Bedford at Falls River

Sub Association List

Community Name	Management Information	Street Addresses
Clock Tower	William Douglas Management 919-459-1860 Katie Jessup kthames@wmdouglas.com	Cloud Mist Circle
Commons	Towne Properties Danielle Flippo (919) 878-8787 Danielleflippo@towneproperties.com	Bankshill Road Lofty Heights Place Shadow Elms Lane Sunny Corners Court Willow Pines Place
Georgetown (Phase 25)	PPM Kat Zollinger Kat@ppmral.com 919.848.4911	Happy Lane Saint Paul's Square
Towns	Charleston Management Dawn Lynn Crawford (919) 847-3003 dcrawford@charlestonmanagement.com	Cheery Knoll Settle In Lane Winding Waters
Management Company for Villas Villas	Associa HWR, Inc. Betsy Dienes 919.786.8015 edienes@hrw.net	Edmundson Avenue Shadow Pines Street Van Hessen Drive
Vineyard	PPM Kat Zollinger Kat@ppmral.com 919.848.4911	All Points View Way (4720, 4722, 4724) Bouncy Day Court Brimming Lake Court Dunlin Lane(2300-2307) Flowerbed Court

Any Architectural Requests from properties that belong to a sub-association MUST be forwarded to the sub-association contact for review. The results of the sub-association review MUST be provided along with the application to the Master Bedford ARC.

Enhanced Limited Warranty
Registration Information

Associa
104 State Ave Ste 100
Clayton, NC 27520

Subject: Your GAF Golden Pledge® Limited Warranty

Thank you for choosing GAF Roofing Products to protect your property.

Carolina Roofing & Vinyl Siding LLC, a GAF Factory Certified Contractor, has registered your GAF Golden Pledge® Limited Warranty, and addendum(s) if applicable, on your behalf. We hope you enjoy the peace of mind that comes from protecting the roof that protects your property.

Please keep this document in a safe place, as you will need it in the unlikely event that you need to make a claim, or if you should sell your property and would like to transfer your warranty to the new owner.

As a customer who has chosen a premium product, a top contractor, and excellent protection, your opinion means a lot to us. We are constantly striving to provide you with the best product and experience. Please take a moment to leave a review by just scanning the QR Code displayed below or by clicking this link.

https://rwr.gaf.com/410468879

Please feel free to contact us if you have any questions. Again, thank you very much for choosing GAF, the best choice in roofing!

Sincerely
Certified Contractor Services

GAF Enhanced Limited Warranty Registration Information

Warranty: Golden Pledge®

Installation Date: 06/23/2025

Installed: Steep Slope 73 Squares
Property: Villas at Bedford

Address: 10631 - 10637 Edmundson Avenue
Raleigh, NC 27614

Contractor: Carolina Roofing & Vinyl Siding LLC
Address: 104 State Ave Ste 100
Clayton, NC 27520

Phone: 919 553-7663

Products Installed:

Timberline HDZ®,
StainGuard®,
WeatherWatch®,
FeltBuster®,
Pro-Start®,
Cobra® Rigid Vent 3™,
Seal-A-Ridge®,

410468879

Warranty Registration #

We protect what matters most™

Golden Pledge® Limited Warranty for Commercial and Multi-Family Properties

The Legal Stuff

What Is Covered/Excluded. This *Golden Pledge® Limited Warranty* covers certain GAF roofing products installed on your roof (the "GAF Products") including GAF Asphaltic Shingles, GAF Ridge Cap Shingles, GAF Starter Strip Shingles, GAF Leak Barrier Products, GAF Roof Deck Protection Products, GAF Cobra® Attic Ventilation Products, GAF Master Flow™ Attic Exhaust Ventilation Products, GAF Master Flow™ Pivot™ Pipe Boot Flashing, and GAF Seam Tape for Roof Decks, in the unlikely event that they contain a manufacturing defect. Misapplication of your GAF Products and flashings at valleys, dormers, chimneys, and plumbing vents (the "Covered Flashings") is also covered. Note: This limited warranty does not cover low-slope membranes, other Master Flow™ Ventilation Products, or GAF ThermaCal® Ventilated Nail Base Roof Insulation. Please go to gaf.com for a copy of the limited warranties covering these products.

How Long Your Warranty Lasts

GAF Shingles	**Manufacturing Defect Coverage**		**Wind Warranty Coverage**		**Algae Warranty Coverage**		**Misapplication Coverage**
	Limited Warranty Term	**Smart Choice® Protection Period****	**Limited Warranty Term**	**Wind Speed Coverage (mph / km/h)**	**Limited Warranty Term**	**Smart Choice® Protection Period****	
Designer Lifetime† Shingles	40 Years	25 Years	15 Years	With Special Installation***: 130/209 Without Special Installation***: 110/175	StainGuard Plus™: 25 Years	StainGuard Plus™: 15* / 10 Years	25 Years
LayerLock®-labeled Timberline® Shingles	40 Years	25 Years	15 Years	**WindProven™ Limited Wind Warranty******: No maximum wind speed. For all other installations: With Special Installation***: 130/209 Without Special Installation***: 110/175	StainGuard Plus PRO™: 30 years StainGuard Plus™: 25 Years	StainGuard Plus PRO™ & StainGuard Plus™: 15* / 10 Years	25 Years
All Other GAF Lifetime† Shingles	40 Years	25 Years	15 Years	With Special Installation***: 130/209 Without Special Installation***: 110/175	StainGuard®: 10 Years	StainGuard®: 1 Year	25 Years
Marquis WeatherMax®	30 Years	20 Years	15 Years	80/130	No coverage	No coverage	20 Years
Royal Sovereign®	25 Years	20 Years	15 Years	60/96	StainGuard®: 10 Years	StainGuard®: 1 Year	20 Years

GAF Ridge Cap Shingles	**Manufacturing Defect Coverage**	**Wind Warranty Coverage**		**Algae Warranty Coverage**		**Misapplication Coverage**
		Limited Warranty Term	**Wind Speed Coverage (mph / km/h)**	**Limited Warranty Term**	**Smart Choice® Protection Period****	
TimberTex®, Ridglass®, or Timber-Crest®	**Limited Warranty Term** and **Smart Choice® Protection Period**** lasts as long as the warranty for manufacturing defects for the type of shingle installed in the field of the roof.	15 Years	With Special Installation***: 130/209 Without Special Installation***: 110/175	StainGuard Plus™: 25 Years	StainGuard Plus™: 15*/ 10 Years	**Misapplication Coverage Term** lasts as long as the **Misapplication Coverage Term** for the type of shingle installed in the field of the roof.
Seal-A-Ridge®, Seal-A-Ridge® AS			90/144			
Z® Ridge			With Special Installation***: 90/144 Without Special Installation***: 70/112			

GAF Starter Strip Shingles	**Manufacturing Defect Coverage**	**Wind Warranty Coverage**	**Algae Warranty Coverage**		**Misapplication Coverage**
			Limited Warranty Term	**Smart Choice® Protection Period****	
StarterMatch® Starter Strip Shingles	**Limited Warranty Term** and **Smart Choice® Protection Period**** lasts as long as the warranty for manufacturing defects for the type of shingle installed in the field of the roof.	No coverage	StainGuard Plus™: 25 Years	StainGuard Plus™: 15* / 10 Years	**Misapplication Coverage Term** lasts as long as the **Misapplication Coverage Term** for the type of shingle installed in the field of the roof.
All Other GAF Starter Strip Shingles			No coverage	No coverage	

Other GAF Accessories	**Manufacturing Defect Coverage**	**Wind Warranty Coverage**	**Algae Warranty Coverage**	**Misapplication Coverage**
GAF Leak Barrier Products GAF Roof Deck Protection Products GAF Roof Deck Seam Tape GAF Cobra® Attic Ventilation Products GAF Master Flow™ Non-Powered Attic Exhaust Ventilation Products	**Limited Warranty Term** and **Smart Choice® Protection Period**** lasts as long as the warranty for manufacturing defects for the type of shingle installed in the field of the roof.	No coverage	No coverage	**Misapplication Coverage Term** lasts as long as the **Misapplication Coverage Term** for the type of shingle installed in the field of the roof.

Other GAF Accessories	**Manufacturing Defect Coverage**	**Wind Warranty Coverage**	**Algae Warranty Coverage**	**Misapplication Coverage**
GAF Master Flow™ Powered Attic Exhaust Ventilation Products	**Limited Warranty Term** and **Smart Choice® Protection Period**** lasts as long as the warranty for manufacturing defects for the type of shingle installed in the field of the roof, except that Motorized, Solar, and Electronic Components and Wi-Fi Connectivity (if applicable) are covered for the warranty term stated in the *GAF Master Flow™ Powered Attic Exhaust Ventilation Products Limited Warranty Addendum*	No coverage	No coverage	**Misapplication Coverage Term** for GAF Accessories lasts as long as the **Misapplication Coverage Term** for the type of shingle installed in the field of the roof.

† The word "Lifetime" means as long as you, the original owner(s) [or the second owner(s) if coverage was properly transferred within the first 20 years], own the property where the shingles and/or accessories are installed. The Lifetime warranty term and 50-year non-prorated period is applicable only to shingles and accessories installed on a single-family detached residence owned by individuals such as buildings owned by a corporation, with: governmental entity, religious entity, or condominium or homeowner association, including but not limited to any school(s), apartment buildings(s), or multi-use structure(s), etc. ("Other Buildings"), the length of the warranty is 40 years and the non-prorated period is 25 years. See *Golden Pledge® Limited Warranty for Commercial and Multi-Family Properties* for complete coverage and restrictions.

***15-year Smart Choice® Protection Period** for the StainGuard Plus PRO™ or StainGuard Plus™ Algae Protection Limited Warranty applies only if you install both StainGuard Plus PRO ™- or StainGuard Plus™-labeled shingles and ridge cap shingles. For all other installations, the Smart Choice® Protection Period is 10-years.

****Smart Choice® Protection Period:** Refers to the crucial period of time following installation of the GAF Products during which the coverage provided for in this limited warranty is non-prorated. After the Smart Choice® Protection Period specified above, the remedy provided for in this warranty may be different than that provided for during the Smart Choice® Protection Period, and any remedy will be reduced to reflect the use you have received from your GAF Products. The amount of use will be calculated by dividing the number of months which have elapsed since installation to the date of claim by the number of months in the warranty term. After the non-prorated period, GAF's maximum liability shall NOT exceed three times the reasonable cost of replacement GAF Products before any reduction for use.

*****Special Installation:** Your GAF LayerLock®-labeled shingles will be covered up to the maximum wind speed above **ONLY** if installed using **4 nails** per shingle **and** you have GAF Starter Strip Products installed at the eaves **and** rakes. Special Installation for all other GAF Shingles requires use of **6 nails** per shingle **and** GAF Starter Strip Products installed at the eaves **and** rakes. Your GAF Ridge Cap Shingles will be covered up to the maximum wind speed above **ONLY** if your ridge cap shingles are installed in strict accordance with the "Maximum Wind Speed Coverage Under Limited Warranty" section of the applicable ridge cap shingle application instructions.

******WindProven™ Limited Wind Warranty** requires installation of LayerLock®-labeled shingles using 4 nails per shingle, and at least four (4) qualifying accessories.

continued from previous page

Transferability
You may transfer or assign this limited warranty to a subsequent owner of this property for the remaining term only if the request is in writing to GAF at the address listed below within **1 year** after ownership transfer. This limited warranty may be transferred **only once**. Other than this one transfer, this warranty is **NOT** otherwise transferable or assignable by contract or by operation of law, either directly or indirectly. If the transfer takes place within the first 20 years after installation, the second owner is entitled to the same coverage as the original owner. If the transfer takes place afterwards, the length of this warranty shall be reduced to the two-year period after ownership changes. During this two-year period, GAF's reimbursement to the second owner will be based only on the reasonable cost of replacement GAF Products, reduced by the amount of use that has been received from the GAF Products from date of installation through the date of claim.

Manufacturing Defects: What Is Covered/Sole and Exclusive Remedy
GAF Warranty Company LLC ("GAF"), a subsidiary of GAF, warrants that your GAF Products will remain free from manufacturing defects that adversely affect their performance during the applicable warranty term listed above. For all buildings other than single family detached residences owned by individuals, such as buildings owned by a corporation, governmental entity, religious entity or, condominium or homeowner association, including but not limited to any school(s), apartment building(s), office building(s), or multi-use structure(s), etc. ("Other Buildings), GAF's maximum (bold) liability under this paragraph, before proration, shall not exceed $750 per square. **Note:** Wind Warranty and Algae Warranty are covered separately below. For coverage related to Master Flow™ Powered Attic Exhaust Ventilation Products, refer to your *Master Flow™ Powered Attic Exhaust Ventilation Products Limited Warranty Addendum* (if applicable).

(1) During the Smart Choice® Protection Period: : GAF will pay you the full reasonable cost of labor to repair or re-cover any defective GAF Product(s) (excluding non-GAF accessories, metal work, or flashings other than Covered Flashings), and will provide replacement GAF Products or the reasonable cost of obtaining replacement GAF Products, at GAF's option. The costs of labor to tear off some or all of your GAF Products and disposal are included if necessary to repair your roof.

(2) After the Smart Choice® Protection Period: The repair or re-cover cost, replacement GAF Products, or reimbursement provided to you will be reduced to reflect the use you have received from your GAF Products. The amount of use will be calculated by dividing the number of months which have elapsed since installation to the date of claim by the number of months in the warranty term. After the non-prorated period, GAF's maximum liability for any roof shall NOT exceed three times the reasonable cost of replacement GAF Products before any reduction for use.

WindProven™ Limited Wind Warranty: What Is Covered/Sole and Exclusive Remedy
This limited warranty is **specifically conditioned** on your meeting all eligibility requirements, including installation of **LayerLock®-labeled** shingles, GAF Ridge Cap Shingles, GAF Starter Strip Shingles, and a GAF Roof Deck Protection Product, plus your choice of either a GAF Leak Barrier Product or GAF Attic Ventilation Product, and your **LayerLock®-labeled** shingles being fastened and installed **strictly** in accordance with GAF's application instructions. For installations which do not meet these eligibility requirements, see **Wind Warranty** section below. The limited warranty applies only to your **LayerLock®-labeled** shingles and does not apply to any GAF Accessory Products. GAF warrants to you that your **LayerLock®-labeled** shingles will not fail to seal, blow off, or sustain damage from winds (including gusts) after they should have sealed but did not due to a manufacturing defect. If your **LayerLock®-labeled** shingles do fail to seal, blow off, or suffer wind damage, GAF will reimburse you for the reasonable costs of replacing the blown-off or damaged shingles and hand-sealing any unsealed shingles. Costs related to underlayment, metal work, and flashings are not included. GAF's **maximum** liability under this paragraph is to reimburse you for the cost of hand-sealing all of the **LayerLock®-labeled** shingles on your roof.

Wind Warranty: What Is Covered/Sole and Exclusive Remedy
For projects that are NOT eligible for coverage under the *WindProven™ Limited Wind Warranty*, GAF warrants to you that your GAF shingles and ridge cap shingles will not fail to seal, blow off, or sustain damage from winds (including gusts) up to the applicable wind speed listed above after they should have sealed but did not due to a manufacturing defect or their misapplication. If your shingles or ridge cap shingles do fail to seal, blow off, or suffer wind damage, GAF will reimburse you for the reasonable costs of replacing the blown-off shingles or damaged shingles or ridge cap shingles and head-sealing any unsealed shingles or ridge cap shingles. Costs relating to metal work and flashings (other than Covered Flashings) are not included. GAF **maximum** liability under this paragraph is to reimburse you for the cost of hand-sealing all of the shingles and ridge cap shingles on your roof.

Algae Warranty: What Is Covered/Sole and Exclusive Remedy
This limited warranty applies only to shingles, ridge cap shingles, and starter strip shingles sold in packages bearing the **StainGuard Plus PRO™, StainGuard Plus™,** or **StainGuard®** logos. GAF warrants to you that blue-green algae (also known as cyanobacteria) will not cause a pronounced discoloration of your **StainGuard Plus PRO™-, StainGuard Plus™-** or **StainGuard®-labeled** shingles, ridge cap shingles, and starter strip shingles for the warranty term listed above. If your **StainGuard Plus™-labeled** shingles or **StainGuard Plus PRO™, StainGuard®-labeled** shingles, ridge cap shingles, and starter strip shingles exhibit a pronounced discoloration caused by blue-green algae during the Smart Choice® Protection Period listed above, GAF`s contribution will be either the reasonable cost of commercially cleaning your shingles, ridge cap shingles, or starter strip shingles or, at the sole option of GAF, replacing discolored shingles, ridge cap shingles, or starter strip shingles. The **maximum** cost to GAF shall be the lesser of the original cost of the affected shingles, ridge cap shingles, or starter strip shingles or the cost to clean the shingles, ridge cap shingles, or starter strip shingles. During the **remainder** of the limited warranty period, GAF contribution to you will be reduced to reflect the amount of use you have received from your shingles, ridge cap shingles, or starter strip shingles since they were installed. The amount of use will be calculated by dividing the number of months which have elapsed since installation to the date of claim by the number of months in the Algae Warranty term.

Note: Preventing pronounced algae-related discoloration of your shingles, ridge cap shingles, and starter strip shingles is achieved through formulations or through unique blends of granules.

Misapplication: What Is Covered/Sole and Exclusive Remedy
If any of your GAF Products or Covered Flashings is found to have an application error that adversely affects performance, GAF will arrange to have your roof repaired or re-covered or, at its sole option, will provide you with replacement GAF product(s) and reimburse you for the full reasonable cost of labor and other materials to repair or re-cover your roof, including Covered Flashings. The costs of labor to tear off some or all of your GAF Products and Covered Flashings and disposal are included if necessary to repair your roof.

If your claim arises out of an application error in your GAF Products or Covered Flashings, which is discovered or discoverable within the first two years after installation, it is the obligation of your Master Elite® Roofing Contractor to make all necessary repairs. In the event that GAF determines your Master Elite® Roofing Contractor is unable or unwilling to perform these repairs, GAF will arrange to have your roof repaired if the issues were caused by application errors within the scope of GAF liability under this limited warranty.

NOTE: Failure to install adequate ventilation is **NOT** an application error of your GAF Products and is not covered under this Limited Warranty. Due to the design of certain buildings, the replacement of existing flashings may be difficult, costly, or impractical. Please be sure to review these items with your roofing contractor.

Master Flow™ Powered Attic Exhaust Ventilation Products Limted Warranty: What is Covered/Sole and Exclusive Remedy

This Master Flow™ Powered Attic Exhaust Ventilation Products Limited Warranty lasts as long as the warranty for manufacturing defects for the type of shingle installed in the field of the roof, except that the motorized, solar, electronic, and Wi-Fi enabled components of the products shall only be covered for the warranty term set forth in this section.

Power, Solar & Dual-Powered Attic Exhaust Vents — Roof Mount	Warranty Term (Years)	Non-Prorated Coverage Term (Years)	Wi-Fi Connectivity Limited Warranty Term (Years)*
ERV4, CERV4, ERV4HT	5	2	1
ERV5, CERV5, ERV5HT, ERV5QCT, EZCR1, EZCR1HT, EZCQCR1	5	3	1
ERV6, CERV6, ERV6HT	10	5	1
ERVSOLAR, ERVHYBRID	5	2	–
PRSOLAR2, PRHYBRID2	6	3	–
REPLACEMENT MOTORS, CONTROLLERS & ACCESSORIES	1	–	1
Power & Solar Attic Exhaust Vents — Gable Mount	**Warranty Term (Years)**	**Non-Prorated Coverage Term (Years)**	**Wi-Fi Connectivity Limited Warranty Term (Years)***
EGV5, CEGV5, EGV5HT, EGV5QCT, EZCG1, EZCG1HT, EZCQCG1	5	3	1
EGV6, CEGV6, EGV6HT, EZCG2	10	5	1
PGSOLAR	5	2	–
REPLACEMENT MOTORS, CONTROLLERS & ACCESSORIES	1	–	1

**Wi-Fi Connectivity Limited Warranty* applies only if you elected to purchase the optional Master Flow™ QuickConnect™ Wi-Fi Technology at the time of purchase. If you purchased this technology, your vent is warranted to have the ability to connect to your home's Wi-Fi network for a period of 1 year following the completion of installation of your roof or gable.

Manufacturing Defects
During the warranty term specified above, for any Vent that does not perform properly as a result of a manufacturing defect, as determined by GAF, GAF will provide you with replacement part(s) or a replacement Vent. Decisions as to the provision of replacement part(s) or a replacement Vent will be made solely by GAF. If your claim arises during the Non-Prorated Coverage Term, GAF will also reimburse you for the reasonable costs to remove the defective part(s) or Vent and reinstall the replacement part(s) or replacement Vent. The remedy under this limited warranty is available only for those Vents exhibiting defects at the time your claim is evaluated by GAF.

Master Flow™ QuickConnect™ Wi-Fi Technology Limited Warranty
If your Vent with Master Flow™ QuickConnect™ Wi-Fi Technology is unable to connect to your home's Wi-FI network during the Wi-Fi Limited Warranty Term stated above, as determined by GAF, GAF will provide you with a replacement part or a replacement Vent. This is your sole and exclusive remedy and the entire liability of GAF under this Wi-Fi Limited Warranty. Decisions about whether to supply a replacement part or a replacement Vent will be made solely by GAF. GAF will also reimburse you for the reasonable cost to install the replacement part or replacement Vent.

GAF's MAXIMUM LIABILITY under this Section shall NOT exceed the original cost of the Vent. The replacement parts or replacement Vents will be covered under this Limited Warranty only for the remainder of the original Limited Warranty term.

What Is Not Covered
Even if your GAF Products were not properly installed according to GAF's application instructions or to standard good roofing practices, this limited warranty remains in effect. However, GAF will **NOT** be liable for and this warranty does **NOT** apply to:

(1) Damage resulting from anything other than an inherent manufacturing defect in the GAF Products, their misapplication, or the misapplication of Covered Flashings, such as:
- (a) settlement, movement, structural damage, or defects in the building, walls, foundation, or the roof base over which the shingles or accessories were applied.
- (b) inadequate ventilation.

(2) Damage resulting from causes beyond normal wear and tear, such as:
- (a) acts of nature, such as hail, fire, or winds (including gusts) over the applicable wind speed listed above except there is no maximum wind speed restriction for shingles covered by the *WindProven™ Limited Wind Warranty.*
- (b) impact of traffic on the roof or foreign objects, including damage caused by objects blown onto the roof by wind.
- (c) improper storage or handling of the GAF Products.

(3) Ice damming, except for leaks in the area of your roof covered by a GAF Leak Barrier which are caused by a manufacturing defect in your GAF Leak Barrier, its misapplication, or the misapplication of Covered Flashings.

(4) Shading or variations in the color of your GAF Products, chipping, fading, or peeling paint on your Master Flow™ Attic Exhaust Vent, or Master Flow™ Pivot™ Pipe Boot Flashing, or discoloration or contamination caused by fungus, mold, lichen, algae (except for blue-green algae if your shingles, ridge cap shingles, or starter strip shingles were labeled with the StainGuard Plus PRO ™, StainGuard Plus™, or StainGuard® logos), or other contaminants, including that caused by organic materials on the roof.

(5) Damage caused by, or the cost to repair or replace, products not sold by GAF, including but not limited to metal work and counterflashing.

(6) Improperly designed or installed gutter or downspout systems.

(7) Damage to the interior or exterior of the building, including, but not limited to, mold growth.

(8) Damage to or caused by rooftop air-conditioning units (and their flashing), pipe works, brace works, skylights, rooftop satellite dishes or other radio/TV devices, counterflashing, or flashings other than those specifically included above.

No representative, employee, or agent of GAF, or any other person, has the authority to assume any additional or other liability or responsibility for GAF, unless it is in writing and signed by an authorized GAF Field Services Manager or Director. GAF does not practice engineering or architecture. Neither the issuance of this limited warranty, nor any review of the roof constructed of the GAF Roofing Materials (or the plans for the roof) by GAF shall constitute any warranty of such plans, specifications or construction, or the suitability or code compliance of the GAF Roofing Materials for any particular structure. Any inspections made by GAF are limited to a surface inspection only, are for the sole benefit of GAF, and do not constitute a waiver or extension of any of the terms and conditions of this limited warranty.

Other Limitations Concerning Coverage
Decisions as to the extent of repair, re-cover, or cleaning required, and the reasonable cost of such work, will be made solely by GAF. GAF reserves the right to arrange directly for your GAF Products to be repaired, re-covered, or cleaned instead of reimbursing you for such work. The remedy under this warranty is available only for those GAF Products actually exhibiting manufacturing defects, application errors (including misapplication of Covered Flashings), or algae discoloration at the time your claim is settled. Any replacement GAF Products will be warranted only for the remainder of the original warranty period. GAF reserves the right to discontinue or modify its shingles or accessories, including the colors available, so any replacement GAF Products may not be an exact match for the GAF Products on your roof. GAF is not responsible for providing replacement GAF Products that match the GAF Products on your roof if the GAF Products (or particular colors of such GAF Products) are no longer available. In such event, GAF may, at its sole option, provide the cash value of an equivalent GAF product for only those GAF Products actually exhibiting manufacturing defects or application errors. Even if GAF does not modify a color, replacement GAF Products may not match your original GAF Products due to normal weathering, manufacturing variations, or other factors.

Claims: What You Must Do
You must notify GAF about any claim within **30 days** after you notice a problem. You may report a claim online at gaf.com/contact, by calling GAF at 1-800-458-1860, sending an email to warrantyclaims@gaf.com, or by sending a notice in writing to: GAF, Warranty Claims Department, 1 Campus Drive, Parsippany, NJ 07054, USA. You will then be provided with complete details about submitting your claim. You may be required to send to GAF, at your expense, photographs and sample products for testing. Within a reasonable time after proper notification, GAF will evaluate your claim and resolve it in accordance with the terms of this limited warranty. If you repair or replace your GAF Products before you notify GAF about your claim **or** before GAF has completed its evaluation of your claim, your claim may be denied. If you need to repair or replace your GAF Products before your claim is resolved, you **MUST** provide GAF with reasonable notice. **NOTE: Notice to your contractor, dealer, or homebuilder is NOT notice to GAF.** You should retain this document for your records in the unlikely event that you need to file a claim.

Limitation of Damages; Mediation; Jurisdiction
THIS WARRANTY IS EXPRESSLY IN LIEU OF ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, and of any other obligations or liability of GAF, whether any claim against it is based upon negligence, breach of warranty, or any other theory. In **NO** event shall GAF be liable for any CONSEQUENTIAL OR INCIDENTAL DAMAGES of any kind, including, but not limited to, interior or exterior damages and/or mold growth.

The parties agree that, as a condition precedent to litigation, any controversy or claim relating to this warranty shall be first submitted to mediation before a mutually acceptable mediator unless GAF, at its sole option, elects to waive said requirement. In the event that mediation is unsuccessful or is waived by GAF, the parties agree that neither one will commence or prosecute any lawsuit or proceeding other than before the appropriate state or federal court in the State of New Jersey. This guarantee shall be governed by the laws of the State of New Jersey, without regard to the principles of conflicts of laws. Each party irrevocably consents to the jurisdiction and venue of the above identified courts.

Modification of Warranty
This limited warranty may not be changed or modified except in writing, signed by an officer of GAF. No one (other than an officer of GAF) has the authority to assume any additional or other liability or responsibility for GAF in connection with your GAF Products and Covered Flashings except as described in this limited warranty.

Effectiveness
This limited warranty will not take effect unless all eligibility requirements have been satisfied, this warranty is registered to you, and your roofing contractor has been paid in full.

Recorded Book 9981, Page 1193 in Wake Co. Registry.

Drawn by and HOLD FOR:
Moore & Alphin, PLLC (rm) (Box 155)

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS, CHARGES AND LIENS FOR THE VILLAS AT BEDFORD AT FALLS RIVER HOMEOWNERS ASSOCIATION, INC.

CONTENTS

DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS FOR THE
VILLAS AT BEDFORD AT FALLS RIVER HOMEOWNERS ASSOCIATION, INC.

THIS DECLARATION is made on the date hereinafter set forth by **THE NEW FORTIS CORPORATION**, a North Carolina corporation (hereinafter "Declarant"), and **BRANDYWINE, L.L.C.**, a Virginia Limited Liability Company, doing business in North Carolina as **BRANDYWINE OF VIRGINIA, L.L.C**. (hereinafter "Developer").

W I T N E S S E T H:

WHEREAS, Developer is the owner of approximately 600 acres of land located in the City of Raleigh, Neuse Township, Wake County, North Carolina, more fully described in the deeds recorded in Book 8795, Page 2671 and Book 8795, Page 2666, Wake County Registry, which Developer is developing into a community known as Bedford at Falls River (hereinafter "Bedford"); and

WHEREAS, Developer and Declarant desire to create within a portion of Phases 19, 20 and 21 of Bedford an exclusive residential community of attached single-family townhomes to be known as the Villas at Bedford at Falls River (hereinafter sometimes referred to as the "Subdivision"); and

WHEREAS, Developer and Declarant desire to provide for the maintenance and upkeep of the Sub-Association Common Area (hereinafter defined) within the Subdivision and exterior of the Units (hereinafter defined) and to provide for enforcement of covenants and restrictions applicable to the Subdivision, and, to that end, desire to subject the property within the Subdivision to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of such property and each owner thereof; and

WHEREAS, Declarant has deemed it advisable to create an organization to own, maintain and administer the Sub-Association Common Area, to maintain the exterior of the Units, to administer and enforce covenants and restrictions exclusively applicable to the Subdivision, and to collect and disburse the assessments and charges hereinafter created, and Declarant has incorporated under North Carolina law as a nonprofit corporation, the Villas at Bedford at Falls River Homeowners Association, Inc., for the purpose of exercising the aforesaid functions.

NOW, THEREFORE, Developer and Declarant declare that the real property described in **EXHIBIT A** to this Declaration, and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be owned, held, transferred, sold, conveyed, mortgaged, used and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Any defined term used in this Declaration shall have the meaning set forth below or, if not specifically defined in this Article I, the meaning of such term as set forth in the Act or in any other provision of this Declaration.

Section 1. "Act" shall mean and refer to Chapter 47F of the North Carolina General Statutes, known as the North Carolina Planned Community Act.

Section 2. "Association" shall mean and refer to **VILLAS AT BEDFORD AT FALLS RIVER HOMEOWNERS ASSOCIATION, INC.**, a North Carolina nonprofit corporation, its successors and assigns, which Association is a Sub-Association (as defined in the Master Declaration).

Section 3. "Board of Directors" and "Board" shall mean and refer to the Board of Directors of the Association elected or appointed to manage the affairs of the Association as provided in Article V of the Bylaws.

Section 4. "Bylaws" shall mean and refer to the Bylaws of the Association, as amended from time to time.

Section 5. "Declarant" shall mean and refer to **The New Fortis Corporation**, a North Carolina corporation. It shall also mean and refer to any person, firm or corporation to whom or which Declarant may assign or delegate the rights and obligations of Declarant by an assignment of Declarant's rights recorded in the Wake County Registry. The term "Declarant" shall also include the Developer to the extent that the Developer becomes the Declarant with respect to any Lots as allowed herein.

Section 6. "Declarant Control Period" shall mean and refer to the period of time during which the Declarant may appoint or remove the members of the Board of Directors of the Association. The Declarant Control Period shall terminate upon the earlier of the following to occur:

(a) December 31, 2008;

(b) Not later than four months after the point at which the total number of votes held by the Class A Members equals the total number of votes held by the Class B Member; *provided, however*, that Declarant may acquire additional votes and thereby reinstate the Declarant Control Period if additional Lots within the Properties are formed by the creation and subjection to this Declaration of new Lots as set forth in Article II hereof, thus giving Declarant, by virtue of its ownership of the newly-annexed Lots and of other Lots owned by it, and by its right to vote as to Lots owned by the Developer, a sufficient number of votes (at the 3-to-1 ratio provided in Section 2(b) of Article III hereof) to cast a majority of the votes of the membership (it being hereby stipulated that the termination and rejuvenation of the Declarant Control Period shall occur automatically as often as the foregoing shall occur); or

(c) Relinquishment or transfer of all Special Declarant Rights as provided in §47F-3-104 of the Act.

Section 7. "Declaration" shall mean and refer to this "Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens for the Villas at Bedford at Falls River Homeowners Association, Inc.", and all amendments thereto and supplements thereof.

Section 8. "Developer" shall mean and refer to **BRANDYWINE, L.L.C.,** a Virginia Limited Liability Company, doing business in North Carolina as **BRANDYWINE OF VIRGINIA, L.L.C.,** its successors and assigns.

Section 9. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision map of any portion of the Subdivision (regardless of whether the Lot has been subjected to this Declaration as provided in Article II hereof), with the exception of any Sub-Association Common Area owned in fee by the Association, Common Property and Common Area owned by the Master Association or another sub-association of the Master Association, and any street rights-of-way shown on such recorded map. In the event that any Lot is increased or decreased in size by recombination or resubdivision through recordation of a new subdivision plat, any newly-platted lot shall thereafter constitute a Lot.

Section 10. "Master Association" shall mean and refer to Bedford at Falls River Master Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

Section 11. "Master Declaration" shall mean and refer to the "Declaration for Bedford at Falls River", recorded in Book 9366, Page 895, and amended in Book 9538, Page 1665, Wake County Registry and including all amendments thereto and supplements thereof.

Section 12. "Member" shall mean and refer to every person or entity who or which holds membership in the Association.

Section 13. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Properties, including contract sellers and owners of an equity of redemption, but excluding those having an interest in a Lot solely as security for the performance of an obligation.

Section 14. "Properties" shall mean and refer to the "Existing Property" described in Article II of this Declaration and any additional property annexed pursuant to said Article II.

Section 15. "Sub-Association Common Area" shall mean and refer to the real property, together with any improvements thereon, owned by the Association, whether in fee or by easement, for the common benefit of the Owners of Lots within the Subdivision, and specifically including, without limitation, all private streets within the Subdivision, the area within any storm water easements and the facilities constructed therein which serve more than one Lot and are not maintained by any governmental authority, the Master Association or another sub-association, and water and sewer lines (and the easements associated therewith) which serve more than one Lot and are not located within a public utility easement or a public street right-of-way and not owned or maintained by the Master Association or another sub-association. The Sub-Association Common Area shall be maintained by the Association or its successors in interest unless dedicated to public use and accepted by a public agency, authority or utility, the Master Association or another sub-association as set forth herein.

All real property, private streets, private utility lines, and other improvements within the Subdivision owned by, or under the jurisdiction of, the Master Association are Common Property and Common Area as defined in the Article I of the Master Declaration and are not Sub-Association Common Area.

Section 16. "Unit" or "Dwelling" shall mean and refer to any building or portion thereof within the Properties which is designated and intended for use and occupancy as a residence by a single family, whether by the Owner of such Unit or by tenants or lessees of such Owner.

ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF THE VILLAS AT BEDFORD AT FALLS RIVER HOMEOWNERS ASSOCIATION, INC.

Section 1. Existing Property. The real property which, at the time of recording of this Declaration, is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration, and which is within the jurisdiction of the Association, is described on **Exhibit A** attached hereto.

Section 2. Additions to Existing Property by Developer and Declarant. At any time prior to the applicable date under Section 3(a), additional lands within the area described on **Exhibit B** attached hereto may be annexed by the Declarant and Developer without the consent of the Members and therefore become subject to this Declaration by the recording by Developer of a plat showing such property to be annexed and recording by Declarant and Developer of a supplementary declaration extending the operation and effect of this Declaration to the property to be annexed; provided, however, that such property must be contiguous to property already subjected to this Declaration (or separated from such property only by the right-of-way of a street or road) and further provided that such annexation must be approved by the City of Raleigh and, if required, by the Federal Housing Administration and/or Secretary of Veterans Affairs. The addition of such property pursuant to this Section may increase the cumulative number of Lots within the Properties and, therefore, may alter the relative maximum voting strength of the various types of Members.

Section 3. Automatic Addition to Existing Property. If not sooner subjected to this Declaration as provided in Section 2 above, Lots and other property identified on Exhibit B shall automatically be subjected to this Declaration, without the necessity of recording a supplementary declaration, upon the earlier of the following to occur:

(a) the later of: (i) the date that is five (5) years after the date on which preliminary subdivision approval for the Subdivision was given by the City of Raleigh, or (ii) any extension of such date granted by the City pursuant to the provisions of §10-3013(c)(4) of the Raleigh City Code or any successor Code provision; or

(b) as to a Lot, by and upon sale of the Lot to a person or entity other than the Developer.

Section 4. Conveyance of Sub-Association Common Area in Annexed Property. Prior to the conveyance of the first Lot within any newly annexed property to an Owner other than Declarant or the Developer, the owner of the annexed property shall convey to the Association all Sub-Association Common Area located within the newly annexed property. Title to such Sub-Association Common Area shall be conveyed in the same manner as set forth in Section 3 of Article IV of this Declaration.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Declarant and every Owner of a Lot which is subject to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

Section 2. Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lots.

There shall be two (2) classes of membership with respect to voting rights:

(a) Class A Members. Class A Members shall be the Owners of all Lots except those owned by the Class B Member (as hereinafter defined) or the Developer. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine; but fractional voting shall not be allowed, and in no event shall more than one vote be cast with respect to any Lot. Class A Members shall be entitled to one (1) vote for each Lot owned. Lots owned by Class A Members shall be "Class A Lots".

(b) Class B Member. The Class B Member shall be the Declarant. Subject to the provisions of this subsection, Declarant shall be entitled to three (3) votes for each Lot that it owns (each such Lot being a "Class B Lot"). Declarant shall also be entitled to three (3) votes for each Lot owned by the Developer, regardless of whether or not such Lot has been subjected to this Declaration; provided however, that Developer shall be entitled to cast the votes appurtenant to the Lots it owns if Declarant no longer owns any Lots within the Properties or if Developer becomes a Declarant under this Declaration as provided in §5 of Article I or §3 of Article XIII hereof. A Lot owned by the Developer shall be a "Class B Lot" for voting purposes, but not for assessment purposes. Assessment of Lots owned by the Developer is governed by the provisions of Article XIII of this Declaration. Upon expiration of the Declarant Control Period, Declarant shall have one vote for each Lot that it owns (and one vote for each Lot owned by the Developer); however, such Declarant-owned Lots shall continue to be treated as Class B Lots for assessment purposes.

Section 3. Declarant's Right to Appoint Directors and Officers of the Association. Notwithstanding any other provision of this Declaration or the Bylaws, until the expiration of the Declarant Control Period, Declarant may, in its discretion, appoint and remove all of the Directors and officers of the Association. Declarant's intent to exercise or continue to exercise that right shall be set forth in the notice of each annual meeting of the Members. *See* §47F-3-103(d) of the Act. If at any time Developer becomes a Declarant under this Declaration by virtue of the provisions of §5 of Article I or §3 of Article XIII hereof, Declarant and Developer shall each be a Declarant (unless Declarant has assigned all of its rights as Declarant as provided in §5 of Article I) and shall act together in such role; provided, however, that if Declarant and Developer are unable to agree on any particular issue, the one which owns the largest number of Lots within the Subdivision shall have the rights of Declarant as to such issue.

Section 4. Vacant/Leased Dwellings. If the Owner of a Lot ceases to occupy the Dwelling constructed thereon as his own personal living quarters or if any Dwelling within the Properties is leased for rental purposes to tenants, the vote as expressed by the Owners of such vacant or rental units shall not be entitled to any weight greater than forty-nine percent (49%) on any matter pending before the Association. This Section applies only to Lots and Dwellings owned by a Class A Member and specifically excludes Lots and Dwellings owned by the Declarant or the Developer.

ARTICLE IV
PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment and Access. Except as limited by Section 2 of this Article IV and by Rules and Regulations adopted by the Members and/or the Board of Directors, every Owner shall have a right and easement of enjoyment in, use of and access to, from, and over the Sub-Association Common Area, which right and easement shall be appurtenant to and shall pass with title to every Lot, subject to:

(a) the right of the Association to charge reasonable admission and other fees for the use of any facilities situated or constructed on the Sub-Association Common Area and to limit the use of such facilities to Owners who occupy a residence on the Properties and to their families, tenants and guests, as provided in Section 2 of this Article IV.

(b) the right of the Association, after notice and an opportunity to be heard, to suspend the voting rights of an Owner and the right of an Owner to use to Sub-Association Common Area and facilities thereon for any period during which any assessment against his Lot remains unpaid for a period of thirty (30) days or longer, or for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association, provided, however that the Association may not suspend an Owner's right to use of any Sub-Association Common Area providing access or utilities to his Lot.

(c) the right of the Association to dedicate or transfer all or any part of the Sub-

Association Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the Members. No such dedication or transfer shall be effective unless Members entitled to at least eighty percent (80%) of the votes of the entire membership of the Association and at least two-thirds (2/3) of the votes appurtenant to each Class of membership agree to such dedication, sale or transfer, *provided that* this subsection shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of sewage, utility and drainage facilities upon, over, under and across the Sub-Association Common Area without the assent of the Members when such easements, in the opinion of the Board, are necessary for the convenient use and enjoyment of the Properties. Notwithstanding anything herein to the contrary, the Sub-Association Common Area shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the City of Raleigh or another governmental entity or to a nonprofit entity organized for purposes similar to those of the Association.

(d) the right of the Association, with the assent of Members entitled to at least eighty percent (80%) of the votes of the entire membership of the Association and at least two-thirds (2/3) of the votes appurtenant to each Class of Lots, to mortgage, pledge, deed in trust, or otherwise encumber any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of any such lender or mortgagee shall be subordinate to the property rights of the Owners as set forth herein.

(e) the right of the Association to exchange all or part of the Sub-Association Common Area for other property and consideration of like value and utility, provided, however, that: (i) the acreage and configuration of the remaining Sub-Association Common Area (including the property to be received by the Association in such exchange) equal or exceed the requirements of the City of Raleigh Code; and (ii) the exchange is approved by a majority of the Members present and voting at a meeting of the Members duly called for the purpose of approving such exchange, provided, however, that Member approval shall not be required if the sole purpose of the exchange is to eliminate an encroachment; and (iii) the exchange is approved by the Planning Director of the City of Raleigh or his designee.

(f) the rights of Developer as set forth in Article XIII hereof.

Section 2. Delegation of Use.

(a) Family. The right and easement of use and enjoyment granted to every Owner by Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Wake County, North Carolina.

(b) Tenants. The right and easement of use and enjoyment granted to every Owner by Section 1 of this Article may be delegated by such Owner to his tenants or contract purchasers who occupy such Owner's Unit, or a portion thereof, as their principal residence in Wake County, North Carolina.

(c) Guests. The right and easement of use and enjoyment granted to every Owner by

Section 1 of this Article may be delegated to guests of such Owners, tenants or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors.

Section 3. Conveyance of Title To The Association. Developer covenants, for itself, its successors and assigns, that, prior to the conveyance of the first Lot within any phase of the Subdivision to an Owner other than Declarant, Developer will convey to the Association title to those portions of the Sub-Association Common Area to be owned in fee by the Association. Developer hereby reserves and grants (regardless of whether or not such reservation and grant is specifically set forth in such deed), for itself, the Declarant and their respective successors and assigns, an easement over, under, across and through the Sub-Association Common Area so long as any of them own any Lot within the Properties or Developer owns any property described in Exhibit B to this Declaration, for the purpose of constructing any improvements on the Sub-Association Common Area and/or the Lots as it or they deem necessary or advisable. Except as otherwise stated herein, all conveyances by Developer to the Association shall be free and clear of all encumbrances and liens (including statutory liens of laborers and materialmen pursuant to Article 2 of Chapter 44A of the North Carolina General Statutes) except this Declaration, the Master Declaration, restrictive covenants applicable to the Subdivision, utility, drainage, greenway and other easements of record or shown on the recorded plats of the Subdivision, and the lien of *ad valorem* taxes not yet due and payable. Any improvements placed on the Sub-Association Common Area by Developer or Declarant shall become the property of the Association upon completion of such improvements, except utilities owned and maintained by the Master Association, the City of Raleigh or other governmental entity, or a public or private utility company.

Section 4. Regulation and Maintenance of Sub-Association Common Area. It is the intent of Declarant and Developer that the Sub-Association Common Area (whether owned by the Association in fee or by easement) be preserved to the perpetual benefit of the Owners within the Subdivision. To that end, the Developer, by recording any plat or map of any phase or section of the Subdivision, grants to the Association an easement over and across that portion of any Lot within such phase or section on which a Sub-Association Common Area easement lies for the purpose of enabling the Association to take action permitted by subsections (b) and (c) of this Section 4.

(a) Rights and Responsibilities of the Lot Owners. Each Owner of a Lot upon which a Sub-Association Common Area easement lies shall pay all property taxes and other assessments levied against his Lot, including that portion of such tax or assessment as is attributable to such Sub-Association Common Area easement. Notwithstanding any other provision of this Declaration, no Owner or other person shall, without the prior written consent of the Association: (1) remove any trees or vegetation from Sub-Association Common Area; (2) erect gates, fences, buildings or other structures on any Sub-Association Common Area; (3) place any garbage receptacles on or in any Sub-Association Common Area; (4) fill or excavate any Sub-Association Common Area or any part thereof; or (5) plant vegetation on or otherwise restrict or interfere with the use, maintenance, and preservation of any Sub-Association Common Area.

It is the intent of the Declarant that a Sub-Association Common Area easement shall be maintained in the same state as when the Lot upon which such easement lies was conveyed to an Owner (other than the Declarant), except for changes permitted by Article XIII hereof and changes authorized or approved in writing by the Declarant or the Association. If an Owner of a Lot on which a Sub-Association Common Area easement lies fails to maintain the easement area as provided herein, whether by act or omission, the Association shall have the right to enter upon such Owner's Lot for the purpose of maintaining same and shall have the right to charge such Owner with the costs of such maintenance, which costs, if not paid within thirty (30) days after demand for payment is made by the Association, shall be collected in the same manner and shall incur the same late charges, interest and costs of collection as set forth in Section 7 of Article V of this Declaration.

(b) Rights and Responsibilities of the Association. The Association shall have the right and obligation to ensure that the Sub-Association Common Area is preserved to the perpetual benefit of the Owners and, to that end, shall: (i) maintain the Sub-Association Common Area in its natural or improved state, as appropriate, and keep it free of impediments to its free use by the Owners, subject, however, to easements of record and any limitations on such use provided in this Declaration or rules and regulations adopted by the Association as provided herein and in the Bylaws; (ii) procure and maintain adequate liability insurance covering the Association and its Members against any loss or damage suffered by any person, including the Owner of the Lot upon which a Sub-Association Common Area easement lies, resulting from use of the Sub-Association Common Area; and (iii) pay all property taxes and other assessments levied against all Sub-Association Common Area owned in fee by the Association.

(c) Association's Right of Entry for Maintenance of Sub-Association Common Area Easements. The Association and its employees, agents, contractors and subcontractors shall have a nonexclusive right and easement at all times to enter upon any portion of a Lot reserved or designated as a Sub-Association Common Area easement, and any other portion of the Lot to the extent necessary to gain access and maintain improvements and facilities within the Sub-Association Common Area easement, and no such entry shall be deemed a trespass. To the extent practicable, the Association shall give reasonable oral notice to the Owner or occupant of such Lot.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENT

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments and special assessments, such assessments to be established and collected as hereinafter provided. All assessments which are unpaid when due, together with interest and late charges set forth in Section 7 of this Article V and all costs of collection, including reasonable attorneys' fees, shall be a charge on the land and, as provided in §47F-3-116 of the Act, shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment or charge, together with interest and costs of collection, including reasonable attorneys' fees, shall also be the personal or corporate obligation of the person(s) or firm(s) owning such Lot at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owner's successors in title unless expressly assumed by them. Although unpaid assessments and charges are not the personal obligation of such Owner's successors in title unless expressly assumed by them, the unpaid assessments and charges shall continue to be a lien upon the Lot against which the assessment or charge was made.

Any monetary fines imposed against an Owner pursuant to Section 3 of Article VII of the Bylaws shall constitute a lien against the Lot of such Owner to the same extent as if such fine were an assessment against such Lot.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Subdivision and, in particular, for: (i) acquisition, improvement, and maintenance of properties, services and facilities related to the use and enjoyment of the Sub-Association Common Area; (ii) maintenance, repair and reconstruction of the Sub-Association Common Area and improvements thereon, including, without limitation, storm water drainage facilities, and, including, without limitation, the cost of repair, replacement and additions thereto and the cost of labor, equipment, materials, management and supervision thereof; (iii) maintenance of Lots and the exterior of Units as provided in Article VI hereof; (iv) payment of taxes and public assessments levied against Sub-Association Common Area owned by the Association in fee; (v) procurement of insurance; (vi) employment of attorneys, accountants and other persons or firms for Association business; (vii) payment of principal and interest on funds borrowed for Association purposes; and (viii) such other needs as may arise.

Section 3. Maximum Annual Assessment. Until December 31, 2003, the Maximum Annual Assessment shall be **$1,200.00** for each Class A Lot. The Maximum Annual Assessment for a Class B Lot shall be one-fourth (1/4) of the Maximum Annual Assessment for a Class A Lot.

(a) Beginning on January 1, 2004, and on January 1 of each year thereafter, the Maximum Annual Assessment for Class A Lots may be increased by the Board of Directors, without a vote of the membership, but subject to the limitation that the percentage of any such increase shall not exceed ten percent (10%) of the Maximum Annual Assessment for the previous year unless such increase is approved as set forth in Section 3(b), below.

(b) The Maximum Annual Assessments for Class A Lots may be increased without limitation if such increase is approved by the Class B Member and by not less than two-thirds (2/3) of the votes cast by the Class A Members present, in person or by proxy, at a meeting duly called for that purpose. The provisions of this subsection shall not apply to, nor be a limitation upon, any change in the maximum annual assessment incident to a merger of consolidation as provided in §47F-2-121 of the Act.

Section 4. Date of Commencement of Annual Assessments; Amount of Assessments; Certificate of Payment; Ratification of Budgets. Unless a different commencement date is set by the Board of Directors, the annual assessments provided for herein shall commence as to a Lot on the first day of the month after the Lot is subjected to this Declaration.

Subject to the provisions of this Section, the Board of Directors may fix the annual assessment for Class A Lots at any amount not in excess of the Maximum Annual Assessment in effect for the appropriate assessment year. The annual assessment for Class B Lots shall be one-fourth (1/4) of the assessment for

Class A Lots. Unless a lower amount is set by the Board of Directors, the initial annual assessment shall be the "Maximum Annual Assessment" set forth in Section 3 of this Article and shall be prorated according to the number of months remaining in the calendar year. Annual assessments shall be fixed at a uniform rate for all Lots in each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors. Any monies paid at any time by the Declarant for common expenses or otherwise for or on behalf of the Association shall be credited against past or future assessments due from the Declarant.

The Association shall, upon demand, and for such reasonable charge as the Board of Directors may determine, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment.

The Board of Directors shall adopt a proposed budget for the Association at least annually. Within thirty (30) days after adoption of the proposed budget, the Board of Directors shall send a copy of the proposed budget to the Members and shall give written notice to the Members of a meeting of the Members to consider ratification of the budget, such meeting to be held not sooner than ten (10) days nor more than sixty (60) days after the mailing of such notice. Such meeting may, but need not be, combined with the annual meeting of the Members. There shall be no requirement that a quorum be present in order to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget shall be deemed ratified unless at that meeting Members having a majority of the votes of the entire membership vote to reject the budget. Notwithstanding the foregoing, if the budget provides for annual assessments not greater than ten percent (10%) larger than the assessment in effect for the immediately preceding year, such budget shall be deemed ratified unless Members having at least 80% of the votes of the entire membership vote to reject the budget. If the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

Subject to the provisions of this Section, at least twenty (20) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot. At least ten (10) days before January 1 of each year, the Board of Directors shall send written notice of such assessment to every Owner subject thereto.

<u>Section 5</u>. <u>Special Assessments</u>. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Sub-Association Common Area, including fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for any other purpose, *provided that* any such assessment shall have the same assent of the Members as provided in Section 3(b) of this Article and further provided that the special assessment for a Class B Lot shall always be one-fourth (1/4) of the special assessment for a Class A Lot. Special assessments shall be fixed at a uniform rate for all Lots within each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors.

<u>Section 6</u>. <u>Notice of Quorum for any Action Authorized Under Sections 3(b) and 5</u>. Written notice of any meeting called for the purpose of taking any action authorized under Section 3(b) or 5 shall

be sent to all Members not less than fifteen (15) days nor more than thirty (30) days prior to the meeting. At such meeting, the presence of Members or of proxies entitled to cast sixty percent (60%) of the votes of each Class of Lots shall constitute a quorum. If the required quorum is not present at any meeting, another meeting may be called subject to the same notice requirement, and if the meeting is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting.

Section 7. Effect of Nonpayment of Assessments; Remedies. An assessment not paid within fifteen (15) days after the due date shall incur such late charge as the Board of Directors may from time to time establish, and, if not paid within thirty (30) days after the due date, shall also bear interest from the due date at a rate established by the Board of Directors from time to time, but in no event shall such rate be greater than eighteen percent (18%) per annum or the maximum rate allowable by law, whichever is less, and the Association may bring an action at law or in equity against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot for which such assessment is due. Interest, late payment charges, costs and reasonable attorneys' fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Sub-Association Common Area or by abandonment of his Lot.

Section 8. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a first mortgage or deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of any assessments which became due prior to the date of conveyance pursuant to such foreclosure. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 9. Exempt Property. All Sub-Association Common Area owned in fee by the Association, all property dedicated to and accepted by a public authority, and all property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. Notwithstanding the foregoing, no land or improvements devoted to residential use shall be exempt from said assessments.

Section 10. Working Capital Fund. At the time of closing of the initial sale of each Dwelling constructed on a Lot, a sum equal to one-sixth (1/6) of the annual assessment for Class A Lots in effect at the time of such sale shall be collected from the purchaser of such Lot and transferred to the Association as part of its working capital. The purpose of the working capital fund is to ensure that the Association will have adequate cash available to meet its initial operating expenses or to acquire additional equipment or services deemed by the Board of Directors to be necessary or desirable. Amounts paid to the Association pursuant to this Section shall not be considered as an advance payment of any regular assessment.

ARTICLE VI
MAINTENANCE OF LOTS AND UNITS

Section 1. Association's Responsibility. In addition to maintenance of the Sub-Association Common Area and the improvements and facilities located thereon, the Association shall be responsible for maintaining the grass, plants, shrubs, trees, landscaping, walks and parking areas (hereinafter the "Yard Improvements") installed by the Developer, the Declarant or the Association, and any Yard Improvements installed by an Owner with the prior written consent of the Association (but only to the extent that such consent specifically provides that the Association will maintain such added landscaping). The Association shall also be responsible for certain exterior maintenance of the Units, including the painting, repair, replacement and care of exterior building surfaces (including exterior doors installed as part of the initial construction of the Unit), roofs, gutters and down spouts, sidewalks, stoops, and parking areas. The Association shall not be responsible for maintenance or repair of glass surfaces or for any improvements not part of the original construction unless the architectural approval granted by the Association for subsequent improvements specifically provides that the Association will maintain such improvements. Furthermore: (i) the Association shall not be responsible for maintaining any fence installed on any Lot or any Yard Improvements inside of such fence; (ii) the Association's obligation to maintain shall not include the obligation to replace any plant, shrub or tree for any reason; (iii) the Association shall not be responsible for repair or replacement of any Yard Improvements or the exterior of any Unit when such repair or replacement is necessitated by work done by or at the request of any Owner or any utility company or governmental entity; and (iv) the Association shall not be responsible for repairing any damage caused by the negligent or willful act or omission of the Owner of such Unit or such Owner's tenants, subtenants, or family members, or the guests or invitees of any of them.

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. Each Owner shall keep his Lot and Unit in an orderly condition and shall keep the improvements thereon in a suitable state of repair, except for those improvements that the Association is responsible for maintaining as provided in this Declaration. If an Owner does not make any repair or perform any maintenance required of such Owner, the Association shall have the right (but not the obligation), through its agents and employees, by the affirmative vote of a majority of the Board of Directors, to enter upon such Lot and to repair, maintain and restore the Lot or exterior of the Unit erected thereon, and the cost of such exterior maintenance, plus a surcharge of 15% for administration, shall be assessed in accordance with Section 3 of this Article. Prior to such entry, the Association shall give written notice to the Owner stating: (i) the specific item(s) needing maintenance; (ii) the corrective action to be taken; (iii) a time, not less than 15 calendar days from the date of the notice, in which the Owner is to perform the necessary maintenance; and (iv) a statement that, if the Owner fails to perform the maintenance within such time period, the Association will exercise its right to perform the maintenance and that the Owner will be assessed with the costs thereof as provided in this Article VI.

Section 3. Assessment of Cost. In the event that the Association performs maintenance on any Lot as provided in Section 2 of this Article VI, the cost of any such maintenance, replacement or repairs (including the administration fee) shall be assessed against the Lot upon which such maintenance is done and shall be added to and become part of the assessments to which such Lot is subject under Article V hereof, enforceable under the terms thereof.

ARTICLE VII
RIGHTS OF LENDERS

Section 1. Books and Records. Any holder of a first deed of trust on any Lot, or its agent(s), shall have the right, during normal business hours, to examine copies of this Declaration, the Articles of Incorporation, the Bylaws, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement for the immediately preceding fiscal year.

Section 2. Notice to Lenders. Upon written request to the Association, the holder of a first deed of trust on any Lot shall be entitled to timely written notice of:

(a) Any 60-day delinquency in the payment of assessments or charges owed by the Owner of the Lot securing its loan.

(b) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(c) Any proposed action that requires the consent of a specified percentage of owners or holders of first mortgages on the Lots.

(d) Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing it mortgage.

Section 3. Approval of Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the holders of the first deeds of trust on Lots located within the Properties have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. Neither the granting of easements for utilities or other purposes as provided in Section 1(c) of Article IV hereof, nor the exchange of real property as provided in Section 1(d) of said Article IV or in Article XIII hereof shall be deemed a transfer within the meaning of this subsection (a). Notwithstanding anything herein to the contrary, the property owned by the Association, whether in fee, by easement, or otherwise, shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the City of Raleigh or another governmental entity or to a nonprofit entity organized for purposes similar to those of the Association.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot;

(c) Fail to maintain hazard insurance on insurable improvements on the Sub-Association Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value; or

(d) Use the proceeds of any hazard insurance policy covering losses to any part of the Sub-Association Common Area for other than the repair, replacement, or reconstruction of the damaged improvements or, as provided in §47F-3-113 of the Act, for distribution to the Owners, provided, however, that, except as provided in §47F-2-118 of the Act, any distribution to Owners shall be in the form of a credit toward current or future assessments due from the Owners to the Association.

Section 4. Payment of Taxes and Insurance Premiums. The holders of first deeds of trust on Lots, jointly or singly, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Sub-Association Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy covering property owned by the Association. The persons, firms or corporations making such payments shall be owed immediate reimbursement therefor by the Association.

Section 5. Collection of Assessments. No mortgagee shall have any obligation to collect any assessment under the Declaration.

ARTICLE VIII
EASEMENTS

In addition to all other easements granted or reserved elsewhere in this Declaration including, without limitation, those reserved or granted in Article XIII hereof, Declarant hereby grants and/or reserves the following easements.

Section 1. Access and Utility Easements. Easements for the installation and maintenance of driveway, walkway, water line, sewer lines, natural gas lines, telephone, cable television, electric power transmission lines, storm water drainage facilities, and other public or quasi-public utility installations are reserved as shown on the recorded plats of the Properties. The Association may reserve and grant easements over the Sub-Association Common Area as provided in Article IV, Section 1(c), of this Declaration. Within any such easement herein provided, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of the utilities installed thereon, or which may change the direction of flow or drainage of water through drainage pipes or channels constructed in such easements.

For a period of twenty-five (25) years from the date hereof, Declarant grants to and reserves for the Developer, the Association, and their successors and assigns, an easement and right of ingress, egress and regress on, over and under the Properties to maintain and correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action that it deems reasonably necessary or appropriate. After such action has been completed, the person or entity taking such action shall grade and seed the affected property and restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed. The person or entity taking such action shall give reasonable notice of its intent to take such action to all affected Owners.

Section 2. Easement for Support. Every Lot and Unit which contributes to the lateral and/or vertical support of any adjoining Unit(s) shall be burdened with an easement of support for the benefit of such adjoining Unit(s).

Section 3. Easement For Encroachments. In the event that any structure erected on a Lot encroaches upon any other Lot or the Sub-Association Common Area, and such encroachment was not caused by the purposeful act or omission of the Owner of such Lot, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the Sub-Association Common Area or other Lot for so long as such encroachment shall naturally exist. In the event that any structure erected principally on the Sub-Association Common Area encroaches upon any Lot, then an easement shall exist for the continuance of such encroachment of such structure onto such Lot for so long as such encroachment shall naturally exist. The foregoing shall not be construed so as to allow any extension or enlargement of any existing encroachment or to permit the rebuilding of the encroaching structure, if destroyed, in a manner so as to continue such encroachment, except such encroachment as was in existence as of the date of conveyance of the Lot to an Owner other than the Declarant or Developer.

Section 4. Easement Over Sub-Association Common Area. A perpetual, nonexclusive easement over, under and through the Sub-Association Common Area is hereby granted to each Lot and its Owners, family members and tenants of such Owners, the occupants of such Lot, and guests and invitees of such Owners, tenants or occupants, for the purpose of providing access, ingress and egress to, from and over the Sub-Association Common Area and for utilities serving such Lot. Any conveyance or encumbrance of such Sub-Association Common Area is subject to the easements granted herein.

Section 5. Association's Easement Upon Lots. The Association shall have a right, license and easement to go upon any Lot for the purpose of fulfilling its obligations under this Declaration, the restrictive covenants applicable to the Subdivision, and any other laws, ordinances, rules and regulations, public or private, which the Association is obligated or permitted to enforce. Such easement shall include, without limitation, the right to go on any Lot to correct, repair or alleviate any condition which, in the opinion of the Board of Directors of the Association or of the manager employed by the Association, creates or may create an imminent danger to the Sub-Association Common Area or improvements thereon.

Section 6. Easements for Governmental Access. An easement is hereby established over the Sub-Association Common Area and every Lot for the benefit of applicable governmental agencies for installing, removing, and reading water meters; maintaining and replacing water, sewer and drainage facilities; and acting for other purposes consistent with public safety and welfare, including, without limitation, law enforcement, fire protection, garbage collection, and the delivery of mail.

ARTICLE IX
ARCHITECTURAL CONTROL

Architectural review and approval of any improvement to be constructed or installed on any Lot or the Sub-Association Common Area and any change or modification of any such improvement shall be done in accordance with Article X of the Master Declaration.

ARTICLE X
PARTY WALLS

Section 1. Rules of Law. As required by §10-3073(b)7 of the Raleigh City Code, as from time to time amended, all common party walls between individual Units shall conform to the requirements of the North Carolina State Building Code.

The general rules of law regarding party walls, lateral support, and liability for property damage due to negligence or willful acts or omissions shall apply to each wall which is built as part of the original construction of the Dwellings within the Properties and which is placed on the dividing line between Lots, and to all reconstruction or extensions of such walls, to the extent not inconsistent with the provisions of this Article.

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 or which uses the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owner 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. Easement and Right of Entry for Repair, Maintenance and Reconstruction. Every Owner shall have an easement and right of entry upon the Lot of any other Owner and the Sub-Association Common Area to the extent reasonably necessary to perform repair, maintenance or reconstruction of a party wall and those improvements belonging to his Lot which encroach on an adjoining Lot or Sub-Association Common Area. Such repair, maintenance, or reconstruction shall be done expeditiously, and upon completion of the work, the Owner shall restore the adjoining Lot(s) and Sub-Association Common Area to as nearly the same condition as that which existed prior to commencement of the work as is reasonably practicable. Except in an emergency situation, an Owner entering upon another Owner's Lot as provided herein shall give reasonable oral or written notice to the Owner of the Lot on which such entry is to be made.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who, by his negligence or willful act or omission, causes the party wall to be exposed to the elements, shall bear the entire cost of furnishing the necessary protection against such elements and of repairing any damages resulting from such Owner's failure to timely and adequately provided such protection.

Section 6. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7. Certification by Adjoining Property Owner That No Contribution Is Due. If any Owner desires to sell his Lot, such Owner, in order to assure a prospective purchaser that no Owner of an adjoining Lot has a right of contribution as provided in this Article, may request the adjoining property Owner to make a certification that no right of contribution exists, whereupon it shall be the duty of each adjoining 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. If an adjoining Owner fails to give a certification within ten (10) days of actual receipt of such request, such failure shall be conclusively deemed a certification that no such contribution is due.

ARTICLE XI
USE RESTRICTIONS

Section 1. Use of Lots and Sub-Association Common Area. All Lots shall be used for residential purposes only. Except as permitted by the Raleigh City Code, no trade, business, profession or other type of commercial activity shall be carried on upon any Lot, except that the Declarant, the Developer, real estate brokers, Owners and their agents may show Lots for sale or lease. Notwithstanding the foregoing, the Declarant and, to the extent necessary to exercise its rights under Article XIII hereof, the Developer, and the agents and employees of each, shall have the right to: (i) use Lots and improvements erected thereon for sales offices, field construction offices, storage facilities, and its own general business offices; (ii) maintain spot-lighted model homes which may be open to the public for inspection seven days per week for such hours as the Declarant deems appropriate or necessary; (iii) conduct any other activities on Lots to benefit sales and construction efforts; and (iv) use the parking facilities on the Sub-Association Common Area for parking for its employees and invitees.

Section 2. Use of Accessory Structures. No shack, barn, or other building, other than a Dwelling, its garage and outbuildings incident to residential use, shall be erected on a Lot. No structure of a temporary nature may be used temporarily or permanently as a residence. Notwithstanding the foregoing, the Declarant and, to the extent necessary to exercise its rights under Article XIII hereof, the Developer, may use temporary buildings, offices or facilities in connection with the marketing, sale and construction of Units.

Section 3. Nuisances. No noxious or offensive trade or activity shall be carried on upon any Lot or the Sub-Association Common Area, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No vehicle repairs or maintenance shall be conducted within the Properties other than in a garage and concealed from public view. Outside clothes hanging devices are not permitted.

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept on any Lot, except that a reasonable number of cats, dogs, and other household pets may be kept provided they are not kept, bred, or maintained for any commercial purpose and that they do not become a nuisance to the neighborhood. No person owning or having custody of a permitted animal shall allow the animal to stray or go upon another Owner's Lot without the consent of such other Owner. No animals shall be permitted on or in the Sub-Association Common Area at any time except as permitted by the rules and regulations of the Association or by applicable law. All animals shall be on a leash when outside the Owner's Dwelling. The owner of a permitted animal shall be responsible for removing and cleaning up any excrement deposited by such animal on any Lot or the Sub-Association Common Area.

Section 5. Signs. Except as otherwise required by the City of Raleigh, no sign of any kind shall be displayed to the public view on any Lot except signs used to advertise Lots for sale during the construction and sales period, one sign of not more than ten (10) square feet advertising the property for sale or rent, and signs of not more than ten (10) square feet expressing support of or opposition to political candidates or other issues which will appear on the ballot of a primary, general or special election, provided that such political signs shall not be placed on a Lot earlier than sixty (60) days before such election and shall be removed within two (2) days after such election. No sign of any kind shall be displayed in or on the Sub-Association Common Area without the prior written consent of the Association. Notwithstanding the foregoing, Declarant and Developer shall each have the right to erect and maintain signs of any type and size on any Lot which it owns and on the Sub-Association Common Area in connection with the development and sale of the Properties.

Section 6. Parking. The Association shall provide and maintain at least the minimum number of parking spaces required by the City of Raleigh for the Subdivision. The Board of Directors of the Association shall have the right and authority (but shall not be obligated) to assign parking spaces to Owners on an equal, non-discriminatory basis. The Owner of each Lot shall provide the Association with the make, model, color and license plate number of each vehicle owned or normally driven by the Owner and his family, any person regularly residing with the Owner, and/or any lessee or sublessee of such Owner.

No Owner or a member of his family, lessee or sublessee or guest of an Owner shall: (i) park any vehicle on the street within or adjoining the Subdivision except in a designated paved parking space; (ii) park or keep on any Lot or street within or adjoining the Subdivision any abandoned, partly dismantled or inoperative vehicle; or (iii) park or keep on any Lot or any street within or adjoining the Subdivision any boat or boat trailer, recreational vehicle, motor home, camper, bus, truck in excess of one ton weight, commercial vehicle, truck or van, or anything else other than a vehicle normally intended for use as a private passenger vehicle. For the purpose of the preceding sentence, the term "keep" shall mean present for either a period of more than ten (10) hours or overnight, whichever is less.

The Board of Directors shall have the right and authority to make, implement and enforce such additional parking rules and regulations as it might determine from time to time necessary or appropriate, and shall have the right and authority to enforce same, including, but not limited to, the right to levy fines for violations thereof. Furthermore, the Association shall have the right and authority to have towed any vehicle parked or maintained in violation of these or subsequently-adopted parking rules and regulations, and the cost of towing and storage shall be the responsibility of the Owner of the Lot to which such vehicle is registered or the Owner of the vehicle, as appropriate.

Section 7. Antennae and Roof Structures. No television, radio or other electrical towers, aerials, antennae, satellite dishes, or other devices of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon, except that this prohibition shall not apply to those antennae specifically covered by 37 C.F.R. Part 1, Subpart S, Section 1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time. The Association shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae.

To the extent that the reception of an acceptable signal would not be impaired, an antenna permissible pursuant to rules adopted by the Association may be installed only if it: (i) is located in the rear or side yard of the Lot; (ii) is not visible from any street (whether by location or screening); (iii) is integrated with the Dwelling and surrounding landscape; and (iv) is approved pursuant to Article X of the Master Declaration.

Section 8. Garbage; Unsightly Storage. All trash and rubbish shall be kept in garbage cans stored behind the Unit in such a manner as not to be visible from the street upon which the Unit fronts. No trash, rubbish, stored materials, wrecked or inoperable vehicles, or similar unsightly items shall be allowed to remain on any Lot; provided, however, that the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish, and other debris for collection by governmental or other similar garbage and trash removal units. In the event of curbside trash and/or garbage pickup, trash and/or garbage cans may be moved to the street on the night before the scheduled pickup, but all garbage cans must be returned to approved enclosure the night of the scheduled pickup.

Notwithstanding the foregoing, no vehicle of any type or size which transports inflammatory or explosive cargo or which stores or transports materials or substances defined as hazardous or toxic by any applicable legal requirements shall be kept or stored or allowed to remain in or on the Properties at any time, except as may be required to effectuate transportation or removal of such prohibited materials and substances through or from the Properties, or, with respect to explosive materials, as may be reasonably required in connection with the construction or installation of streets and utilities in the Properties, or as may be allowed by Declarant, during the Declarant Control Period, and thereafter, the Board, when reasonably required for the construction of other improvements within the Properties.

Section 9. Fines. The Board of Directors shall have the right and authority to levy fines or penalties for the violation of any provision of this Declaration and/or the rules and regulations hereafter promulgated by the Board pursuant thereto. Any monetary fine or penalty shall be deemed a Special Assessment against the Lot of the Owner against whom such fine or penalty is assessed.

Section 10. Other Governing Documents. The Subdivision is part of the Bedford at Falls River Planned Unit Development, and the Lots within the Subdivision, and the Owners of such Lots, are subject to the Master Declaration. In the event of an inconsistency between any provision of this Declaration and the Master Declaration, the more restrictive provision shall control.

ARTICLE XII
GENERAL PROVISIONS

Section 1. Enforcement. The Association and each Owner shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, rules, regulations, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the Act, the Bylaws or rules and regulations adopted by the Association. Failure by the Association or an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement actions, or any case in which the Board reasonably determines that the cost of enforcement outweighs the benefit to be gained by enforcement. Any such determination shall not be construed as a waiver of the right to enforce such provisions under other circumstances or to estop the Association from enforcing any other covenant, restriction or rule.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision, which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of the Owners as set forth below. During the Declarant Control Period, the Declarant may amend this Declaration, without the consent or joinder of the Members or the Association, for the purpose of conforming this Declaration to the requirements of any governmental law or regulation or for correcting errors. This Declaration may also be amended during the first twenty-five year period by an instrument signed by the Owners of not less than eighty percent (80%) of the Lots, and thereafter by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots. No amendment shall be effective unless it has been approved, if required by Section 4 of this Article XII, by the Federal Housing Administration or Secretary of Veterans Affairs, and is recorded in the office of the Register of Deeds of Wake County. No amendment to this Declaration shall be effective if such amendment would be prohibited under Section 3 of Article XIV of the Master Declaration unless such amendment is approved in writing by the Developer (for these purposes, the Developer is the Declarant as referred to in the Master Declaration).

Section 4. FHA/VA Approval. In the event that Declarant has arranged for and provided purchasers of Lots with FHA-insured or VA-guaranteed mortgage loans, then as long as any Class B Lot exists, as provided in Article III hereof, the following actions will require the prior approval of the Federal Housing Administration or the Secretary of Veterans Affairs: annexation of additional properties not included within the property identified on Exhibit B, mortgaging of real property owned by the Association, deeding of Sub-Association Common Area to persons other than the Association (except for the granting of an easement permitted by Section 1(c) of Article IV hereof, or exchanges permitted by Article IV, Section 1(c) and Article XIII, Section 4 hereof), and amendment of this Declaration, except amendments by the Declarant as provided in Section 3 of this Article XII.

Section 5. Non-Liability of Governmental Entities. The City of Raleigh shall not be responsible for failing to provide any emergency or regular fire, police, or other public service to the Properties, any Lot, or any Owner or occupant thereof when such failure is due to the lack of access to the Properties or any Lot thereof due to inadequate design or construction of such access, blocking of access routes, or any other factor within the control of the Developer, the Declarant, the Association, an Owner, or an occupant of any Lot.

The City of Raleigh shall not be responsible for maintaining any private street as such streets will not be constructed to the minimum standards sufficient to allow their inclusion for public maintenance. The Association is responsible for maintaining all private streets that are Sub-Association Common Area of the Association. The Master Association is responsible for maintaining all private streets that are common area of the Master Association.

Section 6. Subdivision of Lots. No Lot within the Subdivision may be subdivided by sale or otherwise so as to reduce the total Lot area shown on a recorded plat of the Subdivision, except with the consent of the Declarant or the Developer during the Declarant Control Period, and thereafter by the Association, and, if required, by the City of Raleigh.

Section 7. Insurance. The Association shall procure and maintain adequate liability insurance covering the Association, in an amount not less than $1,000,000.00. The Association shall also procure and maintain full replacement value hazard insurance on real and personal property owned by the Association, and shall procure and maintain officers', directors' and employees' liability insurance. The premiums for such insurance shall be a common expense paid from the annual assessments provided in Article V of this Declaration.

Section 8. Rules and Regulations. The Board of Directors shall have the authority to adopt additional rules and regulations governing the use of the Sub-Association Common Area and the Lots and shall furnish a written copy of said rules and regulations to the Owner(s) of each Lot at least fifteen (15) days before such rules and regulations become effective.

In addition to any other rights and remedies that the Association may have under this Declaration, the Association may impose sanctions for violations of this Declaration, the Bylaws of the Association, the rules and regulations adopted by the Association, or the restrictive covenants and other use restrictions applicable to the Properties, in accordance with procedures set forth in the Bylaws, which sanctions may include, but are not limited to, reasonable monetary fines, which fines shall be deemed a special assessment and a lien upon the Lot of the violator, and suspension of the right to vote and the right to use any recreational facilities within the Sub-Association Common Area; provided, however, that the Association may not suspend such Owner's right of access to or any utilities servicing his Lot.

In addition, pursuant to procedures provided in the Bylaws, the Association may exercise self-help to cure violations (specifically including, but not limited to, the towing of Owner and tenant vehicles that are in violation of parking rules) and may suspend the right of an Owner to use any Sub-Association Common Area if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association, provided, however, that the Association may not suspend such Owner's right of access to or any utilities servicing his Lot.

The Association and the Master Association shall each have the right and easement to go upon any Lot for the purposes of exercising its rights hereunder, including, but not limited to, enforcement of the architectural guidelines applicable to the Properties. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass. All remedies set forth in this Declaration and the Bylaws shall be cumulative of any remedies available at law or in equity. In any action to enforce its rights and remedies, the party prevailing in such action shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

Section 9. Condemnation/Casualty. If all or any part of the Sub-Association Common Area and improvements thereon are taken by power of eminent domain or are damaged or destroyed by fire or other casualty, the proceeds of the condemnation award or any insurance policies covering such improvements shall be payable to the Association. The Board of Directors shall propose to the Members, at an annual or special meeting held within sixty (60) days after the date of the condemnation or casualty, whether or not to reconstruct the improvements. The insurance proceeds shall be used to reconstruct the improvements except as provided in §47F-3-113(g) of the Act, in which event the proceeds shall be retained by the Association for operation expenses or reserves, as determined by the Board or the Members. Nothing in this Section shall prevent the Board from proposing and the Members from approving the use of such proceeds for construction of different improvements, e.g., playground on Sub-Association Common Area in lieu of a destroyed club house.

Section 10. Association Contracts and Leases During Declarant Control Period. All Association contracts and leases made during the Declarant Control Period which extend beyond the Declarant Control Period must: (i) be for a term of two years or less; (ii) be terminable without penalty by the Association upon ninety (90) days written notice; and (iii) be commercially reasonable and made with an entity not affiliated with the Declarant. Any Association contract or lease entered into before the first Board elected by the Class A Members takes office, and which is not bona fide or which was unconscionable to the Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the first Board elected by the Class A Members takes office, upon not more than ninety (90) days' notice to the other parties to the contract or lease.

Section 11. Evidence of Member Approval. In the event that any action requires evidence of consent of the Members or a specified percentage of the Members, such approval shall be conclusively presumed if supported by a Certification signed by the President or Secretary of the Association in substantially the following form:

CERTIFICATE OF THE VILLAS AT BEDFORD AT FALLS RIVER HOMEOWNERS ASSOCIATION, INC.

This is to certify that, upon proper notice given a [the] Special [Annual] Meeting of the Members of the Villas at Bedford at Falls River Homeowners Association, Inc., was held on [Date and Year] at [Time]. The purpose [One of the purposes] of the meeting, as set forth in the Notice of Meeting, was to: [State action for which Member approval is required.]

At such meeting, at which a quorum was present, in person or by proxy, a total of _____ votes were cast: ______ votes were cast in favor of such action, and ______ votes were cast against such action. Accordingly, the motion to approve [described the action approved] was approved by at least ____% of the Members as required by the Declaration and Bylaws of the Association.

____

[President/Secretary]

Section 12. Number and Gender. Whenever the context requires, the singular shall included the plural, and *vice versa*, and one gender shall include all.

Section 13. Captions. Captions are for the purpose of reference only and shall not be deemed to be in any manner interpretive of any provision of this Declaration.

Section 14. Severability. If any provision of this Declaration is held by a court of competent jurisdiction to be invalid or void, such provision shall be deemed severable from the remaining provisions of the Declaration and shall not be deemed to nullify or affect and other provision hereof. If any such provision is deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law.

If any item, term or provision contained in this Declaration is in conflict with any applicable federal, state or local laws, this Declaration shall be affected only as to its application to such item, term or provision, and shall in all other respects remain in full force and effect.

Section 15. Conflicts. In the event of a conflict between any provision of this Declaration and the Master Declaration, the more restrictive provision shall control. In the event of a conflict between this Declaration and the Article of Incorporation of the Association, the Articles of Incorporation shall control. In the event of a conflict between this Declaration and the Bylaws, this Declaration shall control.

Specific provisions shall control general provisions. Notwithstanding the foregoing, a construction consistent with the Act, the North Carolina Nonprofit Corporation Act (N.C.G.S. Chapter 55A), and the Raleigh City Code shall in all cases control over any construction inconsistent therewith. The provisions of the Act and the Nonprofit Corporation Act shall in all cases control any conflicting provisions of the Raleigh City Code.

Section 16. Rule Against Perpetuities. As provided in §47F-2-103(b) of the Act, the rule against perpetuities may not be applied to defeat any provision of the Declaration, Bylaws, or rules and regulations adopted pursuant to thereto and §47F-2-102(1) of the Act. In the absence of the protection provided in §47F-2-103(b) of the Act, if any provision of this Declaration violates any applicable rule against perpetuities, such provision shall be deemed amended to be and remain in effect for the maximum period of time that such provision could be in effect without violating the applicable rule against perpetuities.

ARTICLE XIII
RIGHTS OF DEVELOPER

Developer has contracted to sell to Declarant the Lots described on Exhibit A, as well as other single-family attached (or townhome) Lots developed or to be developed on the real property described on Exhibit B (the "Exhibit B Property"). It is the intent of Developer and Declarant that the townhome Lots developed out of the Exhibit B Property will be subjected to the Declaration as they are purchased by Declarant from Developer. However, Developer and Declarant also acknowledge the following: (i) ordinances of the City of Raleigh or requirements of the Federal Housing Administration ("FHA") to approve FHA-insured loans or of the Secretary of Veterans Affairs ("VA") to approved VA-guaranteed loans on Dwellings in the Subdivision, may necessitate subjecting Lots owned by Developer to the Declaration prior to their conveyance to Declarant; (ii) if, for any reason, Declarant does not purchase all of the Lots in the Subdivision, Developer may need the ability to deal with those Lots as if it were the Declarant under the Declaration; (iii) Developer, in developing the Subdivision into Lots to sell to Declarant, and in developing other portions of Bedford At Falls River, may need certain rights to access and work in portions of the Subdivision conveyed to the Association and may need to reserve easements over, under and through Sub-Association Common Area; and (iv) certain portions of the real property described on Exhibit B adjoining the right-of-way of Falls River Avenue will be developed by Developer as detached single-family residential lots that are not part of the Subdivision, and easements may need to be reserved for such lots over, under and through Sub-Association Common Area for utilities and vehicular access to and from Falls River Avenue. Accordingly, Developer agrees to comply with the following obligations, and the following rights and easements hereby are granted to, or reserved by, Developer, its successors and assigns, and, as specified herein, the future owners of the detached single family residential lots that adjoin the right of way of Falls River Avenue near the southern boundary of the Subdivision, and are in addition to all other rights granted to or reserved by Developer in this Declaration.

Section 1. Agreement to Subject Lots to the Declaration. Developer agrees to subject the portion of the Exhibit B property which is intended to be part of the Subdivision to the Declaration to the extent necessary to satisfy the requirements of the City of Raleigh, FHA and/or VA.

Section 2. Agreement to Convey Sub-Association Common Area. Until such time as all portions of the Subdivision owned by Developer and intended to be Sub-Association Common Area have been conveyed to the Association, Developer agrees to convey to the Association such portions of the Subdivision in a manner that will comply with the requirements of the Raleigh City Code for development of the Subdivision and that will comply with the requirements of FHA and VA for conveyance of Sub-Association Common Area to the Association. All such conveyances may be made by Special Warranty Deed and shall be conveyed in compliance with the provisions of Section 3 of Article IV hereof.

Section 3. Developer's Assessments. Until such time, if any, that Developer becomes a Declarant under the Declaration or Lots owned by the Developer are subjected to this Declaration by the provisions of Section 3 of Article II hereof, Developer, and all Lots owned by Developer, are exempt from all assessments under the Declaration and Developer shall have no votes in the Association, except with respect to any Lots owned by Developer on which a Dwelling has been constructed. Developer may become a Declarant under the Declaration with respect to the Lots it owns by recording in the Wake County Registry one or more Supplemental Declarations declaring itself to be a Declarant with respect to the Lots described in the Supplemental Declaration.

Section 4. Developer's Right to Exchange Common Property. In connection with its development of the Subdivision, Developer shall have the right to exchange real property with the Association pursuant to and limited by the provisions of Section 10-3073 of the Raleigh City Code, or successor section.

Section 5. Developer's Easements. Developer, its agents and contractors, shall have all of the rights and easements of Declarant under the Declaration with respect to easements over, under and through the Sub-Association Common Area. Developer shall have the following additional non-exclusive rights and easements over, under and through the Sub-Association Common Area during the Development Period as defined in the Master Declaration:

(a) The right to grant perpetual utility easements on, over, under, across and through the Sub-Association Common Area as may be reasonably necessary for development of the Subdivision and/or other portions of Bedford at Falls River, and the Association shall, upon request, execute any such easement to permit recording of same. For purposes of this Article, "utility" or "utilities" include, without limitation, water, sanitary sewer, storm water drainage, electricity, telephone, natural gas, cable television, greenway easements, and buffers required by City of Raleigh ordinances or other governmental laws, ordinances and regulations. Such easements may be granted by written instrument or plat, and may be publicly-dedicated or private easements. Insofar as reasonably practicable, and except for any portions thereof that by necessity must be at or above the surface of the ground, all utilities installed, used and maintained pursuant to such easements shall be underground.

(b) The right to install, use and maintain in Sub-Association Common Area such utilities as may be reasonably be required for development of the Subdivision and/or other portions of Bedford at Falls River.

(c) The right to install, use and maintain in Sub-Association Common Area signs, landscaping (including, without limitation, grass, plants, lighting, and irrigation), fencing and other decorative features in connection with development of the Subdivision.

(d) As long as Developer owns any Lot or other property in the Subdivision, a non-exclusive right of pedestrian and vehicular ingress, egress and regress over and upon all Sub-Association Common Area for the purposes of exercising the rights and easements reserved by or granted to Developer under the Declaration, provided, however, that, with respect to vehicular ingress, egress and regress, Developer shall use only those portions of the Sub-Association Common Area designed or designated for use by vehicles, such as private streets, driveways and alleys.

(e) A nonexclusive right and easement at all times to enter upon any portion of a Lot reserved or designated as a Sub-Association Common Area easement, and any other portion of the Lot to the extent necessary to gain access and maintain improvements and facilities within the Sub-Association Common Area easement and/or to exercise its rights as Declarant under the Master Declaration or this Declaration, and no such entry shall be deemed a trespass. To the extent practicable, the Developer shall give reasonable oral notice to the Owner or occupant of such Lot.

<u>Section 6</u>. <u>Easement for Certain Single-Family Detached Lots</u>. A perpetual, non-exclusive easement for vehicular and pedestrian ingress, egress and regress hereby is reserved for the owners of lots 790 through 796 as shown on the plat recorded in the Wake County, North Carolina Registry in Book of Maps 2002, Page 1663, and for their agents, contractors, family members, tenants, sub-tenants, invitees and licensees, over and upon all private streets and private alleys in the Subdivision as shown on plats recorded in the Wake County, North Carolina Registry, from such lots to and from the right-of-way of Falls River Avenue. The foregoing lots 790 through 796 are part of the lots adjoining the right of way of Falls River Avenue near the southern boundary of the Subdivision that Developer and Declarant anticipate will be developed by Developer for use as detached single-family residential lots that will not be part of the townhome development in the Subdivision. In addition to the foregoing reservation, Developer reserves the right, by recording a "Supplemental Declaration", to reserve such non-exclusive right of ingress, egress and regress with respect to other such lots as the same are established from time to time on plats recorded in the Wake County, North Carolina Registry.

<u>Section 7</u>. <u>Amendments of this Article XIII</u>. As long as Developer owns any Lot or other property in the Subdivision, the provisions of this Article may not be amended without the written consent of Developer. The provisions of this Article that affect the owners (and their agents, contractors, family members, tenants, sub-tenants, invitees and licensees) of the detached single-family residential lots adjacent to the right of way of Falls River Avenue near the southern boundary of the Subdivision shall not be amended without the written consent of all of the owners affected by such amendment. When any such lot is owned by two or more persons, consent may be given by any one or more of such persons.

Section 8. Compliance with Laws. Developer's exercise of all rights and easements under this Article shall comply with all applicable governmental laws, ordinances and regulations.

IN WITNESS WHEREOF, Declarant and the Developer have each caused this instrument to be executed in its name by its duly authorized officer of Manager, as of the date set forth in the notary acknowledgment below.

DECLARANT:

The New Fortis Corporation

By: ______________________________
Michael J. Reiser, Vice President

STATE OF NORTH CAROLINA -- COUNTY OF WAKE

I, the undersigned, a Notary Public for the County and State aforesaid, certify that Michael J. Reiser personally appeared before me this day and acknowledged and acknowledged that he is a Vice President of **The New Fortis Corporation**, a North Carolina corporation, and that he, as Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this the _______ day of March, 2003.

____
Notary Public
My commission expires: __________________

EXHIBIT A

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

All of **Lots 812-816**, inclusive, and **Lots 820-824**, inclusive, in **Phase 20**, of **Bedford At Falls River**, as said Lots are shown and described on the map entitled "BEDFORD @ FALLS RIVER - MAP 7, Phase 20 - Subdivision, Right Of Way & Esmt. Dedication", recorded in **Book of Maps 2002, Page 1090**, Wake County Registry, and the area identified and described as "Private Common Area/Open Space - [10610]", and the area within the right-of-way of Edmundson Avenue - Variable Width R/W/ (Private) on the aforesaid recorded map, to which map reference is hereby made for a more particular description.

DEVELOPER:

BRANDYWINE, L.L.C., a Virginia Limited Liability Company
doing business in North Carolina as BRANDYWINE OF VIRGINIA, L.L.C.

By: ______________________________
Nathan D. Benson, Manager

COMMONWEALTH OF VIRGINIA -- COUNTY or CITY OF VIRGINIA BEACH

I, the undersigned, a Notary Public for the County and State aforesaid, certify that Nathan D. Benson personally appeared before me this day and acknowledged that he is a Manager of **Brandywine, L.L.C.**, a Virginia Limited Liability Company doing business in North Carolina as Brandywine of Virginia, L.L.C., and that he, as Manager, being authorized to do so, executed the foregoing on behalf of the Company.

Witness my hand and official stamp or seal, this the ______ day of March, 2003.

____
Notary Public
My commission expires: ___________________

EXHIBIT B

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

All of the real property and improvements thereon in Phase 19, Phase 20 and Phase 21 as shown and described on the map entitled "BEDFORD @ FALLS RIVER - MAP 7, Phase 20 - Subdivision, Right Of Way & Esmt. Dedication", recorded in Book of Maps 2002, Pages 1089-1091, inclusive, Wake County Registry, saving and excepting therefrom the property identified on Exhibit A and thereby subjected to this Declaration.

BYLAWS
OF THE
VILLAS AT BEDFORD AT FALLS RIVER HOMEOWNERS ASSOCIATION, INC.

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BYLAWS
OF THE
VILLAS AT BEDFORD AT FALLS RIVER HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is the **VILLAS AT BEDFORD AT FALLS RIVER HOMEOWNERS ASSOCIATION, INC.** (hereinafter the "Association"). The principal office of the Association shall be located at 3500 Regency Parkway, Suite F, Cary, Wake County, North Carolina 27511. The location of the principal office of the Association may be changed by the Board of Directors. Meetings of Members and Directors may be held in such places within Wake County, North Carolina, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

All terms defined in the Declaration Of Covenants, Conditions, Restrictions, Easements, Charges And Liens For The Villas at Bedford at Falls River Homeowners Association, Inc., recorded, or to be recorded in office of the Register of Deeds of Wake County, North Carolina (as from time to time amended, said document, together with all amendments thereto, if any, being hereinafter referred to as the "Declaration"), shall have the same meanings when used herein.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Membership and voting rights of the Members shall be as provided in Article III of the Declaration.

ARTICLE IV
MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held on or before March 31, 2004. Each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter on the day, at the hour, and at the place specified in the notice to the Members of the meeting.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or a majority of the members of the Board of Directors. Special meetings of the Members shall be called upon the written request of the Members entitled to one-tenth (1/10) of the votes appurtenant to the Class A Lots (as defined in Article III of the Declaration).

Section 3. Place of Meetings. Meetings of the Members shall be held at such place within Wake County, North Carolina, as may be determined by the Board of Directors.

Section 4. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, to each Member entitled to vote at such meeting, by hand delivery or by mailing a copy of such notice, postage prepaid, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Notice shall be mailed or delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting. Such notice shall specify the place, day and hour of the meeting, contain an agenda of matters to be discussed and/or voted upon at the meeting, including without limitation, the nature of any proposed amendment to the Articles Of Incorporation or these Bylaws, any budget changes, any proposal to remove a Director, and, if applicable, notice of Declarant's intent to appoint Directors as provided in Section 8 of Article V of these Bylaws and/or Officers as provided in Section 9 of Article VIII of these Bylaws, and, in case of a special meeting, the exact purpose of the meeting, including the text of any proposals to be voted on at such special meeting. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 5. Quorum. Except as otherwise provided in the Articles of Incorporation, the Declaration (including, specifically, Sections 4 and 6 of Article V thereof) or these Bylaws, the presence at a meeting of Members or their proxies entitled to cast one-tenth (1/10) of the votes appurtenant to each Class of Lots (Class A and Class B) shall constitute a quorum for any action. If, however, a quorum is not present or represented at any meeting, the Members or their proxies present and entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable by written notice of revocation signed by the person whose proxy is given and delivered to the Secretary prior to determination of a quorum at the meeting of Members. A Member's proxy shall be automatically revoked by and upon conveyance by such Member of his Lot. A proxy shall also automatically terminate on the earlier of the date specified in the proxy for termination or the date that is 11 months after its date.

Section 7. Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the minute book of the Association; provided, however, that such consent shall only be valid if all persons who must sign such consent do so within forty-five (45) days after the first such person signs.

ARTICLE V
BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Association shall be managed by a Board of Directors.

Section 2. Number, Term and Qualification. The number of Directors of the Association shall be one (1) until the first annual meeting after the end of the Declarant Control Period (as defined in the Declaration), at which time the number of Directors shall be increased to three (3). At such meeting, the Members shall elect one Director to serve a term of one year, one Director to serve a term of two years, and one Directors to serve a term of three years.

At each annual meeting thereafter, the Members shall elect the number of Directors needed to fill the vacancy or vacancies created by the Director(s) whose term(s) is(are) expiring, to serve for a term of three years (except in the case of the initial election of a Director, in which case the term of that Director may be shortened to provide for the staggering set forth in this Article, or in the case of the filling of a vacancy, in which case the Director elected to fill the vacancy shall be elected for the unexpired term of the Director whose vacancy is being filled).

The term of office of the Directors shall be staggered so that, except for an election to fill a vacancy or to fill a newly-created directorship, the terms of not less than one (1) nor more than three (3) Directors shall expire at each annual meeting. Each Director shall hold office until his death, resignation, retirement, removal or disqualification, or until his successor is elected and qualified. Directors need not be Members of the Association.

The Members of the Association may, by a majority of the votes cast at any duly called annual or special meeting of the Members at which a quorum is present, increase or decrease the number of Directors of the Association; provided, however, that the number of Directors shall not be increased to more than nine (9) or decreased to less than three (3) without amendment of these Bylaws.

Section 3. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee appointed by the Board of Directors; nominations may also be made by any Member at the annual meeting of the Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or nonmember.

Section 4. Election. Except as provided in Sections 6 and 8 of this Article, the Directors shall be elected at the annual meeting of the Members by secret written ballot. In such election, the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled under the provisions of Article III of the Declaration. The person(s) receiving the highest number of votes shall be elected. Neither cumulative nor fractional voting is permitted.

Section 5. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members present and entitled to vote at any meeting of the Members called for that purpose; provided, however, that the Members may not remove a Director appointed by the Declarant as provided in Section 8 of this Article V.

Section 6. Vacancies. A vacancy occurring in the Board of Directors may be filled by the selection by the remaining Directors of a successor, who shall serve for the unexpired term of his predecessor. The Members may elect a Director at any time to fill any vacancy not filled by the Directors.

Section 7. Compensation. No Director shall receive compensation for any service he may render to the Association in the capacity of Director. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 8. Declarant's Right to Appoint Directors. Notwithstanding any other provision of these Bylaws, until the expiration of the Declarant Control Period, Declarant may, in its discretion, appoint and remove Directors of the Association. *See* N.C.G.S. § 47C-3-103(d). Declarant's intent to exercise or continue to exercise that right shall be set forth in the notice of each annual meeting of the Members.

ARTICLE VI
MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually, without notice, and at such place and hour as may be fixed from time to time by resolution of the Board. Should the date of such meeting fall on a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two Directors, after not less than three (3) days' notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Informal Action by Directors. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if written consent to the action so taken is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5. Chairman. A Chairman of the Board of Directors shall be elected by the Directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the President, a Chairman shall be elected by the Board of Directors to serve until a new President is elected.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and the personal conduct of the Members and their guests thereon (including, without limitation, rules regarding parking of vehicles) and establishing penalties for infractions thereof, and adopt and publish rules and regulations interpreting the restrictions and covenants applicable to the Properties and the enforcement thereof;

(b) after notice and an opportunity to be heard, to suspend the voting rights of an Owner and the right of an Owner to use to Common Area and facilities thereon for any period during which any assessment against his Lot remains unpaid for a period of 30 days or longer, or for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association by the Articles Of Incorporation, these Bylaws, the Declaration or the Act, including, without limitation, Section 47F-3-102 thereof, and not reserved to the Members by other provisions of the same;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors without good cause;

(e) employ a manager and such other employees or independent contractors as it deems necessary and prescribe their duties, and contract with a management company to manage the operation of the Association. In the event that a contract is entered into with a management company, such contract must be terminable by the Board of Directors without cause or penalty on not more than ninety (90) days notice and any management contract made with the Declarant shall be for a period not to exceed three (3) years;

(f) employ attorneys, accountants and other persons or firms to represent the Association when deemed necessary;

(g) grant easements to any private or public agency, authority or utility for the installation and maintenance of sewage, utility or drainage facilities upon, over, under and across the property owned by the Association without the assent of the Members when such easements are necessary for the convenient use and enjoyment of the Properties; and

(h) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient.

The Board of Directors may, in its discretion, delegate any of its powers to a subcommittee of the Board, an officer of the Association, or a manager, agent or attorney employed by the Association, provided, however, that such delegation shall not relieve the Board of its obligation to ensure that the duties set forth in this Article VII are faithfully carried out or that the powers so delegated are appropriately exercised by such delegate.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing at least five (5) working days before such meeting by Members entitled to at least one-fourth (1/4) of the votes appurtenant to the Class A Lots;

(b) supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) as provided in Section 4 of Article V of the Declaration, fix the amount of the annual assessment against each Lot at least twenty (20) days before January 1 of each year;

(2) send written notice of such assessment to every Owner subject thereto at least ten (10) days before January 1 of each year; and

(3) establish and enforce procedures for collection of assessments and for filing and enforcement of liens for unpaid dues as provided in the Act.

(d) issue, or cause an appropriate officer of the Association to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be established by the Board of Directors for the issuance of such certificate. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment;

(e) procure and maintain adequate liability insurance covering the Association in an amount not less than $1,000,000.00 and adequate hazard insurance on the real and personal property owned by the Association;

(f) procure and maintain directors' and officers' liability insurance;

(g) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(h) cause the Common Area and all facilities erected thereon to be maintained, and cause the exterior of the Units to be maintained as required by the Declaration;

(i) if it deems necessary or if directed by the Members to do so, establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of the improvements constructed on the Common Area and of exterior improvements of the Units for which the Association is responsible;

(j) provide such notices to and obtain such consents from the owners and holders of first deeds of trust on Lots within the Properties as is required by the Declaration or these Bylaws;

(k) pay all *ad valorem* taxes and public assessments levied against the real and personal property owned in fee by the Association;

(l) hold annual and special meetings and elections for the Board of Directors; and

(m) prepare annual budgets and financial statements for the Association and make same available for inspection by the Members at all reasonable times.

Section 3. Enforcement Rights. In addition to such other rights as are granted in the Act, the Articles of Incorporation, the Declaration or these Bylaws, the Board of Directors shall have the power, pursuant to the procedures set forth in this Section, to impose sanctions for violations by an Owner, a member of his family, or any occupant, tenant, employee, guest or invitee of the Owner, of the Declaration, these Bylaws, rules and regulations adopted Association or the Restrictive Covenants applicable to the Properties (hereinafter individually and collectively referred to as the "Rules"), which sanctions may include, but are not limited to, reasonable monetary fines, not to exceed the greater of the costs actually incurred by the Association in abating such violation including, without limitation, attorneys' fees, or $50.00 per day, or part thereof, in which the violation continues to exist for a first violation, $100.00 per day for a second violation of the same rules or regulations, and $150.00 per day for a third or subsequent violation, and which fines shall constitute a lien upon the Lot of the Owner, and suspension of the right to vote and the right to use the Recreational Amenities. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Lot if the Owner is delinquent in paying any assessment or other charges owed to the Association. The failure of the Board to enforce any of the Rules shall not be deemed a waiver of the right to do so thereafter.

(a) Notice. Before imposition of any sanction, the Board or its delegate shall give the Owner written notice describing: (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than 10 days within which the Owner may present a written request for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a request for a hearing is received by the Board before the end of the period set forth in such notice (the "Notice Period"). Such notice may be hand delivered by any person or sent by certified mail, return receipt requested. Any notice hand delivered shall be deemed received when received by the Owner or by any person more than 18-years old who is present at the address of the Owner as shown on the records of the Association. Notice sent by certified mail shall be deemed received on the third business day after same is deposited in the United States Mail. The Board shall include in its minutes evidence of the giving of such notice, including a copy of the notice and a statement of the date and manner of delivery signed by the officer, director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting, unless the appearance is made to protest the lack of notice.

If a request for a hearing is not received before the end of the Notice Period, the sanction stated in the notice shall be imposed; provided, however, that the Board may waive any proposed sanction if the violation is cured before the end of the Notice Period. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any person.

(b) Hearing. If a hearing is timely requested, the hearing shall be held by the Board in executive session or by a committee of not less than three (3) Members (who may or may not be Directors of the Association) appointed by the Board for the purpose of hearing such appeals. The Owner shall be afforded a reasonable opportunity to be heard. A written statement of the results of the hearing and the sanctions, if any, imposed, shall be placed in the minutes of the Board and a copy of such statement shall be provided to the Owner in the same manner as the notice required by subsection (a) of this Section 3.

If the hearing was held before a subcommittee appointed by the Board, the Owner shall have the right to appeal the decision to the Board by giving a written notice of appeal to the President or Secretary of the Association within ten (10) days after receiving a copy of the written statement of the results of the hearing. If such notice of appeal is given, the Board shall schedule and notify the Owner of the date of the appeal hearing, which shall be not less than five (5) nor more than fifteen (15) days after notice of appeal is given, and which must be attended by not less than 75% of the members of the Board. The Owner shall be afforded a reasonable opportunity to be heard. The Board may, by majority vote of the Directors present at such appeal hearing, affirm, modify or reverse the decision of the subcommittee. A written statement of the results of the appeal hearing and the sanctions, if any, imposed, shall be placed in the minutes of the Board and a copy of same shall be provided to the Owner in the same manner as the notice required by subsection (a) of this Section 3.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Rules, without the necessity of compliance with the notice and hearing procedures set forth herein, by self-help methods (specifically including, but not limited to, the towing of Owner and tenant vehicles parked in violation of parking rules) or by action at law or in equity to enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Association shall be entitled to recover all costs of such action, including reasonable attorney's fees incurred. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a President, who shall at all times be a member of the Board of Directors, a Secretary, a Treasurer, and such Vice President(s) and other officers as the Board may from time to time by resolution appoint.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members. Notwithstanding the foregoing, until the expiration of the Declarant Control Period, Declarant may, in its discretion, appoint and remove all of the officers of the Association.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, be removed, or be otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by the Board. The person appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The President shall: preside at all meetings of the Board of Directors and of the Members; see that orders and resolutions of the Board are carried out; sign all leases, promissory notes, mortgages, deeds and other written instruments; and, if so authorized by the Board, sign checks.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall: record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring a seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association and their addresses; and perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall: receive and deposit in appropriate bank accounts all funds of the Association and disburse such funds as directed by resolution of the Board of Directors; keep proper books of account; issue, or cause to be issued, all requested certificates setting forth whether the assessments applicable to a specific Lot have been paid; cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year; prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members; and, if directed by resolution of the Board of Directors, sign checks of the Association.

Section 9. Declarant's Right to Appoint Officers. Notwithstanding any other provision of these Bylaws, until the expiration of the Declarant Control Period, Declarant may, in its discretion, appoint and remove all of the officers of the Association. *See* N.C.G.S. § 47C-3-103(d). Declarant's intent to exercise or continue to exercise that right shall be set forth in the notice of each annual meeting of the Members.

ARTICLE IX
COMMITTEES

The Board of Directors of the Association shall appoint a Nominating Committee as provided in Section 3 of Article V of these Bylaws. The Board of Directors may appoint such other committees as it deems necessary to carry out the affairs of the Association.

ARTICLE X
BOOKS AND RECORDS

The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any Member or his agent. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI
ASSESSMENTS

As more fully provided in Article V of the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made.

ARTICLE XII
MISCELLANEOUS

Section 1. Corporate Seal. The Association shall have a seal in a circular form having within its circumference the words: Villas at Bedford at Falls River Homeowners Association, Inc.; and such seal is hereby adopted as the corporate seal of the Association.

Section 2. Amendments. Except as otherwise provided herein, these Bylaws may be amended or repealed and new bylaws adopted at any regular or special meeting of the Board of Directors by the affirmative vote of a majority of the Directors then holding office.

These Bylaws may also be amended or repealed and new bylaws adopted at any regular or special meeting of the Members, by the affirmative vote of two-thirds (2/3) of the votes cast at such meeting, subject to normal quorum requirements, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

No bylaw adopted or amended by the Members shall be amended or repealed by the Board of Directors, except to such extent that such bylaw expressly authorizes its amendment or repeal by the Board of Directors.

Section 3. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 4. Indemnification.

(a) Any person who at any time is serving or has served as a Director, officer, employee or agent of the Association, or who is serving or has served in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise or, at the request of the Association, as a trustee or administrator under any employee benefit plan, shall be indemnified by the Association to the fullest extent permitted by law, including specifically the indemnification provided by the provisions of the North Carolina Nonprofit Corporation Act, including but not limited to indemnification against (i) reasonable expenses, including attorneys' fees actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (ii) reasonable payments made by him in satisfaction of any judgment, money decree, fine penalty or settlement for which he may become liable in any such action, suit or proceeding.

The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by the provisions of this Section 4(a), including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and if required, giving notice to, and obtaining approval by, the Members of the Association.

Any person who at any time serves or has served in any of the aforesaid capacities for, on behalf of, or at the request of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided under this Section 4(a). Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of this Section.

If the North Carolina Nonprofit Corporation Act is subsequently amended to eliminate or further limit the personal liability of directors or to authorize corporate action to eliminate or further limit such liability, then the liability of the Directors of this Association shall, without any further action of the Board of Directors or the Members of the Association, be eliminated or limited to the fullest extent permitted by the North Carolina Nonprofit Corporation Act as so amended.

(b) The Association shall have the power to purchase and maintain insurance on behalf of any person who is serving or has served as a Director, officer, employee or agent of the Association, or who is serving or has served in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise or, at the request of the Association, as a trustee or administrator under any employee benefit plan against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would otherwise have the power to indemnify him against such liability.

(c) In addition to the indemnification authorized under the provisions of Sections 4(a) and four(b) of this Article XII and under the provision of the North Carolina Nonprofit Corporation Act, the Association, acting pursuant to a resolution adopted by its Board of Directors, may by contract agree to indemnify any person who at any time is serving or has served as a Director, officer, employee or agent of the Association, or in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprises or, at the request of the Association, as a trustee or administrator under any employee benefit plan, against liability and reasonable litigation expenses, including attorneys' fees, arising out of his status As such or his activities in any of the foregoing capacities before or after the date on which the contract is executed; PROVIDED HOWEVER, that the Association may not agree under any such contract to indemnify any such person against any liability or litigation expense he may incur in relation to matters as to which he shall have been adjudged in such action, suit or proceeding to have acted in bad faith or to have been liable or guilty by reason of willful misconduct in the performance of duty.

(d) Any repeal or modification of the foregoing provisions of this Section 4 shall not affect any rights or obligations then existing with respect to any state of facts then or therefore or thereafter brought based in whole or in part on any such state of facts.

(e) This Section is intended to provide indemnification solely for actions taken by a person in his/her capacity as an officer or Director of the Association. Nothing herein shall be deemed to provide indemnification to any person for any liability that may result from that person's ownership of property within the Properties.

Section 5. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 6. Gender. Any use of the masculine gender in these Bylaws shall be construed to include the feminine gender. Any use of the singular shall be construed, as appropriate, to include the plural.

The undersigned hereby certifies that he/she is the Secretary of the Villas at Bedford at Falls River Homeowners Association, Inc. (the "Association"), and that the foregoing Bylaws Of The Villas at Bedford at Falls River Homeowners Association, Inc., have been duly adopted as the Bylaws of the Association as of the 19th day of March, 2003.

____

Craig B. Lang, Secretary

22 287 5168

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Date Filed: 10/17/2002 8:39 AM
Elaine F. Marshall
North Carolina Secretary of State

Articles Of Incorporation
Of The
VILLAS AT BEDFORD AT FALLS RIVER HOMEOWNERS ASSOCIATION, INC.

In compliance with the requirements of Chapters 47F and 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies as follows:

ARTICLE I
NAME

The name of the corporation is the **VILLAS AT BEDFORD AT FALLS RIVER HOMEOWNERS ASSOCIATION, INC.** (hereinafter the "Association").

ARTICLE II
REGISTERED OFFICE AND INITIAL AGENT; PRINCIPAL OFFICE

The registered office of the Association is located at 3716 National Drive, Suite 100, Raleigh, (Wake County), North Carolina 27612. The name of the initial registered agent at such address is Richard W. Moore.

The initial principal office of the Association is located at 3500 Regency Parkway, Suite F, Cary (Wake County), North Carolina 27511. The location of the registered and the principal offices of the Corporation may be changed by a majority vote of the Board of Directors.

ARTICLE III
PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate a pecuniary gain or profit to the Members thereof. The specific purposes for which the Association is formed are to own and maintain the Common Area (as that term is defined in that certain Declaration Of Covenants, Conditions, Restrictions, Easements, Charges And Liens For The Villas at Bedford at Falls River Homeowners Association, Inc., to be recorded in the Wake County Registry, as from time to time amended, said document, together with all amendments thereto, if any, being hereinafter referred to as the "Declaration") within the subdivision known as the **Villas at Bedford at Falls River** (hereinafter the "Subdivision"), and for these purposes, to:

(a) exercise all powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration, the Bylaws of the Association, and the North Carolina Planned Community Act, N.C.G.S. Chapter 47F (hereinafter the "Act"); and

(b) have and exercise any and all powers, rights and privileges which a corporation organized under the North Carolina Nonprofit Corporation, N.C.G.S. Chapter 55A, may by law now or hereafter have or exercise.

ARTICLE IV
FINANCE

The Association is a non-stock corporation and no part of the profits, if any, of the Association shall inure to the pecuniary benefit of its Members or any of them, or to any other person.

ARTICLE V
MEMBERSHIP AND VOTING RIGHTS

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot (defined in Article I, Section 9 of the Declaration) which is subject by the Declaration to assessment by the Association, including contract sellers, shall be a Member (defined in Article I, Section 12 of the Declaration) 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. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

The voting rights of the Members shall be provided in the Declaration and Bylaws of the Association.

ARTICLE VI
MANAGEMENT OF THE ASSOCIATION

The affairs of the Association shall be managed by an initial Board of three (3) Directors. The persons who are to act in the capacity of Director until the selection of his successor(s) are:

Name	Address
Briggs Napier	3500 Regency Parkway, Suite F, Cary, NC 27511
Mike Johnson	3500 Regency Parkway, Suite F, Cary, NC 27511
Craig Lang	3500 Regency Parkway, Suite F, Cary, NC 27511

The election or appointment of Directors of the Association shall be governed by the Bylaws of the Association.

ARTICLE VII
DISSOLUTION

The Association may be dissolved only upon the signed written assent of Members entitled to at least eighty percent (80%) of the votes of the entire membership and at least three-fourths (3/4) of the votes appurtenant to each Class of Lots. Upon dissolution, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is not accepted, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization devoted to similar purposes. Notwithstanding anything herein to the contrary, the Common Area (defined in Article I, Section 5 of the Declaration) shall be preserved to the perpetual benefit of the owners of Lots within the Subdivision and shall not be conveyed except to the City of Raleigh or to another non-profit corporation organized for similar purposes.

ARTICLE VIII
DURATION

The period of existence of the Association is perpetual.

ARTICLE IX
AMENDMENTS

Amendment of these Articles shall require the assent of Members entitled to at least eighty percent (80%) of votes of the entire membership. No amendment to these Articles shall be effective if such amendment would be prohibited under Section 3 of Article XIV of the Declaration for Bedford at Falls River, recorded in Book 9366, Page 895, and amended in Book 9538, Page 1665, Wake County Registry, as the same may be amended from time to time, unless such amendment is approved in writing by the Brandywine, L.L.C., doing business in North Carolina as Brandywine of Virginia, L.L.C.

ARTICLE X
FHA/VA APPROVAL

As long as there is Class B membership (as defined in the Declaration and Bylaws), the following actions require the prior approval of the Federal Housing Administration or the Secretary of Veterans Affairs: annexation of additional property not included within the property identified on Exhibit B to the Declaration, mergers or consolidation, dissolution, mortgaging of Common Area, dedication or otherwise deeding of Common Area to persons other than the Association, and amendment of these Articles of Incorporation.

ARTICLE XI
INCORPORATOR

The name and address of the incorporator is as follows:

LaMonica D. Dewey — 3716 National Drive, Suite 100
Raleigh, North Carolina 27612

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this the 11th day of October, 2002.

LaMonica D. Dewey (Seal)
LaMonica D. Dewey
Incorporator

STATE OF NORTH CAROLINA -- WAKE COUNTY:

I, Tamela B. Gilmore, a Notary Public for said County and State, do hereby certify that Richard W. Moore personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official stamp or seal, this the 11th day of October, 2002.

Tamela B. Gilmore
Notary Public
My commission expires: ____________________

TAMELA B. GILMORE
Notary Public
Wake County, N.C.
My Commission Expires 2-17-2007