PREPARED BY AND HOLD FOR: Barrow and Redwine, Attorneys at Law
8601 Six Forks Road, Suite 402
Raleigh, North Carolina 27615

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE WOODS OF PARKSIDE

THIS DECLARATION, made on the date hereinafter set forth by J.A.G., INC., a North Carolina corporation, hereinafter referred to as "Declarant";

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain property in St. Matthews Township, in the City of Knighdale, Wake County, State of North Carolina, which is more particularly described as follows:

> All of that certain parcel of land shown on the plat entitled "JAG, Inc.. The Woods of Parkside", which appears of record in the Office of the Register of Deeds of Wake County, North Carolina, in Map Book 1988, Page 1121.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to THE WOODS OF PARKSIDE HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "Board of Directors" shall mean the board of directors of the Association duly elected in accordance with the By-Laws of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners including non-dedicated streets. The Common Area is shown as non-dedicated streets or is referred to as "Open Space" on the recorded plats. The numbered lots and dedicated streets are not a part of the Common Area.

Section 4. "Declarant" shall mean and refer to J.A.G., INC., a North Carolina corporation, its successors and assigns, if such successors should acquire more than one undeveloped lot from the Declarant for the purposes of development.

Section 5. "Lot" shall mean and refer to any plat of land shown upon any recorded subdivision map of the properties with the exception of the Common Area.

Section 6. "Majority Lender" shall collectively mean the lenders holding at least fifty-one (51%) percent of the first mortgages and deeds of trust outstanding on the individual lots.

Section 7. "Managing Agent" shall mean the entity with which the Association contracts for the day-to-day operation of the Properties, which Managing Agent shall be subject to the prior approval of the Majority Lender.

Section 8. "Owner" shall mean and refer to the record owner, (other than Declarant) whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. "Properties" shall mean and refer to that certain real property hereinabove described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II
PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner and Declarant shall have a right and easement of enjoyment in and to the common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use the recreational facilities by an Owner for a period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by at least sixty-six and two-thirds (66 2/3%) percent of each class of members and by the Majority Lender, agreeing to such dedication or transfer, has been recorded; and

(d) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

Notwithstanding the foregoing, if ingress or egress to any residence is through the Common Area, any conveyance or encumbrance of such area is subject to the Lot Owner's easement.

Section 2. Delegation of Use. Declarant and any Owner may delegate, in accordance with the By-Laws, his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 1. Declarant and every Owner of a Lot which is subject to assessments 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.

Section 2. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B membership shall cease on the happening of either of the following events, whichever occurs earlier:

(a) upon the expiration of two (2) years from the date the Declarant conveys its last Lot; or

(b) ten (10) years after the date of his Declaration; or

(c) upon the resignation of Declarant as a Class B member.

ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of 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: (1) annual assessments or charges, (2) special assessments for capital improvements, replacements and repairs, and (3) all charges or amounts paid by the Association on behalf of the Owner as provided hereafter, such assessments and charges to be established and collected as hereinafter provided. Each Owner shall be responsible for paying all taxes or assessments levied by any governmental body against his Lot and the personal property located thereon. In the event that any Owner shall fail to make any such payment of taxes or governmental assessments in a timely manner, the Association shall pay such taxes or assessments, and the amount thereof shall become a special assessment and lien against the Owner's Lot as provided hereafter.

The annual and special assessments as well as amounts paid by the Association on behalf of the Owner, together with interest (at the rate of eighteen [18%] percent per annum or the highest rate allowed by law, whichever is less), costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, or amount paid by the Association on behalf of the Owner, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal liability for delinquent assessments shall not pass to his successors in title unless expressly assumed by them, but any delinquent assessment shall constitute an encumbrance on the property despite passage of title.

Section 2. Purpose 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 Properties and in particular for the acquisition, improvement and maintenance of properties, service and facilities devoted to this purpose, and to promote the use and enjoyment of the Common Area, maintenance of the exteriors of all structures (including those on individual Lots) located on the Properties, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, garbage and trash collection services, street lighting, maintenance and landscaping of Common Areas, maintenance of lift station and access drive and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be TWENTY EIGHT ($28.00) Dollars per Lot.

From January 1 of the calendar year immediately following the first conveyance of a Lot to an Owner:

(a) For the first three (3) years from the date of conveyance of the first Lot, the annual assessment shall not be increased except to the extent necessary to cover the increased costs of taxes and insurance;

(b) Thereafter the maximum annual assessment shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed TEN (10%) percent of the maximum annual assessment of the previous year however, if the budget submitted by the Managing Agent for the upcoming year requires a larger percentage increase, the Board of Directors shall set the annual assessment at an amount necessary to fund the operations of the Properties as set out in the budget. Such budget shall be subject to the approval of the Majority Lender and shall contain funds for creation of necessary reserves for major repairs and replacements; and

(c) The maximum annual assessment may be increased without limit by a vote of the Class B Member (so long as there is a Class B Member) and by vote of sixty-six and two-thirds (66 2/3%) percent of the Class A Members who are voting in person or by proxy, at a meeting duly called for his purpose.

At any time the Board of Directors may fix the annual assessment at an amount not in excess of the maximum. Provided, however, that in any event, the Board of Directors shall be required to fix the annual assessment in an amount sufficient to fund the annual budget submitted by the Managing Agent for the upcoming year.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment 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 Common Area and structures on the Properties (including those located on the

<u>Section 8.</u> <u>Effect of Nonpayment of Assessments: Remedies of the Association.</u> Any assessment or payment made by the Association for the benefit of an individual Owner not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen (18%) percent per annum or the highest rate permitted by law, whichever is less. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property as if it were a mortgage or as otherwise required by law, and interest, costs and reasonable attorney's 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 Common Area or abandonment of his Lot.

<u>Section 9.</u> <u>Effect of Conveyance on Lien.</u> Sale or transfer of any Lot shall not affect the assessment lien or lien provided for in the preceding section. No such sale or transfer shall relieve such Lot from liability for any assessments or from the lien thereof.

<u>Section 10.</u> <u>Exempt Property.</u> All property dedicated to, and accepted by, a local public authority and all properties 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. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

assessed for both annual and/or special assessments at fifty (50%) percent of the assessment for Lots owned by Class A Members, but such fifty (50%) percent assessment ratio for a particular Lot owned by the Declarant shall terminate immediately upon the transfer of said Lot from the Declarant to a Class A Member; and thereafter, the full one hundred (100%) percent assessment for such Lot shall apply.

Section 6. Effect of Nonpayment of Taxes or Public Capital Improvement Assessments. The Association shall be responsible for the payment of premiums for liability insurance, local taxes, maintenance and recreational and other facilities located on the Common Areas, and payments of assessments for public and private capital improvements made to or for the benefit of the Common Areas. The Association shall also maintain comprehensive fire and hazard insurance with replacement coverage on all structures located on the Property, including those located on the Lots. Each Owner shall be responsible for obtaining his own coverage of his personal property and the contents of his dwelling unit. Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Areas or assessments for public improvements to the Common Areas, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay the taxing or assessing governmental authority a portion of such taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of residential Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of the notice of the amount due, then such sum shall become a continuing lien on the residential site of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law against the Owner personally obligated to pay the same or may elect to foreclose the lien against the Lot of the Owner.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall be collected on a monthly basis and shall commence as to all Lots on the first day of the month following the conveyance of the first Lot by the Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 2. Landscaping. No trees, shrubs, or other vegetation or ground cover shall be planted or maintained on any Lot by the Owner unless approved by the Board of Directors of the Association, or by the Landscaping and Architectural Control Committee, except that the Owner of a Lot may plant flowers or ornamental shrubbery in harmony with the general landscape design within three (3) feet of the rear of the Living Unit, or any dock or patio appurtenant thereto, constructed on the Lot if the Owner maintains the bed or beds in which such planting occurs in a neat and orderly condition.

Section 3. Landscaping and Architectural Control Committee. The Landscaping and Architectural Control Committee shall be appointed and shall function as provided in the By-Laws of the Association, and shall function to review and approve or disapprove proposals made by individual Owners. The Owner requesting approval shall submit plans and specifications to the Landscaping and Architectural Control Committee. As a condition to the granting of approval of any request made under this Article, the Board of Directors or the Landscaping and Architectural Control Committee may require that the Owner requesting such change be liable for any cost of maintaining or repairing the approved project. If such condition is imposed, the Owner shall evidence his consent thereto by a written document in recordable form satisfactory to the Board of Directors or the Landscaping and Architectural Control Committee. Thereafter, the Owner, and any subsequent owner of the Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree that any cost of maintenance and repair of such improvement shall be a part of the annual assessment or charge set forth in Article IV, Section 1, and subject to the lien rights described in said Article IV.

ARTICLE VI
ROUTINE GROUNDS MAINTENANCE AND EXTERIOR BUILDING MAINTENANCE

Section 1. Maintenance of Landscaping. The Association is responsible for maintaining the general landscaping of the Common Areas. Each Owner is responsible for maintaining the general landscaping of his/her Lot, in harmony with the general landscape design. The Association, through its Board of Directors, designated Landscaping and Architectural Control Committee or Managing Agent, shall have the power to assure that the landscaping on each Lot is properly maintained. If the Board, the Landscaping and Architectural Control

Committee, or Managing Agent determines that an individual Owner is not properly maintaining the landscaping on his/her Lot, the Managing Agent shall correspond in writing, allowing the Owner five (5) days to correct the noted deficiencies. If on the sixth (6th) day, or reasonably soon thereafter, the Owner has not corrected the deficiencies, the Board or the Managing Agent may cause the same to be corrected and assess the Owner for direct expenses which assessment shall constitute a lien as provided in Article IV.

Section 2. Repairs and Replacement. In the event of damage to any structure on the Properties, the Association shall cause such structure to be repaired or replaced as expeditiously as possible. To the extent the cost of repair or replacement is covered by insurance carried by the Association, the Lot Owner shall have no obligation to the Association. To the extent the cost of repair or replacement is not covered by insurance, and is not a part of the Association's maintenance obligation, the Owner shall be responsible for the cost thereof, which cost shall be a lien as provided in Section IV. The Association waives, to the extent possible, the right of subrogation for any costs of repairs or replacements covered by insurance.

ARTICLE VII
USE RESTRICTIONS

Section 1. Land Use and Dwelling Type. No Lot shall be used by any Owner except for residential purposes. No maintained for commercial purposes, and provided further that such pets are kept and maintained in accordance with rules and regulations established by the Managing Agent.

Section 4. Antennae and Satellite Dishes. Antennae for the reception of television and radio stations shall be permitted on the Lots only if such antennae are standard size for residences or smaller. Satellite dishes for the reception of television or radio stations shall not be permitted on the Lots.

Section 5. Alterations and Attachments. No Owner shall make structural alterations or modifications to his Lot (or the exterior of any structure located thereon) or to the Common Area, including the erection of antennas, aerials, or awnings, the placement of any reflective or other material in the window (other than draperies, blinds, or ordinary shades which must have a white lining exposed to and visible from the exterior of the Living Unit), or other exterior attachments, without the written approval of the Board of Directors or the Landscaping and Architectural Control Committee. The Board of Directors or the Landscaping and Architectural Control Committee shall not approve of any alterations, decorations or modifications which would jeopardize or impair the soundness, safety or appearance of the Properties.

Section 6. Signs. No signs or other advertising devices shall be displaced so as to be visible from the exterior of any Living Unit or be posted in the Common Area (with the exception of a single "For Sale" sign) without the written permission of the Board of Directors of the Association. Provided that nothing herein contained shall prevent the Declarant from erecting signs necessary to the promotion and marketing of Lots.

Section 7. Prohibition on Use. The Common Area and that portion of any Lot not occupied by the Living Unit or any deck or patio appurtenant thereto, constructed on the Lot shall not be used for storage of supplies, personal property, or trash or refuse of any kind, except that trash or refuse may be stored or disposed of in accordance with the rules and regulations adopted by the Association. Steps, entrances, sidewalks, yards, driveways and parking areas shall not be obstructed in any way, nor shall unauthorized persons or pets play therein or thereon or use them for other than their intended purposes. In general, no activity shall be carried on nor any condition maintained by any Owner, upon either a Lot or the Common Area, which despoils the appearance of the

...restricted. The use of the Lots and the Common Areas shall also be subject to such rules and regulations as may from time to time be published by the Association or the Managing Agent.

Section 8. Parking. Trucks, trailers, vans and boats may be parked in the Common Area only with written approval of the Association. The Association will not permit the storage on the Properties of vehicles not in operating condition. All vehicles must be in running condition and have a current license tag and inspection sticker or the vehicle will be removed at the Owner's expense.

ARTICLE VIII
EASEMENTS

Section 1. Utilities and Drainage. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

ARTICLE IX
GENERAL PROVISIONS

Section 1. Enforcement. The Declarant, the Managing Agent, the Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration.

Failure by the Declarant, the Managing Agent, the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions 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 a majority of the Lot Owners and the Majority Lender consents in writing to their termination. This Declaration may be amended by an instrument signed by the Declarant, not less than seventy-five (75%) percent of the Lot Owners, and the Majority Lender, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 4. Annexation. Additional residential property and Common Areas may be annexed to the Properties with the consent of the Declarant and the Majority Lender.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, this the 15 day of August, 1988.

J.A.G., INC.

BY: ________ President

ATTEST:

(CORPORATE SEAL)

Its ________ Secretary

NORTH CAROLINA

Wake COUNTY

I, Sonya Lynn [illegible], a Notary Public in and for said County and State, do hereby certify that Linwood E. Bacon personally came before me this day and acknowledged that he is the Secretary of J.A.G., INC., a North Carolina corporation, and that by the authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him/her as its Secretary.

WITNESS my hand and notarial seal, this the 15 day of August, 1988.

NOTARY PUBLIC

NOTARY PUBLIC

My Commission Expires:

July 25, 1989

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate ____ of Sonya Lynn [illegible]

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

KENNETH C. [illegible] Register of Deeds

By Diana [illegible]

Asst./Deputy Register of Deeds