions of any such mortgage or deed of trust. Such sale shall not relieve any new Owner of the Lot from liability for the amount of any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

Section 12. Properties Exempt from Assessments. The Common Area or Common Property and all portions of the Property owned by or otherwise dedicated or conveyed to any governmental entity shall be exempt from the assessments and liens for same created herein. In addition, if required by the governmental entity to whom such Common Area or Common Property or portion of the Property is being dedicated or conveyed such Common Area or Common Property or portion of the Property may be dedicated or conveyed free and clear of all of the terms, conditions and restrictions contained in this Declaration.

Section 13. Special Assessment for Emergency Situations. The Board shall have the authority to levy special assessments for unexpected repairs or improvements due to emergency situations including, but not limited to, natural disasters and fires. These special assessments shall not require approval of the Members and may be spread out over more than one year.

Section 14. Working Capital Fund. At the time of the closing of the sale of each Lot to the initial buyer who will occupy or lease it as a residence, a sum equal to at least two (2) months assessment for each Lot shall be collected and transferred to the Association as a contribution to reserve funds. The purpose of said fund is to insure that the Board will have adequate cash available to meet unforeseen expenses and to acquire additional equipment or

services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments.

ARTICLE VI PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the townhouses upon any Lot and placed on the dividing line between the townhouse Lots and all reconstruction or extensions of such walls, shall be subject to the general rules of law regarding party walls, lateral support in below-ground construction and/or liability for property damage due to negligence or willful acts or omissions.

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 party wall may restore it, and if the other Owners thereafter make use of the party wall, said Owners 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. Construction of Party Wall. The Owner of any Lot may construct, reconstruct, or extend a party wall in any direction (subject to and within the limitation of architectural control and other limitations of this Declaration) with the right to go upon the adjoining Lot to the extent reasonably necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot and Common Area to as near the same condition which existed on it before the commencement of such construction as is reasonably practicable.

Section 5. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who, by his negligence 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 6. Right to Contribution Runs with Property. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the Lot and shall pass to such Owner's successors in title.

Section 7. Certification by Adjoining Property Owner that No Contribution is Due. If any Owner desires to sell his Lot, he may, in order to assure a prospective purchaser that no adjoining property Owner has a right of contribution as provided in this Article VI, request of the adjoining property Owner or property Owners to execute and deliver to such Owner a certification that no right of contribution exists, whereupon it shall be the duty of each adjoining

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property Owner to make such certification immediately upon request and without charge; provided however that where the adjoining property Owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section 8. Litigation of Disputes. In the event of any dispute arising concerning a party wall, under the provisions of this Article, such dispute shall be settled by litigation in the Courts of Franklin County and the State of North Carolina. Notwithstanding the foregoing, nothing contained herein shall preclude the parties to such a dispute from mediating such dispute or from mutually agreeing to arbitrate such dispute.

ARTICLE VII POWERS AND DUTIES OF THE ASSOCIATION

Section 1. Powers and Duties of the Board. The Association, acting through its Board, for the mutual benefit of the Owners and of the Association, shall have the following powers and duties:

(a) The Association shall be responsible for the improvement, repair, replacement, use, operation and maintenance of the Common Area or Common Property, private streets, curbs and accesses, the Roadway Medians and the original landscaping on private Lots as provided in this Declaration, including, but not limited to, planting, mowing, pruning, fertilizing, preservation and replacement of the vegetation and landscaping in, and the upkeep and maintenance of sidewalks, sprinklers, sprinkler pumps, wells, signs, lighting, planting boxes, and other equipment, apparatus and improvements located in the Common Area or on the Common Property, private streets, curbs and accesses, the Roadway Medians and the original landscaping on private Lots or located in easements granted to or reserved by the Developer, the Original Declarant, the Declarant or the Association. With respect to the Roadway Medians, the foregoing responsibility is to such extent as the Board may determine, in its sole discretion, with consideration being given to the extent to which any governmental entity is responsible for carrying out maintenance of the same. The Association shall be responsible for the maintenance and repair (including painting, where appropriate) of roofs, gutters, exterior walls, siding, trim and decorative paintable surfaces of windows and doors of each dwelling and originally installed patios, decks and fences;

(b) The Association is empowered to enter into agreements with the appropriate governmental authorities or private parties to enable the Association to improve, repair, replace, use, operate and maintain the Common Area or Common Property, the Roadway Medians, original landscaping on private Lots, and easements or any portions thereof, and any other property not owned by the Association;

(c) The Association is empowered to make reasonable rules and regulations for the use and operation of the Common Area or Common Property, and to amend them from time to time; provided that any rule or regulation may be amended or repealed by an instrument in writing signed by the Members possessing seventy-five percent (75%) or more of the total

eligible votes of the Membership of the Association; provided further, prior to January 1, 2025, any such amendment must also be approved by Declarant before it may become effective;

(d) The Association is empowered to enter into agreements or contracts with utility companies with respect to utility installation, consumption and service matters relating to the Common Area or Common Property, the Roadway Medians, and the Association;

(e) The Association is empowered to borrow funds to pay costs of operation of the Association, which borrowing may be secured by assignment or pledge or rights against delinquent Owners or by liens on other Association assets, as determined by the Board;

(f) The Association is empowered to enter into contracts to maintain one or more bank accounts, and, generally, to have all the powers necessary or incidental to the operation and management of the Association;

(g) The Association is empowered to sue or defend in any court of law on behalf of the Association, and to employ attorneys and other necessary professionals in connection therewith;

(h) The Association shall, to the extent determined by the Board, provide adequate reserves for repairs and replacements of Common Area or Common Property, original landscaping on private Lots and Roadway Medians;

(i) The Association shall make available, to each Member making written request therefor, an annual financial report. Upon the written request of the Members possessing seventy-five percent (75%) or more of the total eligible votes of all the Members of the Association, to have such report audited (at the expense of the Association) by an independent certified public accountant. Such audit shall be performed at the expense of the Association and such audit report shall be made available to each Member making written request therefor;

(j) The Association shall make available for inspection by Owners and holders of first lien mortgages or deeds of trust secured by Lots, upon reasonable request and during normal business hours, current copies of this Declaration and all Supplemental Declarations, the Bylaws, the rules and regulations of the Association, and the books, records and financial statements of the Association;

(k) The Association is empowered to adjust the amount, collect, and use any insurance proceeds to repair damage to or replace Common Area or Common Property; and if the proceeds are insufficient to repair damage to or replace Common Area or Common Property, to levy special assessments (in the manner provided herein) to cover the deficiency;

(l) The Association is empowered to exercise all powers, duties and authority vested in or delegated to the Association by this Declaration, the Bylaws, or the Articles and not reserved to the Members, the Original Declarant, or the Declarant by other provisions of this Declaration, the Bylaws or the Articles;

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(m) The Association is empowered to employ a manager or firm to manage the business and property of the Association, and to employ independent contractors or other employees as the Board may deem necessary;

(n) The Association is empowered to retain the services of legal and accounting firms and charge the costs for such services to the Owners as a Common Expense;

(o) The Association is empowered to administer and enforce the provisions of this Declaration and any rules and regulations made hereunder and to enjoin and/or, in its discretion, seek damages or other relief from any Owner for violation of such provisions or rules;

(p) The Association is empowered to contract with any third party or any Owner (including, without limitation, Declarant) for performance, on behalf of the Association, for services which the Association is otherwise required to perform pursuant to the terms hereof, such contracts to be at competitive rates and otherwise upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association;

(q) The Association shall establish the amount of and provide for the collection of annual assessments and special assessments as provided for in this Declaration.

(r) The Association is empowered to establish from time to time the 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.

(s) The Association is empowered to contract with other nonprofit corporations or associations which exist for purposes substantially similar to those for which the Association exists with respect to the acquisition, lease, use, improvement, repair or maintenance of any property owned by such corporation or association;

(t) The Association is empowered to take any and all other actions and to enter into any and all other agreements as may be necessary or proper for the fulfillment of its obligations hereunder, for the operational protection of the Association and for the implementation and enforcement of the terms, covenants, conditions and restrictions contained in this Declaration or in any Supplemental Declaration.

Section 2. Liability Limitations. Neither the Declarant, nor any Member, the Board, any director on the Board, nor any member, manager or officer of Declarant or the Association shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Member, whether or not such other Member was acting on behalf of the Association or otherwise. Neither Declarant or the Association, nor any of the directors, officers, agents or employees of either shall be liable for any incidental or consequential damages for failure to inspect any property, premises, Improvements, or portions thereof or for failure to repair or maintain the same. The Declarant, the Association or any other Person liable to make such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any

premises, improvements or portions thereof. The Association shall, to the extent permitted by applicable law, indemnify and defend all Members of the Board and all Members of the Architectural Control Committee and others appointed by the Board from and against any and all loss, cost, expense, damage, liability, action or cause of action arising from or relating to the performance by the Board and such Architectural Control Committee and other committees of their duties and obligations except for any such loss, cost, expense, damage, liability, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified.

Section 3. Exchange of Common Area. The Association, acting through its Board, at any time and from time to time may exchange with Declarant, or with any Owner, or with any other Person with whom such an exchange is determined by the Board to be in the best interests of the Association, a portion of the Common Area or Common Property for a portion of the real property owned by the Declarant, such Owner or such Person, provided that the real property acquired by the Association in the exchange: (i) is free and clear of all encumbrances except for this Declaration and any applicable Supplemental Declaration and subdivision covenants, and easements for drainage, utilities, and sewers; (ii) is contiguous to a Lot or some portion of the Common Area or Common Property or a Roadway Median; and (iii) has approximately the same area and utility, or is of approximately the same market value, as the portion of the Common Area or Common Property exchanged; provided, further, such exchange does not materially adversely affect the private roads in the Subdivision, access or availability of utilities to any Lot or the Phase II Property. The real property so acquired by the Association shall be part of the Common Area or Common Property and, without further act of the Association or its Members shall be released from any provisions of this Declaration (or any applicable Supplemental Declaration or subdivision covenants) except those applicable to the Common Area or Common Property. The portion of the Common Area or Common Property so acquired by the Developer, Declarant, Owner or other Person, without further act of the Association or its Members, shall cease to be Common Area or Common Property and shall be subject to those provisions of this Declaration (and any applicable Supplemental Declaration and subdivision covenants) that would have been applicable to such real property had it been a Lot, except that, if such portion of the Common Area or Common Property is being acquired by a governmental entity, in like manner as provided in this Declaration for the conveyance or dedication of Common Area or Common Property to a governmental entity. Such Common Area or Common Property may be acquired by such governmental entity free and clear of all the terms, covenants, conditions and restrictions contained in this Declaration.

Section 4. Utility Service Contracts. Subject to the conditions set forth in this Declaration, in connection with the ownership and/or operation by the Association of any utility or water retention facility, the Association, shall have the power to enter into contracts with owners of real property located outside of the Subdivision to provide utility services to such owners or, in the case of water retention facilities, to allow such owners to use such facilities. All such contracts shall be subject to the following requirements or limitations:

(a) the services to be provided or the portion of the Association's facilities to be used under any such contract shall not reduce or adversely affect the level of services being provided to the Owners of Lots in the Subdivision;

(b) there shall be fees charged for such services or use of the Association's facilities which shall be no less (but may be more) than the fees charged to Owners of Lots in the Subdivision for use of the same services or facilities;

(c) the Association may not enter into any such contract unless the Board determines that it is in the best interests of the Association and the Owners of Lots in the Subdivision to do so.

ARTICLE VIII INSURANCE: REPAIR AND RESTORATION

Section 1. Right to Purchase Insurance. The Association is empowered to purchase, carry and maintain, in force, insurance covering any part or all of the Common Area or Common Property and Roadway Medians and any improvement thereon or appurtenant thereto and any other property of the Association, for the interest of the Association, the Board, its agents and employees, Declarant and its officers and employees, and of all Members of the Association, in such amounts and with such endorsements and coverage as the Board shall consider to be good, sound insurance coverage for similar properties. Such insurance may include, but need not be limited to:

(a) comprehensive public liability and property damage insurance on a broad form basis with respect to the Common Area or Common Property and/or Roadway Medians;

(b) coverage for the personal liability (if any) of the Declarant (and its officers, agents, employees and servants), the Board (and the individual Members thereof), the officers of the Association, the Architectural Control Committee and other committees appointed by the Board, the Owners and the Members;

(c) Fidelity bond for all officers and employees of the Association and other Persons having control over the receipt and disbursement of Association funds; and

(d) Worker's compensation insurance to the extent necessary to comply with applicable laws.

Section 2. Insurance Proceeds. Subject to any limitations imposed by any applicable financing documents, the Association shall use the net proceeds of casualty insurance recovered to repair and/or replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of casualty insurance paid to the Association remaining after satisfactory completion of repair and replacement shall be retained by the Association as part of the general reserve fund for repair and replacement of the Common Area or Common Property and/or Landscaped Rights-of-Way and/or Roadway Medians.

Section 3. Insufficient Proceeds. If the insurance proceeds are insufficient to repair or replace any loss or damage, the Association may levy a special assessment in the manner provided for in this Declaration, to cover the deficiency.

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ARTICLE IX
USE OF LOTS AND COMMON AREA - PROTECTIVE COVENANTS

Declarant reserves the right to waive, alter or modify each section of this Article provided that any waiver is to be in writing and recorded.

Section 1. Land Use and Building Type. Each Lot shall be used exclusively for attached townhouses, non-transient residential purposes and appurtenant Common Area or Common Property and, except as allowed by the terms of this Declaration, no building or other structure shall be constructed, placed or allowed to remain on a Lot that is subject to this Declaration, except one townhouse dwelling and a garage appurtenant thereto (if originally constructed with a garage) meeting the requirements contained in this Declaration and any subsequent architectural guidelines. Except as otherwise provided herein, no business activity or trade of any kind (other than activities related to development of the Subdivision by Declarant, installation and maintenance work by utility providers and Persons responsible for street maintenance, construction, alteration, repair, improvement, maintenance or replacement of a single-family residence, or improvement or maintenance of a Lot) shall be conducted on any Lot that is subject to this Declaration. Provided, however, and notwithstanding anything to the contrary that may appear herein: (i) Declarant, Declarant's agent, or any builder of townhouses on any Lot, subject to Declarant's approval, shall be permitted to erect and maintain sales offices, model homes and temporary construction or sales trailers or offices on any Lot subject to this Declaration owned by Declarant or such builder for the purpose of carrying on business related to the development, improvement and sale of Lots and the construction of townhouses within the Property. Provided, however, any such sales office, model home and temporary construction or sales trailer or office must be specifically approved by Declarant and must comply with all applicable governmental laws and regulations; and (ii) Declarant and any Person authorized by Declarant may conduct such business activities on any Lot as may be necessary in connection with Declarant's development and/or sales of any part or all of the Property, which has been subjected to this Declaration.

Section 2. Obstructions, etc. There shall be no obstruction of the Common Area or Common Property, nor shall anything be kept, stored, altered, constructed or planted in or on the Common Area or Common Property, or removed therefrom, without the prior consent of Declarant or the Association. Provided, however, Declarant and the Association shall have the right to install, place, repair, replace, and maintain signs in the Common Area or Common Property and to install, place, maintain, repair, replace in the Common Area or Common Property such materials, equipment and other apparatus as may be necessary to enable the Association to carry out its powers and duties under this Declaration.

Section 3. Restricted Actions by Owners. No Owner shall permit anything to be done or kept on such Owner's Lot or in the Common Area or Common Property which will result in the cancellation of or increase in cost of any insurance carried by the Association, or which would be in violation of any law or any rule or regulation established by the Association. No waste shall be committed in the Common Area or Common Property, except as may be necessary to enable Declarant or the Association to exercise any rights reserved to them

hereunder or except as may be necessary to enable to Association to carry out its powers and duties hereunder. Each Owner shall comply with all applicable laws, regulations, ordinances (including, but without limitation, zoning ordinances) and other governmental rules and regulations in regard to such Owner's Lot(s) and the Common Area or Common Property, and shall do so notwithstanding any attempted waiver or approval given by the Declarant or Architectural Control Committee under the terms of this Declaration.

Section 4. Nuisance and Other Matters. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No trade materials or inventories (other than materials used for construction of dwellings or other approved structures on the Lots) may be stored upon any Lot and no tractors, inoperable motor vehicles, rubbish, trash, or unsightly materials of any kind may be stored, regularly placed, or allowed to remain on any Lot (except that trash, leaves, tree limbs, materials for recycling pick-up and similar items) may be kept or placed on a Lot temporarily and only for such time as is reasonably necessary to enable the appropriate governmental or private entity to remove same from the Lot and inoperable motor vehicles may be stored on a Lot if the same are kept in an enclosed garage, meaning doors completely shut. Provided, however, trucks and/or other construction vehicles, materials and equipment may be allowed to remain on the Property temporarily during construction of roads, utilities and other improvements within the Property and during construction on a Lot of a residential townhome and/or other Improvements which have been approved for construction by Declarant or the Architectural Control Committee established by this Declaration (the temporary nature of the foregoing to be determined by the Declarant or by the Association or the Architectural Control Committee, which such right has been assigned by the Declarant to the Association or the Architectural Control 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 environmental laws of any governmental entity having jurisdiction over the Property may be kept or allowed to remain in or on the Property at any time, except as may be required to effectuate removal of such prohibited materials and substances. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted on the Property.

Section 5. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any portion of the Property or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes, that they do not create a nuisance (in the judgment of the Board), such as, but without limitation, by number, noise, odor, damage or destruction of property or refuse, and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina, the County of Franklin, the Town of Wake Forest, or other applicable governmental entity relating thereto; and (ii) such rules and regulations pertaining thereto as the Board may adopt from time to time.

Section 6. Signs. No sign of any kind shall be displayed to the public view on any Lot except for signs which are approved by Declarant and which are for one or more of the following purposes: (i) advertising the Lot for sale or rent; (ii) advertising the building contractor constructing improvements on the Lot during the initial construction and sales period; (iii)

identifying the sales office and/or model home of a building contractor who owns the Lot; (iv) identifying the subdivision or phase name and/or identifying the Lot number of a Lot; and (v) any other purpose approved by the Declarant (or by the Board after the Class B Membership terminates); provided, however, the foregoing limitations shall not act to restrict or prohibit Declarant or the Association or any applicable governmental entity from erecting, maintaining, repairing and replacing (and Declarant hereby reserves for itself, the Association and such governmental entities the right to erect, maintain, repair and replace) on a Lot or on the Common Area or Common Property, Landscaped Rights-of-Way, Roadway Medians and in any easements reserved or granted for such purposes, signs and billboards advertising the Townhouse Development or regulatory, street and directional signs. Notwithstanding the foregoing, all signs erected and maintained on any Lot must conform to all applicable governmental requirements. The Association shall be responsible for maintenance of all permanent street signs.

Section 7. Attachments. No permanent attachments of any kind or character whatsoever (including, but not limited to, television and radio antennas) shall be made to the roof or exterior walls of any residence on a Lot, unless such attachments shall have been first submitted to and approved by the Architectural Control Committee. No outdoor clotheslines shall be allowed on any Lot.

Section 8. Damage to the Common Area. Each Owner shall be liable to the Association and/or the Declarant for any damage to the Common Area or Common Property, Roadway Medians, and/or Landscaped Rights-of-Way caused by the negligence or willful misconduct of the Owner or such Owner's family members, tenants, guests, or invitees.

Section 9. Rules of the Association. All Owners and occupants of Lots shall abide by all rules and regulations adopted by the Association from time to time. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, including fines and penalties, and an Owner determined by the Board to have violated said rules and regulations shall be subject to immediate action by the Association or its Agents to correct or remove the violation.

Section 10. Boats, Recreational Vehicles, Trailers, etc. Neither a motorboat, houseboat or other similar waterborne vehicle, nor any airplane, nor any travel trailers, other trailers or "camper" vehicles may be maintained, stored or kept on any portion of the Property, except in (i) enclosed garages (meaning doors actually closed) or (ii) in areas(s) other than Owner Lots specifically approved and with screens or covers as specifically approved by the Declarant or Architectural Control Committee (in the absence of approval or disapproval by Declarant).

Section 11. New Construction. Except as otherwise provided in this Declaration, construction of new dwellings only shall be permitted on Lots, it being the intent of this covenant to prohibit the moving of any existing building onto a Lot and remodeling or converting same into a townhome dwelling. Provided, however, the foregoing shall not be construed as prohibiting remodeling of or constructing additions to existing buildings or structures on a Lot that have been previously constructed thereon in compliance with this Declaration.

No mobile home, modular home or other similar structure shall be erected, placed or allowed to remain on a Lot or on any part of the Property. No pre-engineered or pre-fabricated buildings may be erected, placed or allowed to remain on a Lot or on any part of the Property, without the prior approval of the Architectural Control Committee, except as allowed in Section 1 of this Article.

Section 12. Driveways. Construction of the driveway designed to serve the residential dwelling located on a Lot shall be completed prior to the occupancy of said dwelling. All vehicles, except for construction vehicles, must be parked in the driveway or in the garage, and not on other portions of a Lot in use by Owner. Maintenance of all driveways, are the responsibility of the Owner.

Section 13. On-Street Parking. The Owner of each Lot shall provide for adequate parking spaces on the Lot for vehicles of all types and all other apparatus designed for movement over and upon streets or highways (whether self-propelled or not) and regularly used by the residents of the townhome on the Lot. No automobiles, trucks, vans, travel trailers, other trailers or any other apparatus designed for movement over and upon streets or highways (whether self-propelled or not) shall be regularly parked on the streets within or adjoining the Townhouse Development, and motor vehicles licensed to carry more than two (2) tons shall not be permitted to park overnight or regularly on the streets, driveways or otherwise within the Townhouse Development, except that Declarant may allow such parking by any such vehicles used in connection with the construction of improvements within the Townhouse Development. In addition and supplemental to the prohibitions on parking set forth in this Declaration, the Board is empowered to promulgate and enforce rules and regulations, as approved by the Town of Wake Forest, relating to parking on the streets within or adjoining the Townhouse Development.

Section 14. No Temporary Structure. Except as otherwise expressly set forth in this Declaration, no structure of a temporary character, such as a trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a dwelling house.

Section 15. Landscaping. Except for the townhome residence, driveways, sidewalks and other Improvements on each Lot, the surface of each Lot shall be of undisturbed areas left in their natural state or grass or other live foliage or areas covered with mulch and/or other ground cover approved by the Architectural Control Committee, and such natural areas, grass, foliage, mulch and ground cover shall be neatly maintained at all times.

Section 16. Fences and Walls. Except as specifically approved in writing by the Architectural Control Committee, no fence, wall or hedge shall be erected, placed or altered in any Lot nearer to any street fronting such Lot than the front building corner of the main dwelling constructed on such Lot and shall not exceed the height approved by the Architectural Control Committee. All fences on Lots shall be maintained at all times in a structurally sound and attractive manner and in a good state of repair. All fences on Lots shall be of such materials and in accordance with such plans and specifications as are approved by the Architectural Control Committee and no fence shall be constructed, placed or allowed to remain on any Lot until the Owner thereof has obtained approval for such fence from the Architectural Control Committee and has obtained all other approvals required by this paragraph.

Section 17. Sight Line Limitations. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at a point twenty (20) feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight line limitations shall apply on any Lot within ten feet (10') from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersection unless the foliage line is maintained at sufficient height to prevent obstruction of sight lines.

Section 18. Antennae. No exterior antennae, earth satellite station, microwave dish or other similar improvements may be constructed, placed, maintained or allowed to remain on any Lot or in any improvement located on any Lot unless the same is no greater than twenty-four inches (24") in diameter and is screened by materials approved by the Architectural Control Committee so that it cannot be seen from any adjacent Lot.

Section 19. Gas Meters. No gas meters shall be set in the front of a residence on a Lot unless such meter is of an underground type or is screened in a manner approved by the Architectural Control Committee.

Section 20. Utilities and Utility Features. The following buildings, structures, utilities and other Improvements may be constructed or placed on a Lot and allowed to remain on a Lot only if the same are located either wholly inside the townhouse residence or garage on the Lot or wholly within an area that is walled, fenced or screened in a manner approved by the Architectural Control Committee: pens, yards and houses for pets; above ground garbage and trash cans or receptacles (unless by applicable governmental law or regulation the same must be located elsewhere); above ground and exterior air conditioning, heating and other mechanical equipment; and all other buildings, structures and objects determined by the Architectural Control Committee to be of a similar nature to the foregoing items or determined by the Architectural Control Committee to be of an unsightly nature or appearance. The Owners of the Lots shall be solely responsible for the proper storage, maintenance and any required placement of trash cans or receptacles for garbage collection.

All propane gas storage tanks and other storage tanks constructed or placed or installed on a Lot must be located wholly below ground.

Section 21. Utilities. Except as otherwise specifically approved by the Architectural Control Committee, all electric, telephone, water and sewer, natural gas and cable television utilities and utility connections shall be located underground or screened in such manner as is approved by the Architectural Control Committee. Transformers, electric, gas or other meters of any type, or other utility apparatus shall be contained within the buildings constructed on Lots or, if adequately screened in a manner approved by the Architectural Control Committee, the same may be located on the exterior of buildings.

Section 22. Governmental Requirements. Nothing herein contained shall be deemed to constitute a waiver of any governmental requirements applicable to any Lot and all applicable governmental requirements or restrictions relative to the location or construction of Improvements on a Lot and/or use and utilization of any Lot shall continue to be applicable and shall be complied with in regard to the Lots. Provided, that in any instance in which the provisions of this Declaration impose a more restrictive requirement than the applicable governmental requirements or restrictions, the provisions of this Declaration shall control.

Section 23. Firearms. The discharge of firearms on the Property is prohibited.

Section 24. Tree Removal. No trees shall be removed, except for diseased or dead trees and trees needing to be removed to promote growth of other trees or for safety reasons, unless approved by the Architectural Control Committee.

Section 25. Lighting. All exterior lights must be approved by the Architectural Control Committee.

ARTICLE X ARCHITECTURAL CONTROL

Section 1. General. Anything contained in this Declaration to the contrary notwithstanding, no site preparation on any Lot, no change in grade or slope of any Lot, no construction or placement of any building or exterior additions or alterations to any building situated upon a Lot, and no construction of or changes or additions to any other structure or Improvement on a Lot shall be commenced, nor shall any of the same be placed, maintained or allowed to remain, on any Lot until the "Architectural Control Committee: (appointed as hereinafter provided) has approved the plans and specifications therefor and the location of such Improvements.

Section 2. Composition. Through and including December 31, 2025, Declarant shall annually appoint the members of the Architectural Control Committee which will be composed of at least three (3) individuals (the exact number of members of the Architectural Control Committee to be designated by Declarant from time to time), each generally familiar with residential and community development design matters and knowledgeable about the Declarant's concern for a high level of taste and design standards. The members so appointed are appointed to serve for the next succeeding calendar year. In the event of the death or resignation of any member of the Architectural Control Committee, Declarant, for so long as it has the authority to appoint the members of the Architectural Control Committee, and thereafter, the Board, shall have full authority to designate and appoint a successor. No member of the Architectural Control Committee shall be liable for claims, causes of action or damages (except where occasioned by gross negligence or willful misconduct of such member) arising out of services performed pursuant to the Declaration. Subsequent to December 31, 2025 (and earlier if Declarant specifically assigns this right to the Board), the Board shall designate the number of and appoint the members of the Architectural Control Committee. At any time and from time to

time Declarant may assign to the Board its rights to appoint members of the Architectural Control Committee.

The Declarant (and the Board when applicable), in its discretion, may at any time and from time to time appoint two separate Architectural Control Committees, one for the purpose of reviewing plans, specifications and site plans for initial Improvements to be constructed or placed on a Lot, and another to review plans, specifications and site plans for subsequent new Improvements and changes in and additions to existing Improvements on a Lot, the specific division of such reviews to be as specified by the Declarant (or the Board when applicable). Each such Architectural Control Committee separately shall be subject to and shall comply with the provisions of this Declaration applicable to the Architectural Control Committee and the review of plans, specifications and site plans.

Section 3. Procedure. No exterior Improvement of any kind or nature shall be constructed, repaired, replaced, remodeled, placed or allowed to remain on any Lot until all plans and specifications therefor and a site plan therefor have been submitted to and approved in writing by the Architectural Control Committee, as to:

(a) type of materials, adequacy of site dimensions and facing of main elevation with respect to nearby streets;

(b) conformity and harmony of the external design, color, type and appearance of exterior surfaces and compatibility with existing Improvements within the Townhouse Development;

(c) location of the Improvement on a Lot and effect of location and use on neighboring Lots and Improvements situated thereon;

(d) provisions for handling water drainage;

(e) compliance with the provisions of this Declaration and compliance with any architectural guidelines that may be reasonably established from time to time by Declarant (or by the Board when the Board has the right to appoint the members of the Architectural Control Committee, or by the Architectural Control Committee, if such power is delegated to it by Declarant or the Board otherwise possessing such power).

Final plans and specifications for all Improvements proposed to be constructed on a Lot shall be submitted to the Architectural Control Committee for approval or disapproval in such format and in such numbers or sets [not to exceed three (3)] as the Architectural Control Committee may require. The Architectural Control Committee is authorized to request the submission of samples of proposed construction materials. At such time as the plans and specifications meet the approval of the Architectural Control Committee at least one complete set of plans and specifications shall be retained by the Architectural Control Committee and another complete set of plans and specifications shall be marked "Approved" and returned to the Lot Owner or such Owner's designated representative. Proposed Improvements that are consistent with then existing Improvements within the Townhouse Development in terms of the

requirements outlined in Subsections (a)-(c) above, and that otherwise comply with such requirements shall be entitled to approval by the Architectural Control Committee. If such plans and specifications are determined not to be in compliance with this Declaration, or if the same are otherwise unacceptable to the Architectural Control Committee because of inadequacy or noncompliance with respect to the provisions of this Section, one set of plans and specifications shall be returned to the Lot Owner marked "Disapproved," accompanied by a reasonable statement of items found not to be in compliance with this Declaration or otherwise unacceptable. Any modification or change in the plans and specifications submitted to and approved by the Architectural Control Committee must again be submitted to the Architectural Control Committee for its inspection and approval in accordance with requirements established by the Architectural Control Committee. The Architectural Control Committee's approval or disapproval, as required herein, shall be in writing.

The Declarant (or the Board, when the Board has the right to appoint members of the Architectural Control Committee, or the Architectural Control Committee, when such power has been delegated to it by the Declarant or the Board possessing such power), may from time to time adopt procedures for conducting the architectural reviews and other duties of the Architectural Control Committee, provided that such procedures do not conflict with the specific requirements of this Declaration.

The Declarant (or the Board, when the Board has the right to appoint members of the Architectural Control Committee, or the Architectural Control Committee, when such power has been delegated to it by the Declarant or the Board possessing such power) at any time and from time to time may establish architectural guidelines for one or more types of Improvements to be constructed on a Lot, which guidelines shall be fair and reasonable, and shall carry forward the spirit and intention of this Declaration. Although the Architectural Control Committee shall not have unbridled discretion with respect to taste, design and any standards specified herein or in such guidelines, said Architectural Control Committee shall be responsive to technological advances or general changes in architectural designs and materials and related conditions in future years and use its best efforts to balance the equities between matters of taste and design (on the one hand) and use of private property (on the other hand). Subject to the specific terms and conditions of this Declaration, different architectural guidelines may be promulgated and applied to different phases, or subdivisions, within the Project. Such guidelines shall supplement, but not supersede, the provisions of this Declaration and may be more (but not less) restrictive than the specific provisions of this Declaration. Provided, however, if there is a conflict between any such guideline and the specific provisions of this Declaration, any Supplemental Declaration or any recorded declaration of covenants, conditions and restrictions applicable to the Property, the provisions of this Declaration, such Supplemental Declaration or such other recorded declaration shall control.

Section 4. Jurisdiction. In addition to the foregoing, the Architectural Control Committee is authorized and empowered to consider and review any and all aspects of the construction of any Improvements on a Lot which may, in the reasonable opinion of the Architectural Control Committee, adversely affect the living enjoyment of one or more Owners or the general value of any Lot.

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Section 5. Enforcement. The Architectural Control Committee shall have a specific, nonexclusive right (but not an obligation) to enforce the provisions contained in this Declaration and/or to prevent any violation of the provisions contained in this Declaration by a proceeding at law or in equity against the person or persons violating or attempting to violate any such provisions.

Section 6. Failure of the Architectural Control Committee to Act. If the Architectural Control Committee fails to approve or disapprove any plans, specifications and other submittals which conform with the requirements for such submittals established as provided herein or to reject them as being inadequate or unacceptable within forty-five (45) days after submittal thereof to the Architectural Control Committee, and provided such submittal was a full and complete submittal of all items required by this Declaration and any applicable architectural guidelines to have been submitted to the Architectural Control Committee, it shall be conclusively presumed that the Architectural Control Committee has approved such conforming plans and specifications and other submittals, except that the Architectural Control Committee has no right or power, either by action or failure to act, to waive or grant any variances relating to any mandatory requirements specified in this Declaration, in any applicable Supplemental Declaration, or of any applicable governmental entity. If plans and specifications or other submittals are not sufficiently complete or are otherwise inadequate, the Architectural Control Committee may reject them as being inadequate or may approve or disapprove the same in part, conditionally or unconditionally, and reject the balance.

Section 7. Limitation of Liability. Neither the Architectural Control Committee nor the members thereof, nor Declarant, nor the Association, shall be liable in damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any plans or specifications.

Section 8. Miscellaneous. No member of the Architectural Control Committee shall be entitled to compensation for, or be liable for, claims, causes of action or damages (except where occasioned by gross negligence or arbitrary and capricious conduct) arising out of services performed pursuant to this Declaration. The Association may reimburse members of the Architectural Control Committee for reasonable out-of-pocket expenses.

ARTICLE XI EASEMENTS

Section 1. Easements Reserved by Declarant.

(a) Easements for installation, maintenance, repair, replacement, use, operation and removal of utilities, drainage facilities and impoundments are reserved by Declarant for itself, its successors and assigns, over, under and across the Lots (other than the portions thereof used as building sites), and in any event over no less than a ten foot (10') strip inside of and adjacent to the front and rear property boundaries and a five foot (5') strip inside of and adjacent to the side property boundaries of each Lot. Full right of ingress and egress shall be had by Declarant at all

times over the Lots (other than the portions thereof used as building sties) for the installation, use, operation, maintenance, repair, replacement or removal of any utility, drainage facility or impoundment, together with the right to remove any obstruction that may be placed in any easement that would constitute interference with the use of such easement, or with the use, installation, maintenance, repair, replacement, removal or operation of same. Assignees to whom Declarant reserves the right to assign and convey, in whole or in part, the easements reserved by it hereunder shall include, without limitation, the Association and one or more governmental entities or public utility companies.

(b) Declarant and the Association reserve the right to subject the Property to a contract 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 Owner.

Section 2. Easement Reserved for the Association. Full rights of ingress and egress shall be had by the Association at all times over and upon each Lot for the maintenance and repair of each Lot in accordance with the provisions hereof and for the carrying out by the Association of its rights, powers, duties and obligations hereunder; provided, that any such entry by the Association upon any Lot shall be made with as minimum inconvenience to the Owner as reasonably practicable, and any damage caused as a result of the gross negligence of the Association's employees or agents shall be repaired by the Association at the expense of the Association.

Section 3. Easement Reserved for Governmental Entities and Public Utilities. An easement is hereby established for applicable governmental entities and municipal, state or public utilities serving the Project, and their agents and employees, over all Lots and over the Common Area or Common Property hereby or hereafter established, for the purposes of (i) setting, removing and reading utility meters, (ii) constructing, maintaining, operating, repairing and replacing streets, utility or drainage connections, and (iii) acting for other purposes consistent with the public safety and welfare, including, without limitation, police and fire protection, the rights granted by such easements to be exercised in a reasonable manner and at reasonable times (except in the case of an emergency).

Section 4. Easements Shown on Recorded Maps. Declarant, for itself, its successors and assigns (including, without limitation, governmental entities, and the Association), and in addition to those easements reserved in this Declaration, hereby reserves easements in the locations and for the purposes shown and indicated on all maps of Lots subject to this Declaration that are recorded in the Franklin County and Wake County, North Carolina Registries as applicable.

Section 5. Easements for Initial Construction. Declarant, for itself, its successors and assigns, including any builder of townhouses on any Lot (collectively "Declarant Parties" and singularly "Declarant Party") and in addition to those easements reserved in this Declaration, hereby reserves easements in the Common Area or Common Property for the initial construction of townhouses (and related improvements) on Block C, Block D, Block F, Block G, Block H, Block J and Phase II. "Initial Construction" includes, without limitation, the storage of

construction materials, supplies, and equipment, the parking of construction vehicles, construction trailers, and portable toilets for workers.

Notwithstanding the foregoing, in the event a Declarant Party or its agents, employees, contractors, subcontractors, designees, delegates, successors or assigns shall damage any part of the Common Area or Common Property in the course of such Initial Construction, or cause injury to the Association on to any Owner, or any third party, then in either of such events, the said Declarant Party shall indemnify and hold the Association, each such Owner or third-party, as the case may be, harmless from and against any such loss or damage.

ARTICLE XII RIGHTS RESERVED BY THE DECLARANT

The following rights are hereby reserved unto the Declarant:

- (a) the right of the Declarant, acting alone, to annex Phase II or any portion thereof into the Townhouse Development;
- (b) the right of the Declarant and one or more of the Block I Owners, acting in concert, to annex one or more of the Block I Lots into the Townhouse Development;
- (c) the right to complete development of any unimproved Blocks or Lots in Phase I; and
- (d) the right to develop the Phase II Property, designate appurtenant Common Area or Common Property, connect to utilities existing within Phase I, and utilize any easements and Roads shown on a recorded map of any portion of the Property.

ARTICLE XIII MAINTENANCE

Section 1. Association's Responsibilities. The Association shall be responsible for the exterior maintenance and repair (including painting, where appropriate) of roofs, gutters, exterior walls, siding, trim and originally installed patios, decks and fences and decorative paintable surfaces of windows and doors of each townhouse dwelling, including but not limited to routine exterior maintenance of each townhouse itself, but excluding structural matters pertaining to the townhouses and also excluding heat and air conditioning units, interior maintenance of any kind and sidewalks situated wholly within the boundaries of a Lot and driveways benefiting a Lot, whether within the boundaries of the Lot or within adjacent Common Area. The Association shall be responsible for the maintenance of the Common Area or Common Property and for the maintenance of private streets, parking lots and sidewalks situated in the Common Area or Common Property and serving the Townhouse Development, alleys, Roadway Medians and Landscaped Rights of Way. In addition, the Association shall be responsible for maintaining (but not replacing) the grass, plants, shrubs, trees and landscaping,

(hereinafter the "Yard Improvements") installed by the Original Declarant, Declarant, or the Association, provided, however, the Association shall not be responsible for repair or replacement of any Yard Improvements when such repair or replacement is necessitated by work done by or at the request of any Owner or any utility company or governmental authority

Except as specifically provided for in this Article XIII, the Association shall have no responsibility to maintain or repair any townhouse or any portion thereof or for insuring any townhouse or other improvements on any Lot, and shall not be liable for any damage to any dwelling, except such damage caused by the Association, its duly authorized agents or employees.

The Association shall have the right, but not the obligation, by the affirmative vote of a majority of the Members of each Class, to accept certain items, areas or improvements on a Lot for maintenance by the Association, including, but not limited to, Yard Improvements installed by an Owner. Such acceptance shall be in writing and may be subject to such terms and conditions, including, but not limited to, a special assessment or increased annual assessment for that Lot, as the Association might establish in such written acceptance.

Section 2. Owner's Responsibility: Remedy for Owner's Failure to Maintain. Any maintenance on a Lot that is not the responsibility of the Association, whether by the terms of this Declaration or by written acceptance of same, shall be the responsibility of the Owner of such Lot, at such Owner's sole cost and expense. Such maintenance by an Owner shall include, but not be limited to the repair, maintenance and replacement of the driveway, windows, doors, and any other Yard Improvements installed by an Owner upon the Lot, and Yard Improvements, which are specifically excluded by the provisions of Section 1 of this Article XIII. Each Owner shall keep his Lot in an orderly condition and shall keep the improvements thereon in a suitable state of repair. In the event that any Owner shall fail to maintain and repair such Owner's Lot and/or such Improvements as required hereunder, the Association, in addition to all other remedies available to it hereunder or at law or in equity, and without waiving any of such alternative remedies, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements (including, without limitation, all Improvements) erected thereon; and each Owner (by acceptance of a deed for a Lot) hereby covenants and agrees to repay to the Association the cost thereof immediately and upon demand, and the failure of any such Owner to pay the same shall carry with it the same consequences as the failure to pay any assessment hereunder when due. The Association, at the cost of the Owner of the affected Lot, shall, if the Owner of such affected Lot fails to promptly (and in any event, within sixty (60) days following the date of the casualty) do so following the date of occurrence of the hereinafter described damage, cause any and all improvements situated upon a Lot which are damaged or destroyed by fire or other casualty to be repaired and/or removed so as not to present an unsightly appearance and/or unsafe condition, with the cost of same to be charged to and collected from the Owner in the manner provided in this Section.

Section 3. Enforcement. If any such Owner (or occupant of such Owner's Lot) has failed in any of the duties or responsibilities of such Owner as set forth in this Declaration, then the Association or Declarant may give such Owner written notice of such failure and such Owner

must, within ten (10) days after receiving such notice (which notice shall be deemed to have been received upon deposit in an official depository of the United States mail, addressed to the party to whom it is intended to be delivered, and sent by certified mail, return receipt requested), perform the care and maintenance required or otherwise perform the duties and responsibilities of such Owner. Should any such Owner fail to fulfill this duty and responsibility within such period, then the Association or the Declarant, acting through its authorized agent or agents, shall have the right and power to enter onto the premises and perform such care and maintenance without any liability to any Person for damages for wrongful entry, trespass or otherwise. The Owner of a Lot on which such work is performed shall be liable to the Declarant or the Association for the cost of such work, together with interest on the amounts expended by the Association or the Declarant in performing such work computed at the highest lawful rate from the date(s) such amounts are expended until repair, and for all costs and expenses (including attorney fees) incurred by Declarant or the Association in seeking the compliance of such Owner with the duties and responsibilities of Owners hereunder, and shall reimburse the Association or the Declarant, as the case may be, on demand for such costs and expenses (including attorney fees and interest). If such Owner shall fail to reimburse the Association or the Declarant, as the case may be, within thirty (30) days after the mailing to such Owner of a statement for such costs and expense by the Association or the Declarant, then, without limitation of any other rights of the Association or Declarant, the Association may issue a special assessment against such Owner, and may enforce and collect the same, as provided in the Sections of this Declaration relating to assessing, enforcing and collecting assessments.

ARTICLE XIV MISCELLANEOUS PROVISIONS

Section 1. Duration. This Declaration and the terms, covenants, restrictions and provisions set forth herein shall run with and bind the Property and shall inure to the benefit of the Declarant, and every Owner of a Lot, including Declarant, and their respective heirs, successors, and assigns, for a term beginning on the date this Declaration is recorded, and continuing through and including twenty-one (21) years. At such time, the easements, covenants, conditions and restrictions herein shall be automatically extended for successive period(s) of ten (10) years each unless, at a duly called annual or special meeting of the Association at which a quorum is present held prior to the expiration of the applicable time period, termination of this Declaration is approved by the affirmative vote of seventy-five percent (75%) or more of the votes entitled to be cast by the Members present or represented by proxy. A vote by the membership on termination of this Declaration may be held only upon presentation to the Association of a petition for termination signed by Members possessing no less than twenty-five percent (25%) of the total eligible vote of the membership of the Association, which petition, in the case of an annual meeting of the Association shall be presented to the Association prior to the date that notice of the annual meeting is sent to the Members. The Association shall give written notice of any annual or special meeting at which termination of this Declaration is to be considered and voted upon to all Owners at least thirty (30) days in advance of the date of such meeting, which notice shall set forth that termination of this Declaration will be considered and voted upon at such meeting. If the membership votes to terminate this Declaration, such termination shall be effective upon the expiration of the then

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applicable time period for which the Declaration is in existence, or shall be effective on such date thereafter as may be specific in the resolution of termination passed by the membership as required herein (it being the intention of this Section, notwithstanding anything to the contrary appearing herein, that if the membership has voted to terminate this Declaration, the membership may set a date of termination that may result in this Declaration continuing to be in effect for a period of less than ten (10) years following the expiration of a preceding time period in which this Declaration was in effect).

The quorum required at the annual or special meeting at which termination of this Declaration is to be considered by the membership pursuant to the petition filed with the Association shall be the presence of members plus proxies entitled to cast sixty percent (60%) or more of the total vote of the membership. If such quorum is not present, subsequent meeting(s) may be called until a quorum is present, subject to the same notice requirements, and the required quorum at such subsequent meeting(s) shall be one-half ($\frac{1}{2}$) of the required quorum at the immediately preceding meeting. If the Members vote to terminate this Declaration in accordance with the foregoing requirements, then the President and Secretary of the Association shall execute in recordable form a certificate which shall set forth at least the following information: the Resolution of Termination adopted by the Association; the date of the meeting of the Association at which such Resolution 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 Resolution terminating the Declaration; the total number of votes cast in favor of such Resolution; and the total number of votes cast against the resolution. Such certificate shall be recorded in the Franklin County, North Carolina Registry no later than thirty (30) days following the date such Resolution of Termination is passed by the membership, and such certificate may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Amendment. Subject to the limitations hereinafter contained, this Declaration or any Supplemental Declaration hereto may be amended or modified at any time prior to December 31, 2025 by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots subject to this Declaration, and thereafter by an instrument signed by the Owners of not less than sixty percent (60%) of the Lots subject to this Declaration. All such amendments must be recorded in the Franklin County, North Carolina Registry and shall not become effective until recorded. Notwithstanding anything to the contrary herein contained, no amendment to the Declaration or Supplemental Declaration shall be effective which shall impair or prejudice the rights or priorities of Declarant, the Association or of any institutional mortgagee on said Property without the specific written approval of such Declarant, Association and/or institutional mortgagee affected thereby. As long as Class B Membership exists, Declarant may amend this Declaration without the approval of any Member provided the amendment does not materially alter or change any Owner's right to the use and enjoyment of such Owner's Lot, and the amendment does not adversely affect title to any Lot, and during such period this Declaration or any Supplemental Declaration may not be amended without the written joinder of Declarant. Amendments including withdrawals of this Declaration for correction of errors or other nonmaterial changes may be made by Declarant alone as long as Class B Membership exists and by the Board thereafter without the need or consent of the

Owners, and provided a like but corrected Declaration is recorded in replacement of such erroneous Declaration.

Twin Creeks Holdings, LLC is conveying Block D to Branch Banking and Trust Company. Until such time as Branch Banking and Trust Company conveys Block D, no amendment to this Declaration shall be effective without having obtained the written consent thereto from Branch Banking and Trust Company, except for the annexation of the Block I Lots and all or any portion of the Phase II Property. Notwithstanding the foregoing, no written consent from Branch Banking and Trust Company shall be required after December 31, 2025.

Section 3. Dissolution or Insolvency of the Association. The Association shall be dissolved upon the termination of this Declaration, or upon the written assent given in writing and signed by not less than two-thirds (2/3) of the Members of each class of membership, or upon such more restrictive or additional conditions and in such manner as otherwise provided by the laws of the State of North Carolina. Upon dissolution or insolvency of the Association or upon loss of ownership of the Common Area or Common Property (once such ownership has been acquired) by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Area as allowed by the Declaration or by reason of merger and/or consolidation with any other association as allowed by this Declaration), any portion of the Common Area or Common Property 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 town of Wake Forest, 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 Area or Common Property and such assets were required to be devoted by the Association. If the town of Wake Forest or such other appropriate governmental entity or public agency accepts the offer of dedication, such portion of the Common Area or Common Property and assets shall be conveyed by the Association to the town of Wake Forest or such other appropriate governmental entity or public agency, subject to the superior right of the Owner of each Lot 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, and subject to all other applicable rights-of-way and easements and subject to ad valorem property taxes subsequent to the date of such conveyance.

In the event that the town of Wake Forest or such other appropriate governmental entity or public agency refuses the offer of dedication and conveyance, the Association may transfer and convey such Common Area or Common Property and assets to any nonprofit corporation, association, trust or any 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 Area or Common Property was required to be devoted by this Declaration, such conveyance to be made subject to the rights of Owners and other matters set forth in the immediately preceding paragraph.

Section 4. Enforcement. Declarant, the Association, and every Owner shall have the right to enforce the terms, covenants, conditions, restrictions, easements, charges and liens for which provision is made in this Declaration, which enforcement shall be by any proceeding at law or in equity (or otherwise, as provided in this Declaration) against any Person violating or

attempting to violate any such term, covenant, condition, restriction, easement, charge or lien 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, Declarant or any Owner to enforce any such term, covenant, condition, restriction, easement, charge or lien shall in no event be deemed a waiver of the right to do so thereafter or a waiver of any other or future violation of same.

Section 5. 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 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. It is hereby declared that said remaining paragraph, sections, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one of more other paragraph, sections, sentences, clauses or phrases shall become or be illegal, null or void.

Section 6. Notice. Except as otherwise provided herein, whenever written notice to an Owner (including Declarant) is required hereunder, such notice shall be given by the mailing of same, postage prepaid, to the address of such Owner appearing on the records of the Association.

Section 7. 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 hereof.

Section 8. Number and Gender. Whenever the context of this Declaration requires, the singular shall include the plural and one gender shall include all.

Section 9. No Exemption. No Owner or other party may exempt himself from the coverage hereof or obligations imposed hereby by non-use or abandonment of such Owner's Lot(s) or the Common Area or Common Property.

Section 10. Subdivision, Combination of Lots. Branch Banking and Trust Company or its successors and assigns may divide Block D into six (6) Lots or fewer. Otherwise no Lot shall be subdivided without the written consent of Declarant. With respect to Blocks owned by Declarant, such written consent shall be deemed given by Declarant's recording of a map subdividing a Block into Lots. One or more Lots may be combined into a single Lot with the written consent of Declarant and, upon such combination and consent of Declarant, the resulting Lot shall be considered as one Lot for the purposes of this Declaration. Provided, the foregoing shall not prohibit or restrict the right (which is hereby reserved) of Declarant to subdivide, combine, resubdivide, recombine, or rerecord maps relating to any Lots subject to this Declaration.

Section 11. Conflict Between Declaration, Articles and Bylaws. Whenever there exists a conflict between the provisions of this Declaration and the Articles or Bylaws, the

provisions of this Declaration shall control, and whenever there is a conflict between the provisions of the Articles and Bylaws, the provisions of the Articles shall control.

Section 12. Laws of North Carolina and the United States. This Declaration shall be subject to and construed in accordance with laws of the State of North Carolina and all applicable laws and regulations of the United States of America. Whenever there is a conflict between the provisions of this Declaration, any Supplemental Declaration or the Bylaws and any applicable laws of the State of North Carolina, the United States or any other governmental entity having jurisdiction over the Property, such laws shall control.

Section 13. Assignment. Declarant may by recorded instrument assign its rights, powers and reservations as Declarant hereunder to any Person who acquires any portion of the Base Acreage for present or future development purposes, including the prior record owner of the Phase II Property, CRM Mid-Atlantic, LLC (a "Qualified Person"). A Qualified Person shall evidence its consent in writing to accept such assignment and prospectively assume the duties and powers of Declarant until such time as such Qualified Person assigns the same to a successor Declarant. Each Declarant shall have the same rights and powers and be subject to the same obligations and duties as are imposed upon Twin Creeks Holdings, LLC hereunder, and the assigning Declarant shall prospectively be relieved thereof. The term "Declarant" as used in this Declaration refers to the Qualified Person then holding the position of Declarant by a duly recorded assignment. There shall be no limitation on the number of times the Declarant position may be assigned. As of the recording of this Declaration, Twin Creeks Holdings, LLC is the Declarant. A specimen Assignment of Declarant's Rights is attached hereto as Exhibit "C" and, upon its completion, execution, and recording, shall be sufficient to assign the Declarant position to the therein indicated Qualified Person.

Section 14. Recordation of Documents. Whenever there is any reference in this Declaration to the recordation of documents, unless there is a contrary reference associated therewith, the place of recordation shall be in the office of the Register of Deeds for Franklin County, North Carolina.

Section 15. Consent of Developer. Richland Hills Associates, LLC, the declarant under the Declaration of Covenants, Conditions and Restrictions for Richland Hills, recorded in Book 1327, Page 296, Franklin County Registry (hereinafter "Master Declaration"), hereby consents to the Declaration herein set forth in order to subject the Property to the Declaration and to impose a secondary association to Article I, Section 18 of the Master Declaration.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be signed in its company name by its duly authorized officers and its seal affixed hereto, the day and year first above written.

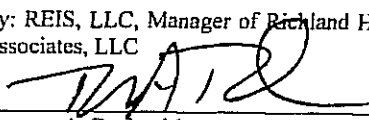
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TWIN CREEKS HOLDINGS, LLC
a North Carolina Limited Liability Company

By: 
James K. Pendergrass, Jr.,
Manager/Member

CONSENTED TO:
RICHLAND HILLS ASSOCIATES, LLC

By: REIS, LLC, Manager of Richland Hills
Associates, LLC

By: 
Thomas A. Beebe, Manager

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STATE OF NORTH CAROLINA
COUNTY OF Johnston

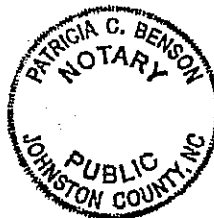
I, Patricia C. Benson, a Notary Public of the County and State aforesaid, certify that James K. Pendergrass, Jr., personally appeared before me this day and acknowledged that he is the Manager/Member of TWIN CREEKS HOLDINGS, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of the company, the foregoing instrument was signed in its name by its Manager/Member.

Witness my hand and official stamp or seal, this 2nd day of September, 2010.

Patricia C. Benson
Notary Public

Patricia C. Benson
Printed Name

My Commission Expires: 8-1-2014



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STATE OF NORTH CAROLINA

COUNTY OF Johnston

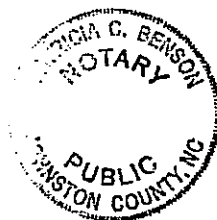
I, Patricia C. Benson a Notary Public of the County and State aforesaid, certify that Thomas A. Beebe, personally appeared before me this day and acknowledged that he is the Manager of REIS, LLC, Manager of Richland Hills Associates, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of the company, the foregoing instrument was signed in its name by its Manager.

Witness my hand and official stamp or seal, this 2nd day of September, 2010.

Patricia C. Benson
Notary Public

Patricia C. Benson
Printed Name

My Commission Expires: 8-1-2014



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Exhibit "A"

BEING all of Tract 1B (Townhome Area) containing approximately 15.7688 acres, more or less, as same is more particularly shown on that certain plat recorded in Book of Maps 2004, Page 1, Franklin County Registry.



NORTH CAROLINA

Department of The Secretary of State

To all whom these presents shall come, Greetings:

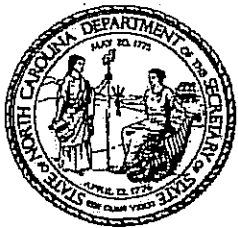
I, **ELAINE F. MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION

OF

TWIN CREEKS TOWNHOME OWNERS ASSOCIATION, INC.

the original of which was filed in this office on the 26th day of August, 2010.



IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal at the
City of Raleigh, this 26th day of August, 2010

Elaine F. Marshall
Secretary of State

Document Id: C201023820814

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SOSID: 1165054
 Date Filed: 8/26/2010 2:13:00 PM
 Elaine F. Marshall
 North Carolina Secretary of State
 C201023820814

ARTICLES OF INCORPORATION
 OF
 TWIN CREEKS TOWNHOME OWNERS ASSOCIATION, INC.

The undersigned natural person of the age of eighteen (18) years or more does hereby execute these Articles of Incorporation pursuant to the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act," and the several amendments thereto, and does hereby make, sign, and acknowledge these Articles of Incorporation, and to that end does hereby set forth:

ARTICLE I
NAME

The name of the corporation is TWIN CREEKS TOWNHOME OWNERS ASSOCIATION, INC. (hereinafter called the "Association").

ARTICLE II
REGISTERED OFFICE

The principal and registered office of the Association is located at 1511 Sunday Drive, Suite 220, Raleigh, North Carolina 27607.

ARTICLE III
REGISTERED AGENT

James K. Pendergrass, Jr., whose address is 1511 Sunday Drive, Suite 220, Raleigh, North Carolina, 27607, Wake County, is hereby appointed the initial registered agent of this Association.

ARTICLE IV
PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the Members thereof, and the specific purpose for which it is formed is to provide maintenance, preservation and architectural control of the Lots, Common Area and Common Property within that certain tract or property (herein referred to as the "Base Acreage") described on Exhibit "A" attached hereto and in that certain Declaration of Covenants, Conditions and Restrictions For Twin Creeks Townhomes executed by Twin Creeks Holdings, LLC ("Declaration") recorded contemporaneously with these Articles in the Office of the Register of Deeds of Franklin County, and to promote the health, safety, and welfare of the residents and other Owners within the above described Property and any additions thereto as may hereafter be brought within the jurisdiction of this Association. All capitalized terms not defined herein shall have the same meaning as they are given in the Declaration. To promote these purposes, the Association may:

- (a) Exercise all of the powers and privileges and to perform all of the duties and

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obligations of the Association as set forth in that certain Declaration of Covenants,

Conditions and Restrictions (hereinafter called the "Declaration") applicable to the Property and recorded, or to be recorded, in the Office of the Franklin County Register of Deeds and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) Fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses including all licenses, taxes or governmental charges levied or imposed against the Property of the Association;

(c) Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association, in accordance with the Wake Forest Town Code;

(d) Borrow money, and with the assent of two-thirds (2/3) of each class of Members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; provided the rights of such mortgagee shall be subordinate to the rights of the Lot Owners in the Common Area or Common Property;

(e) Dedicate, sell or transfer all or any part of the Common Area or Common Property or grant an easement or right-of-way across the Common Area or Common Property to any public agency, authority, utility or to any other person for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication, sale or transfer shall be effective unless it has been approved by two-thirds (2/3) of each class of Members, and any instrument properly executed by the Association has been recorded.

On any instrument of dedication, sale, transfer, easement, lease, right-of-way, mortgage, pledge, deed in trust or other hypothecation or other disposition of real or personal property, the Secretary of the Association shall certify that two-thirds (2/3) of the votes entitled to be cast of each class of Members have approved the action evidenced by the instrument, and that certificate shall be conclusive that the execution and delivery of such instrument was properly authorized by the Association and its Members and shall be relied upon and binding as to any third party or as to any grantee, its successors and assigns; provided, however, conveyance for general service utility purposes as specified in the Declaration may be made without consent of the Members, and the Association may execute an instrument of conveyance therefor without such certification;

(f) Have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Laws of the State of North Carolina by law may now or hereafter have or exercise.

ARTICLE V
MEMBERSHIP

Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject by Declaration to assessment by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation or trustees under a security instrument. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot which is subject to assessment by the Association.

ARTICLE VI
VOTING RIGHTS

Section 1. Classes of Voting Members. The Association shall have two (2) classes of voting membership as follows:

Class A. Class A Members shall be all Owners of Lots, with the exception of Declarant until such time as Declarant's Class B Membership is converted to Class A Membership as provided in this Article. A Class A Member shall be entitled to one (1) vote for each Lot owned by such Class A Member at the time notice is given of the particular meeting at which Class A membership votes are eligible to be cast. Provided, when two (2) or more Persons own or hold interests in any Lot, all such Persons shall be Class A Members, and the one (1) vote for such Lot shall be exercised as they, among themselves, determine (including the division thereof into fractional votes), but in connection with any particular vote no more than one Class A Membership (1) vote shall be cast with respect to each Lot.

Class B. The Class B Member shall be the Declarant. The Class B Membership shall be entitled to seven (7) votes for each Lot owned by the Class B Member at the time notice is given of the particular meeting at which the Class B votes are eligible to be cast.

The Class B Membership shall terminate and be converted to Class A Membership upon the happening of the first to occur of the following:

(a) when the total votes outstanding in Class A Membership equal the total votes outstanding in the Class B Membership. Provided, however, and notwithstanding anything to the contrary that may appear herein or in the Master Declaration, if at any time prior to January 1, 2025, the Class B Membership terminates for the foregoing reason and thereafter Declarant subdivides a Block or annexes all or any part of the Phase II Property pursuant to Section 2 of Article II of the Declaration, such that, following such annexation, if votes are allocated to the Lots owned by Declarant at the rate of seven (7) votes per Lot that Declarant's total outstanding votes would exceed the total outstanding votes of the Class A Members, the Class B Membership shall be reinstated until such time as it again terminates due to one of the events of termination stated herein. Prior to January 1, 2025 or the voluntary termination of the Class B Membership by Declarant, whichever first

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occurs, there shall be no limitation on the number of times the Class B Membership may terminate and be reinstated in accordance with the provisions of this paragraph (a); or

(b) voluntary termination by Declarant; or

(c) January 1, 2025.

Membership shall be appurtenant to and may not be separated from ownership of any Lot, and the Board may make reasonable rules relating to the proof of ownership of a Lot.

ARTICLE VII ANNEXATION OF PHASE II PROPERTY AND BLOCK I LOTS

Section 1. Annexation of Phase II Property by Declarant. All or any portion of the Phase II Property may be annexed by the Declarant on or before the Annexation Deadline without the consent of (1) Members; (2) any Owner of a Lot within the Townhouse Development; or (3) the Block I Owners, (4) any lender (including such lender's trustee) holding a deed of trust encumbering any Lot within the Townhouse Development or (5) the Association. Public roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise contiguous Phase II Property. Upon annexation of all or any portion of the Phase II Property and accordingly subjecting such property to the terms and conditions of this Declaration, with regard to all or any part of the Phase II Property annexed by Declarant, Declarant shall have the right to make such modifications and/or additions to the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, including, without limitation, modifications and/or additions to the restrictions contained in Article VI hereof, but such modifications and/or additions shall not materially adversely affect the Phase II Property being annexed, and shall have no material adverse effect upon the properties previously subjected to this Declaration; provided, however, the voting rights and assessment obligations of Lots added shall be the same as the voting rights and assessment obligations of the Lots hereby made subject to this Declaration. With regard to any portion of the Phase II Property not annexed by Declarant, Declarant makes no representations with regard to the use of such property or the exterior appearance, design, size or intended purpose of any improvements now or hereafter erected on such property.

Section 2. Annexation of the Block I Lots. The Block I Lots may be annexed by the Declarant in concert with one or more of the Block I Owners prior to the Annexation Deadline without the consent of (1) Members; (2) any Owner of a Lot within the Townhouse Development other than the Block I Owners; (3) any lender (including such lender's trustee) holding a deed of trust encumbering any Lot within the Townhouse Development or (4) the Association. Declarant shall have an absolute obligation to annex any or all of any Block I Lots should one or more of the Block I Owners request to be annexed into the Townhouse Development at any time prior to the Annexation Deadline.

Section 3. Contents of Supplemental Declaration. Each Supplemental Declaration shall be effective upon recordation in the Franklin County, North Carolina

Registry and/or the Wake County, North Carolina Registry as applicable, and shall incorporate the provisions of this Declaration either by reference hereto or by fully setting out the provisions hereof. Such Supplemental Declaration need not be in any specific form (for example, it may be contained in a deed from Declarant conveying the real property being subjected to this Declaration), but shall clearly indicate the intention to subject the Phase II Property or any part thereof and the Block I Lots to this Declaration. A Supplemental Declaration may contain such other terms and conditions, not inconsistent herewith, as the parties subjecting the Phase II Property or the Block I Lots, as the case may be, to this Declaration, may agree upon.

Section 4. Title to the Common Area or Common Property. Declarant shall subsequent to the recording of this Declaration, convey to the Association (by deed without warranty at Declarant's option) fee simple title to all real property portions of the Common Area or Common Property, if any, presently shown on any plat of any part or all of the Property recorded by Declarant or Original Declarant which conveyance shall be free and clear of all encumbrances and liens other than the lien of current taxes and assessments not in default and utility easements, other easements and encumbrances (not constituting a lien to secure the payment of money) and mineral interests outstanding and or record in Franklin County, North Carolina, and the terms and conditions of this Declaration and any applicable Supplemental Declaration. The Declarant shall convey to the Association other real property portions of the Common Area or Common Property shown on any maps of part or all of the Property recorded subsequent to the recordation of this Declaration prior to the conveyance of the first Lot (other than a Block) shown on any such map, such conveyance to be in accordance with and subject to the terms and conditions of this paragraph.

ARTICLE VIII BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of not less than three (3) nor more than nine (9) Directors, who shall be qualified as set forth in the Bylaws. The

initial Board shall be comprised of three (3) Members. The number of directors may be changed by amendment of the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Bernard Richards, Jr.	1511 Sunday Drive, Suite 220 Raleigh, North Carolina 27607
Patricia C. Benson	1511 Sunday Drive, Suite 220 Raleigh, North Carolina 27607
James K. Pendergrass, Jr.	1511 Sunday Drive, Suite 220 Raleigh, North Carolina 27607

ARTICLE IX
DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of Members. Upon dissolution of the Association, other than pursuant to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for the purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization devoted to such similar purposes.

ARTICLE X
DURATION

The corporation shall exist perpetually.

ARTICLE XI
AMENDMENTS

Amendment of these Articles shall require the assent of seventy-five (75%) of the entire membership; provided that should additional property later be brought within the jurisdiction of this Association, pursuant to the Declaration, it shall not be necessary to amend these Articles to reflect such additional property.

ARTICLE XII
FHA/VA APPROVAL

As long as there is a Class B membership, and should the Property be qualified for federal loan guarantee programs, the following actions will require the prior written approval of the Federal Housing Administration or the Veterans Administration, as the case may be:

mergers and consolidation, mortgaging of Common Area or Common Property, dedication of Common Area or Common Property and dissolution and amendment of these Articles.

ARTICLE XIII
TERMS

The terms used herein shall be those meanings as defined in the Declaration.

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ARTICLE XIV
INCORPORATOR

Name

Address

James K. Pendergrass, Jr.

P. O. Drawer 33809
Raleigh, North Carolina 27636

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of North Carolina, the undersigned, constituting the incorporator of this Association, has executed these Articles of Incorporation, this 26th day of August, 2010.



James K. Pendergrass, Jr. (SEAL)

[ACKNOWLEDGMENT FOLLOWS ON NEXT PAGE]

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STATE OF NORTH CAROLINA

COUNTY OF Wake

I, Jillian K Daneau, a Notary Public in and for the said County and State, do hereby certify that James K. Pendergrass, Jr. personally appeared before me this day and executed the foregoing instrument.

Witness my hand and official seal, this 26th day of August, 2010.
Jillian K Daneau
Notary Public

Jillian K Daneau
Print Name

My Commission Expires: 4-2-2013



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Exhibit "A"

BEING all of Tract 1B (Townhome Area) containing approximately 15.7688 acres, more or less, as same is more particularly shown on that certain plat recorded in Book of Maps 2004, Page 1, Franklin County Registry.

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EXHIBIT "C"

ASSIGNMENT OF DECLARANT RIGHTS

Prepared by and Mail to:

NORTH CAROLINA – FRANKLIN COUNTY

THIS ASSIGNMENT OF DECLARANT RIGHTS ("Assignment") is entered into and made effective the ____ day of _____, 2010, by and between **TWIN CREEKS HOLDINGS, LLC**, a North Carolina limited liability Company ("Assignor"), Post Office Drawer 33809, Raleigh, NC 27636, and **CRM MID-ATLANTIC PROPERTIES, LLC**, a Georgia limited liability company ("Assignee"), 303 Peachtree Street, NE, Suite 3600, Atlanta, GA 30308.

RECITALS:

A. Twin Creeks Holdings, LLC caused to be recorded the Declaration of Covenants, Conditions and Restrictions for Twin Creeks Townhomes in Book _____, at Page _____ in the office of the Register of Deeds of Franklin County, North Carolina (the "Declaration") on or about _____, 2010. The capitalized terms used in this Assignment shall have the same meaning as defined in the Declaration unless otherwise defined herein or the context otherwise requires.

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B. The Declaration designated Twin Creeks Holdings, LLC as the "Declarant" and created, reserved, and conferred upon Declarant certain rights, powers, and reservations.

C. Assignor is the present "Declarant" of record under the Declaration.

D. Article XIV, Section 13 of the Declaration authorizes a Declarant's assignment of the position of "Declarant" to any Qualified Person.

E. Assignor has conveyed certain property in Twin Creeks Townhomes to Assignee for present or future development purposes, and desires to transfer the position of "Declarant" to Assignee, and Assignee desires to accept such assignment.

NOW, THEREFORE, pursuant to and in accordance with Article XIV, Section 13 of the Declaration, Assignor does hereby assign, transfer, and convey to Assignee, its successors and assigns, all rights, powers and reservations of "Declarant" as more particularly defined and set forth in the Declaration.

This Assignment is made expressly subject to the other provisions set forth in the Declaration, and this Assignment is executed with the intent that Assignee shall from the recording of this "Assignment of Declarant Rights" be the Declarant as more particularly set forth in the Declaration. This includes, without limitation, Class B Membership. Assignee executes this Assignment to accept the assignment of the Declarant's position. All references to "Declarant" in the Declaration shall prospectively be to Assignee unless the context clearly indicates otherwise. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, successors, and assigns.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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IN TESTIMONY WHEREOF Assignor and Assignee have caused this Assignment to be executed as of the day and year first written.

ASSIGNOR:

TWIN CREEKS HOLDINGS, LLC,
a North Carolina limited liability company

By: _____
Name: _____
Title: _____

_____ County, North Carolina

I certify that the following person personally appeared before me this day, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ of
TWIN CREEKS HOLDINGS, LLC.

Date: _____
_____, Notary Public
(print or type name)
(affix official seal) My commission expires: _____

8/6/16

ASSIGNEE:

CRM MID-ATLANTIC PROPERTIES, LLC
a Georgia limited liability company

By: _____
Name: _____
Title: _____

_____ County, State of _____

I certify that the following person personally appeared before me this day, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____, _____ of
CRM MID-ATLANTIC PROPERTIES, LLC.

Date: _____
_____, Notary Public
(print or type name)

(affix official seal) My commission expires: _____