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DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
IVORY HILLS SUBDIVISION
(A PLANNED COMMUNITY)

THIS DECLARATION is made on the _____ day of February, 2001, by Ivory Hills Associates, L.L.C., a North Carolina limited liability company, with its principal office located at 7706 Six Forks Road, Raleigh, 27615, Wake County, North Carolina, hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Middle Creek Township, Wake County, North Carolina which is more particularly described on Exhibit "A" attached hereto; and

WHEREAS, it is the desire and intention of Declarant (as defined herein) to impose on that Property described on Exhibit "A" attached hereto restrictions, conditions, easements, covenants and agreements under a general plan or scheme of improvement for the benefit of all Property herein described and the future owners thereof;

NOW, THEREFORE, Declarant hereby declares that all of the Property described on Exhibit "A" 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 title to the Property and be binding on all parties having any right, title or interest in the described Property 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 Ivory Hills Community Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Board of Directors" or "Board" shall mean those persons elected or appointed and acting collectively as the Board of Directors of the Association.

Section 3. "Common Area" shall mean all real property and any improvements constructed thereon, if any, owned by the Association for the common use and enjoyment of the Owners or members of the Association, as may be designated on any subdivision map of the Property or by the Association. Common Area shall include Permanent Open Space as defined below, and the access or pedestrian easements leading to the Common Area. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is all of that Property other than the Lots.

"Permanent Open Space" shall mean Common Area which shall be maintained for forestry or agriculture or active recreational uses or passive recreational uses. Permanent Open Space shall not include public or private roads within the property. The Permanent Open Space and the permitted uses thereon shall be designated on a plat or plats of Ivory Hills Subdivision recorded or to be recorded in the office of the Wake County Register of Deeds. All Permanent Open Space may be subjected to easements for utilities, including sewer and waterlines, easements for ingress and egress as necessary for installation, maintenance and repair of the utilities, and may be subjected to easements for any encroachments arising from initial improvements.

Section 4. "Declarant" shall mean and refer to Ivory Hills Associates, L.L.C., a North Carolina limited liability company, its successors and assigns, to whom the rights of Declarant hereunder may be expressly transferred, in whole or in part, and subject to such terms and conditions as Declarant may impose.

Section 5. "Living Unit" shall mean and refer to any Lot on which a dwelling unit has been fully constructed and made ready for occupancy as a residence, including without limitation, completion of the final floor covering, interior paint and wallpaper and all appliances, for which a Certificate of Occupancy or Compliance has been issued, and owned by anyone other than the original builder thereof, unless occupied as a residence.

Section 6. "Lot" shall mean and refer to any separately numbered plot of land shown upon any now or subsequently recorded subdivision map of the Properties with the exception of Common Area. Declarant hereby reserves the right to reconfigure, from time to time and without the consent of the Owners or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant and to thereby create additional Lots, eliminate existing Lots or create additional Common Area. If Declarant elects to exercise its rights to revise the boundaries of one or more Lots owned by Declarant, Declarant shall record a revised plat of the affected Lot or Lots. Upon the recording by Declarant of such revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a "Lot" as defined in this Declaration and each newly configured lot shown on the revised plat shall be a "Lot" as defined in this Declaration.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

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

Section 9. "Property" or "Properties" shall mean and refer to that certain real property hereinbefore described on Exhibit "A" hereto attached, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II

PROPERTY DEVELOPMENT REQUIREMENTS AND PROPERTY RIGHTS

Section 1. Property Development Requirements. The property shall be developed in accordance with a plan that complies with the applicable governmental zoning regulations and the Wake County Subdivision Regulations in effect at the time of initial development of the property and the following items:

A maximum of seventy-five percent (75%) of the area of the property shall be included within lots and associated off-street parking for such lots.

A maximum of twenty-five percent (25%) of the area of the property may include utility areas, septic field areas, recreational facilities, such as playing fields and tennis courts; community buildings such as clubhouses; and Permanent Open Space set aside for passive recreation or for forestry, pasture or agriculture. Off street parking for persons using facilities may also be included within the twenty-five percent (25%) area.

The recorded plat for the Property shall show no less than twenty-five percent (25%) of the total area has been reserved for Permanent Open Space.

The entire subdivision shall at all times remain in compliance with the governing percentages of the land area dedicated to individual lots and to Permanent Open Space.

Section 2. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of use and enjoyment in and to the Common Areas together with and including the right of access, ingress and egress, both pedestrian and vehicular, on and over the drives, walkways and parking areas of the Common Areas, all of 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 or other similar facility situated upon the Common Areas;

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

(c) the right of the Association to dedicate, sell, lease or transfer all or any part of the Common Areas, or any interest therein, 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, sale or transfer shall be effective unless it has been approved by two-thirds (2/3) of each class of members as permitted by local government ordinances, and an instrument of dedication, sale, lease, or transfer properly executed by the

Association has been recorded. On such instrument the Secretary of the Association shall certify that two-thirds (2/3) of each class of members have approved the dedication, sale, lease or transfer and that certificate may be relied upon by any third party without inquiry and shall be conclusive as to any grantee, its successors or assigns; provided, however, conveyances for general utility purposes, as specified herein, may be made by the Association without consent of the members. Notwithstanding the foregoing, the Association shall have a right to participate in an equal exchange of open space as permitted by local government ordinances;

(d) the right of the Association to limit the number of guests of members;

(e) the right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Areas and facilities and in aid thereof to mortgage the Common Areas, and the rights of such mortgage in the Common Areas shall be subordinate to the rights of the members hereunder;

(f) the right of the Association in accordance with its Articles of Incorporation or Bylaws to impose rules and regulations for the use and enjoyment of the Common Areas and improvements thereon, which rules and regulations may further restrict the use of the Common Area;

Section 3. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of use and enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

Section 4. Title to the Common Areas. The Declarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the Common Areas located within the Property to the Association, free and clear of all encumbrances and liens, prior to the conveyance of the first lot, except encumbrances of utility, service, access, storm drainage and other similar service or utility easements.

Section 5. TV Antennas, Cablevision, Music. The Association may provide one or more central television or radio antennas for the convenience of the Members and may supply cablevision and piped-in music, and the cost of these may be included in annual or special assessments. The Association may regulate or prohibit the erection of television, radio or other antennas on individual Lots.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every record Owner of a Lot which is subject to assessment 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 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; however, the vote for such Lot shall be exercised as they among themselves determine, or as set forth in the Bylaws, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting is prohibited.

Class B. The Class B member shall be the Declarant and shall be entitled to five (5) votes for each Lot as may be developed within the property under applicable Wake County Zoning ordinances and regulations, as they may be amended from time to time, if fully developed to maximum density under such ordinance and regulations. The Class B membership shall cease and be converted to Class A membership with one vote for each Lot owned on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in Class A membership exceed the total votes outstanding in Class B membership; but provided, that the Class B membership shall be reinstated if thereafter, and before the time stated in Subparagraph (b) below, such additional lands are annexed to the Property without the assent of Class A members on account of the development of such additional lands by the Declarant, all as provided for in Article V below, or

(b) ten (10) years from the date of conveyance of the first Lot by Declarant.

Section 3. The right of any member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and the Articles and Bylaws of the Association and according to the provisions of Article II, Section (b) herein.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and 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 extraordinary maintenance and capital improvements; (i) a pro rata share of ad valorem taxes levied against the Common Area; and (3) to the appropriate governmental taxing authority; (ii) a pro rata share of assessments for public improvements to the Common Areas and public roads, if the Association shall default in the payment thereof for a period of six months. The annual and special assessments, together with interest and costs, and reasonable attorney's fees for collection, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

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 Owners of Lots; and in particular, but not limited to, for the acquisition, improvement and maintenance of Property, services, amenities and facilities and for the use and enjoyment of the Common Areas and Permanent Open Space, including but not limited to, the cost of repairs, replacements and additions, the cost of maintenance of private streets and

lighting on private streets, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Area and Permanent Open Space, the providing for security to the Property, the procurement and maintenance of insurance in accordance with the Declaration and Bylaws or as deemed appropriate by the Board, the payment of common antenna or cable service, the employment of counsel, accountants and other professionals for the Association when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until December 31 of the year of the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$600.00 per year for each Lot and \$1,200.00 per year for each Living Unit.

(a) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall be automatically increased each year by the greater of the amount of ten percent (10%) of the maximum annual assessment of the previous year or a percentage equal to the percentage increase reflected by the U.S. city average, Consumer Price Index-United States published by the U.S. Bureau of Labor Statistics, Washington, D.C., or such other index as may succeed the Consumer Price Index, for the twelve month period ending immediately preceding July 1. In the event the Board of Directors of the Association, determines by majority vote, that the important and essential functions of the Association may be properly funded by an assessment less than the maximum regular annual assessment, the Association Board of Directors may vote to adjust the regular annual assessment less than the maximum amount, however, the Board of Directors may not reduce the assessments below those set out in this Section 3 without the written consent of the Declarant so long as Declarant owns any of the Properties, since the Declarant is engaged in the development of properties that are subject to the terms of this declaration. Any reduction of the maximum annual assessment for any one or more years shall not affect the right to levy an annual assessment equal to the maximum annual assessment in subsequent years as though there had been no reduction in the annual assessment for any prior year. For example, if the Board desires to charge the maximum assessment for years 2001-2005, but votes not to charge the maximum amount for 2006-2008, the Association may charge a maximum annual assessment in 2009 based on an increase in the maximum assessment that would have been permitted in 2008 had the association chosen to charge the maximum assessment in the years 2006-2008.

(b) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter may be increased without limit by a vote of the Members entitled to cast at least two-thirds (2/3) of the votes of each class of Members who are voting, in person or by proxy, at a meeting duly called for this purpose.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvement upon the Common Areas, any extraordinary maintenance, including fixtures and personal property related thereto and any property for which the Association is responsible, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Working Capital Fund. At the time of closing of the sale of each Living Unit from the builder to the third-party owner, a sum equal to at least two (2) months assessment for each Living Unit (based on the monthly portion of the maximum annual assessment in effect at the time of the sale) shall be collected from the third-party Owner and transferred to the Association to be held as a working capital fund. The purpose of said Fund is to insure that the Board of Directors of the Association will have adequate cash available to meet unforeseen expenses, and to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the Fund shall not be considered advance payment of regular assessments.

Section 6. Notice and Quorum for Any Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast forty percent (40%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and Living Units, on a per Lot and per Living Unit basis, and may be collected on a monthly basis or other periodic basis.

Section 8. Date and Commencement of Annual Assessment; Due Dates. The annual assessments provided for herein shall commence as to a Lot on the first day of the month following the conveyance of the Lot from the Declarant to any builder. The annual assessments for any Family Dwelling Unit shall commence on the first day of the month following conveyance of the Lot from the builder to any third-party other than the Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall establish an annual budget and determine whether the annual assessments for the following year shall be less than the maximum regular annual assessment as provided in Section 3 of this Article IV. In the event the Board of Directors does not determine that the annual assessments shall be reduced, then the annual assessments shall be as provided in Section 3, Article IV. Upon adoption by the Board of the budget and annual assessments amount, the Board shall deliver copies of same to every Owner subject thereto; provided, however, that failure to deliver a copy of the budget and annual assessments amount shall not affect the liability of Owners for assessments. The due dates shall be established by the Board of Directors. 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 specific Lot have been paid.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be delinquent, in default and shall bear interest from the due date at the highest rate then permitted by North Carolina law not to exceed twelve (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same plus interest, costs, late payment charges and reasonable attorneys' fees, or foreclose the lien against the Lot. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his Lot.

The lien herein granted unto the Association shall be enforceable pursuant to Article 2A of Chapter 45 of the General Statutes from and after the time of recording a claim of lien in the Office of the Clerk of Superior Court in the County in which the Property is located in the manner provided therefore by Article 8 of Chapter 44 of the North Carolina General Statutes, which claim shall state the description of the Lot encumbered thereby, the name of the record owner, the amount due and date when due. The claim of lien shall be recordable any time after thirty (30) days after the due date of the assessment or any installment thereof and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include all assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

Section 10. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any institutional first mortgage and ad valorem taxes on said Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or tax foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, but shall not abate the personal obligation of the prior owner. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. Any portion of the Property dedicated to, and accepted by, a local public authority and any portion of the Property owned by a charitable or non-profit 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.

ARTICLE V

ARCHITECTURAL CONTROL

Section 1. Purpose. The primary purpose of these covenants and restrictions and the foremost consideration in the origin of same has been the creation of a community which is aesthetically pleasing and functionally convenient. The establishment of certain objective standards relating to design, size and location of dwellings and other structures makes it impossible to take full advantage of the individual characteristics of each parcel of Properties and of technological advances and environmental values. In order to implement the purposes of these covenants, the Declarant shall establish and amend from time to time objective standards and guidelines, including, but not limited to, Architectural Standards and Construction Specifications, Uniform Sign Regulations, Uniform Mailbox Regulations, Landscape Guidelines, and Environmental Rules and Regulations as defined hereinafter, and which shall be binding on all Owners within the Properties.

Section 2. Controls.

(a) No building, fence, or other structure shall be erected, placed, or altered, nor shall a building permit application for such improvement be made on any Lot in Properties until the proposed building location, specifications, exterior materials and color or finish, plot plan (showing the proposed location of

such building or structure, drives, and parking areas, exterior shape, size and height) shall have been approved in writing by the Declarant, or by the Architectural Review Board of the Association if such review responsibility has been delegated to the Association by the Declarant. In addition, the Declarant may require prior written approval of a landscape plan. The Declarant further reserves the right to promulgate and amend from time to time architectural standards and construction specifications (hereinafter referred to as the "Architectural Standards and Construction Specifications") for specific neighborhoods and areas or for all Properties within the Properties and such Architectural Standards and Construction Specifications shall establish, define, and expressly limit those standards and specifications which will be approved in said neighborhoods and areas or within the Properties, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design, and construction technique. Refusal or approval of plans, location, exterior color or finish, or specifications may be based by the Declarant upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Declarant shall seem sufficient. No alteration in the exterior appearance of any building or structure, including exterior color or finish, shall be made without like prior written approval by the Declarant. One (1) copy of all plans and related data shall be furnished to the Declarant for its records. In the event approval of such plans is neither granted nor denied within sixty (60) days following receipt by the Declarant of written demand for approval, the provisions of this paragraph shall be thereby waived.

(b) In order to assure that buildings and other structures will be located and staggered so that the maximum view, privacy, sunlight, and breeze will be available to each building or structure within the confines of the Lot, and to assure that structures will be located with regard to the topography of the Properties, taking into consideration the location of large trees and other aesthetic and environmental considerations, the Declarant reserves the right to control absolutely and solely to decide (subject to the provisions of the Zoning Ordinance of Wake County, North Carolina) the precise site and location of any building or structure on any Lot in the Properties for reasons which may in the sole and uncontrolled discretion and judgment of the Declarant seem sufficient. Such location shall be determined only after reasonable opportunity is afforded the Owner to recommend a specific site. The provisions of this paragraph shall in no way be construed as a guarantee that the view, privacy, sunlight, or breeze available to a building or structure on a given Lot shall not be affected by the location of a building or structure on any adjacent Lot.

(c) Each Owner shall provide space for the parking of automobiles on his Lot prior to the occupancy of any building or structure constructed on said Lot in accordance with reasonable standards established by the Declarant.

(d) Except as may be required by legal proceedings, no sign shall be erected or maintained on any Lot that anyone including, but not limited to, an Owner, a tenant, a realtor, a contractor, or a subcontractor, until the proposed sign size, color, content, number of signs, and location of sign(s) shall have been approved in writing by the Declarant. Refusal or approval of size, color, content, number of signs, or location of sign(s) may be based by the Declarant upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Declarant seems sufficient. The Declarant further reserves the right to promulgate and amend from time to time uniform sign regulations (the "Uniform Sign Regulations") which shall establish standard design criteria for all signs, including, but not limited to, real estate sales signs, erected upon any Lot in the Properties. The Declarant and its agent shall have the right, whenever there shall have been placed or constructed on any Lot in the Properties any sign which is in violation of these restrictions, to enter immediately upon such Properties where such violation exists and summarily remove the same at the expense of the Owner.

(e) It shall be the responsibility of each Owner, tenant, contractor, or subcontractor to prevent the development of any unclear, unsightly, unkempt, unhealthy, or unsafe conditions of buildings or grounds on any Lot which shall tend to substantially decrease the beauty or safety of the Properties, the neighborhood as a whole, or the specific area. The Declarant and its agents shall have the right to enter upon any Lot for the purpose of correcting such conditions, including, but not limited to, the removal of trash which has collected on the Lot, and the cost of such corrective action shall be paid by the Owner. Such entry shall not be made until thirty (30) days after the Owner of the Lot has been notified in writing of the need to take corrective action and unless such Owner fails to perform the corrective action within said thirty (30) day period; provided, however, that should such conditions pose a health or safety hazard, such entry shall not be made until the Owner has been notified in writing of the need to take immediate corrective action and unless such Owner fails to perform the corrective action immediately. The provisions of this paragraph shall not create any obligation on the part of the Declarant to take any such corrective action.

(f) No mailbox shall be erected or maintained on any Lot until the proposed mailbox design, color, and location have been approved in writing by the Declarant. Refusal or approval of design, color, or location may be based by the Declarant upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Declarant seems sufficient. No alteration in the exterior appearance of any mailbox shall be made without like prior written approval by the Declarant. The Declarant further reserves the right to establish uniform mailbox regulations (the "Uniform Mailbox Regulations") which shall define standard design criteria for all mailboxes erected upon any Lot in the Properties.

(g) Prior to the occupancy of a building or structure on any Lot, proper and suitable provisions shall be made for the disposal of sewage by conventional individual septic systems to be maintained by each Lot Owner.

(h) Prior to the occupancy of a building or structure on any Lot, proper and suitable provisions for water shall be made by connection with the water lines of Heater Utilities.

(i) The Declarant reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable, and releasable easement and right on, over and under the Properties to erect, maintain, and use electric, Community Antenna Television, and telephone poles, wires, cables, conduits, drainage ways, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, drainage, or other public conveniences or utilities on, in or over those portions of such Properties as may be reasonably required for utility line purposes; provided, however, that no such utility easement shall be applicable to any portion of such Lot as may (a) have been used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to these covenants by the Declarant, or (b) such portion of the Lot as may be designated as the site for a building on a plot plan for erection of a building which has been filed with the Declarant and which has been approved in writing by said Declarant. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation to maintain reasonable standards of health, safety, and appearance. The Declarant further reserves the right to locate wells, pumping stations, siltation basins, and tanks within any Common Area or on any Lot designated for such use on the applicable plat of said Properties, or to locate same upon any Lot with the permission of the Owners of such Lot. Such rights may

be exercised by any licensee of the Declarant, but this reservation shall not create any obligation on the part of the Declarant to provide or maintain any such utility or service.

(j) The Declarant reserves the right to promulgate and amend from time to time landscape guidelines (referred to hereinafter as the "Landscape Guidelines") which shall establish approved standards, methods, and procedures for landscape management on specific Properties and such authorized standards, methods, and procedures may be utilized by the Owners of such specified Properties without prior written approval by the Declarant; provided, however, no trees measuring six (6) inches or more in diameter at a point two (2) feet above ground level may be removed without the prior written approval of the Declarant. Approval for the removal of trees located within ten (10) feet of the approved site for such building will be granted unless such removal will substantially decrease the beauty of the Properties.

Section 3. Review Board. The Architectural Review Board shall be composed of at least three (3) but not more than eleven (11) Members, all of whom shall be appointed by the Board of Directors. At least one (1) Member of the Association other than the Declarant shall be a Member of the Architectural Review Board at all times. The Architectural Review Board will be formed at such time as architectural approval authority is delegated to the Association by the Declarant. The Declarant shall delegate the approval authority to the Architectural Review Board no later than the time at which the Declarant conveys all of its interest in all of the Lots within the Properties.

ARTICLE VI

USE RESTRICTIONS

Section 1. Land Use and Building Type. No Lot shall be used except for single-family residential purposes; provided, however, Declarant may use any Lot owned by Declarant as a temporary sales office and/or model for the purposes of carrying on business related to the development, improvement and sale of property in the Properties. The temporary sales office may be a trailer and shall not be required to have a foundation. No structures shall be erected or allowed to remain on any Lot except one detached single-family dwelling, an attached or detached garage and one (1) permanent accessory building incidental to the residential use of the Lot. By way of illustration and not of limitation, any such accessory building must be erected on a permanent foundation and must be constructed on the Lot (as opposed to a pre-fabricated building).

Section 2. Dwelling Specifications. Except with prior written approval of the Declarant or the Architectural Committee, as the case may be, no dwelling shall be erected or allowed to remain on a Lot in Ivory Hills Subdivision having an area of the main structure, exclusive of open or screened porches, carports, garages and decks, of less than 2,300 square feet for single-story dwellings and 2,500 square feet for two-story or story-and-a-half dwellings.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood including, without limitation, the storing or parking of inoperative motor vehicles or the maintenance of or repair to motor vehicles except within completely enclosed garages constructed in conformity with these covenants and applicable laws and ordinances.

Section 4. Outside Antennas. No outside radio or television antennas or dishes and no free standing transmission or receiving towers or satellite dishes or discs shall be erected on the Common Area or on any Lot or dwelling within the Properties without the prior written permission for the same has been granted by the Board of Directors of the Association and by the Declarant if Declarant owns any Lots.

Section 5. Building Setback. No building shall be located on any Lot nearer to the front or rear Lot line, or to any side Lot line, than shall be permitted under the applicable subdivision ordinances of Wake County or any other governmental entity in effect at the time such building is to be constructed.

Section 6. Mobile Homes, Manufactured Homes, etc. No mobile home, manufactured home, modular home, trailer, or other like structure shall be located or installed on any Lot as used in this Section 6, mobile home, manufactured home or modular home shall mean a structure, assembled in whole or in part in a location other than on the Lot itself, transportable in one or more sections, any section of which, during transport, is four (4) feet or more in width and ten (10) feet or more in length, which may or may not be built on a permanent chassis and which is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities. Notwithstanding the preceding, a temporary sales trailer without foundation may be used on any Lot during the development and marketing of the Properties.

Section 7. Waiver of Minor Violations. Both the Declarant and the Board of Directors of the Association shall have the right to waive a minor violation of, and allow a minor variance from, the restrictions contained in Sections 2 and 5 of this Article, where the same resulted unintentionally or without gross carelessness on the part of any Owner (including, without limitation, Declarant) and/or is not materially harmful to the Properties. For the purpose of this Section 7, a minor variance shall be deemed to be any variance of ten percent (10%) or less. If such waiver is granted in writing, then thereafter any matter so waived shall no longer be deemed a violation of these covenants.

Section 8. Parking. No automobile, truck or vehicle of any kind shall be parked on any public street abutting the Properties after receiving notification from the Declarant or from Wake County to remove the automobile, truck or vehicle. No boats, recreational vehicles or trailers may be parked on any Lot without the prior approval of the Declarant or the Architectural Review Committee.

Section 9. Use of Common Area. The Association shall promulgate rules and regulations regarding use and enjoyment of the Common Area by all persons.

Section 10. Variances. The Declarant or the Board of Directors of the Association in their discretion may allow reasonable variances and adjustments of the restrictions set forth in this Article VI in order to alleviate practical difficulties and hardship in the enforcement and operation of these restrictions. Any such variances shall not violate the spirit or the intent of this Declaration to create a subdivision of lots owned in fee by various persons with each such Owner having an easement upon common areas owned by the Association. To be effective, a variance hereunder shall be recorded in the Wake County Register of Deeds office, shall be executed on behalf of the Association or Declarant, as applicable, and shall refer specifically to this Declaration.

ARTICLE VII

EASEMENTS

Section 1. Utility Easements. All of the Property, including Lots and the Common Areas, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage, gas lines, telephone and electric power line and other public utilities as shall be established by the Declarant or by his predecessors in title, prior to the subjecting of the Property to this Declaration; and the Association shall have the power and authority to grant and establish upon over, under and across the Common Areas conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Property without approval of the membership as provided in the Articles of Incorporation and this Declaration.

Section 2. Easement for the Benefit of Governmental Authorities. An easement is hereby established for the benefit of any governmental authority having jurisdiction over the Property, or other governmental agency, overall Common Areas for the setting, removing and reading of water meters (which shall be separate for each Lot), maintaining and replacing water, sewage and drainage facilities, for police protection, fire fighting and garbage collection, postal services, and the rendering of such other services as are appropriate and necessary for the use and enjoyment of the Property. In no case shall the governmental authority or other responsible agency, be responsible for failing to provide any emergency or regular fire, police, or other public service to the Property or to any of its occupants when such failure is due to the lack of access to such area due to inadequate design or construction, blocking of access routes, or any other factor within the control of the Declarant, the Association, the Owners or occupants. All conveyances of any portion of the Property shall be subject to these limitations on the governmental authorities responsibilities.

Section 3. There are hereby reserved easements as shown on the recorded map or maps of the subdivision. In the event of a conflict in the width of any easement reserved herein or on the recorded map, the wider easement shall prevail.

Furthermore, in addition to the foregoing reserved specific easements, the Declarant so long as it controls the Association, and thereafter the Association, may cut and create drains and drainways both above ground and underground for the purpose of facilitating the removal of surface water whenever such action may appear to be necessary in order to maintain reasonable standards of health, safety and appearance along, over or across any Lot.

These reservations of easements expressly include the right to cut any trees, bushes, shrubs or growth, the grading, cutting or ditching of the soil and any other action necessary to complete installation.

Section 4. Easement for Benefit of Utility Company. The Declarant reserves the right to subject the Property, including the Common Areas, to a contract with Carolina Power and Light Company for the installation of underground electric lines, cables and connector posts or for the installation of street lighting, either or both of which, may require an initial payment or a continuing monthly payment to the utility by the owner of each Lot.

Section 5. Easements for Repairs. Each lot owner shall have a perpetual access easement over the adjoining lot and Common Areas to the extent reasonably necessary to perform repair, maintenance, or reconstruction of his dwelling. No fence, wall, outbuilding, storage shed or similar structure, or any other

kind of obstruction shall be installed or maintained within the easement area which will obstruct access to the residential unit. Such repair, maintenance, or reconstruction shall be done expeditiously, and, upon completion of the work, the owner shall restore the adjoining lot and Common Areas to as near the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable.

Section 6. Priority of Easements. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Lots, and the Common Areas, as the case may be, superior to all other encumbrances which may hereafter be applied against or in favor of the Property or any portion thereof.

Section 7. Declarant Easement. If any encroachment shall occur subsequent to subjecting the Property to this Declaration, there is hereby created and shall be a valid easement for such encroachment and for the maintenance of the same. Every Lot shall be subject to an easement for entry and encroachment by the Declarant for a period not to exceed eighteen (18) months following conveyance of a Lot to an Owner for the purpose of correcting any problems that may arise regarding utilities, grading and drainage. The Declarant, upon making entry for such purpose, shall restore the affected Lot or Lots to as near the original condition as practicable.

Section 8. Emergencies. Every Lot shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot and endangers any building or portion of the Common Areas.

Section 9. Easement for Entrance Signs and Landscaping. An easement is reserved on Lots ____ through ____, as shown on the above referenced to recorded map for the purpose of locating thereon entrance signs and landscaping and lighting surrounding same for the entrances to the subdivision. Included in the rights reserved is the right to go on the easement area and to plant and maintain plants, shrubs, and trees and to maintain, repair, and replace any signs or lighting or portions thereof located on such Lots. The rights retained hereunder by Declarant shall be for the benefit of the Declarant, and for any person, firm, or corporation which shall hereafter own any Lot in the subdivision.

ARTICLE VIII

INSURANCE

Section 1. Insurance to be Maintained by the Association. The following insurance coverage shall be maintained in full force and effect by the Association:

(a) Public liability and property damage insurance in such amounts and in such forms as shall be required by the Association, but public liability shall be an amount of at least one million dollars for each occurrence.

(b) All liability insurance shall contain cross-liability endorsements to cover liability of Owners as a group to an individual Owner.

(c) Such other insurance coverage as it may determine to be desirable and necessary, including fire and hazard insurance covering all improvements located on the Common Areas.

Section 2. Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged ratably to Owners as an assessment according to the applicable provisions of this Declaration.

Section 3. Insurance Beneficiaries. All such insurance policies shall be purchased by the Association for the benefit of the Association and the Owners.

Section 4. Insurance to be Maintained by the Owners. Every Owner shall maintain in full force and effect at all times fire and hazard insurance in an amount equal to the full insurable value of his Living Unit except that the amount shall not be required to exceed the replacement cost of the Living Unit. An Owner shall exhibit to the Board, upon request, evidence that such insurance is in effect. If any Owner shall fail to maintain such insurance, the Board is authorized to obtain such insurance in the name of the Owner from an insurer selected by the Board, and the cost of such insurance shall be included in the annual assessment of the Owner and shall constitute a lien against his Lot until paid as a result of enforcement by the Association or otherwise.

ARTICLE IX

RIGHTS OF INSTITUTIONAL LENDERS

Section 1. Rights Reserved to Institutional Lenders. "Institutional Lender" or "Institutional Lenders", as the terms are used herein, shall mean and refer to banks, savings and loan associations, savings banks, insurance companies, Veterans Administration, Federal Housing Administration, Federal National Mortgage Association and other reputable mortgage lenders and guarantors and insurers of first mortgages. So long as any Institutional Lender or Institutional Lenders shall hold any mortgage upon any Lot, or shall be the Owner of any Lot, such Institutional Lender or Institutional Lenders shall have the following rights:

(a) To be furnished with at least one copy of the Annual Financial Statement and Report of the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and Report to be furnished by April 15 of each calendar year.

(b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to the Declaration, or the Articles of Incorporation and Bylaws of the Association, which notice shall state the nature of the amendment being proposed, and to be given permission to designate a representative to attend all such meetings.

(c) To be given notice of default in the payment of assessments by any Owner of a Lot encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principal office of such Institutional Lender or Institutional Lenders, or to the place for which it or they may designate in writing to the Association.

(d) To inspect the books and records of the Association and the Declaration, Bylaws and any Rules and Regulations during normal business hours, and to obtain copies thereof.

(e) To be given notice by the Association of any substantial damage to any part of the Common Areas.

(f) To be given notice by the Association if any portion of the Common Areas, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority.

Whenever any Institutional Lender, guarantor or insurer desires the benefits of the provisions of this section requiring notice to be given or to be furnished a financial statement, such Lender shall serve written notice of such fact upon the Association by Registered Mail or Certified Mail addressed to the Association and sent to its address stated herein, or to the address of the Property, identifying the Lot upon which any such Institutional Lender or Institutional Lenders hold any mortgage or mortgages, or identifying any Lot owned by them, or any of them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or them, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. 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 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. General Amendments. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, and thereafter by an instrument signed by not less than sixty-seven percent (67%) of the Lot Owners.

Section 4. Amendments Permitted Without Membership Approval. The following amendments may be effected by the Declarant, or the Board, as the case may be, without consent of the members:

(a) Amendments, if necessary for the exercise of any development right, including, but not limited to, amendments to qualify the Association or the property, or any portion thereof, for tax exempt status, or to reflect any plat change to the property as permitted herein.

(b) Amendments to correct any obvious error or inconsistency in drafting, typing or reproduction.

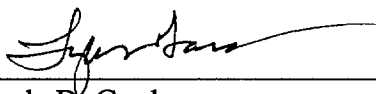
(c) Amendments to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale in such lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of Property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration, U.S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

Section 7. FHA/VA Approval. As long as there is a Class B membership, and if Declarant determines to qualify this Property for Federal Housing Administration or Veterans Administration approval the following actions will require the prior written approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional property, dedication of Common Areas, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 8. Recordation. No amendment shall be effective until recorded in the County in which the Property is situated.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 16 day of ^{APRIL}~~February~~, 2001.

IVORY HILLS ASSOCIATES, L.L.C., a North
Carolina limited liability company (SEAL)

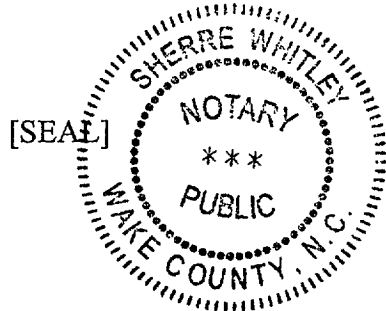
By:  (SEAL)
Lyle D. Gardner
Managing Member

STATE OF NORTH CAROLINA

COUNTY OF Wake

I, the undersigned Notary Public of the County and State aforesaid, certify that Lyle D. Gardner, managing member of Ivory Hills Associates, L.L.C., a North Carolina limited liability company, personally came before me this day and acknowledged the foregoing instrument for and on behalf of the limited liability company.

Witness my hand and official stamp or seal this 16 day of ^{April}~~February~~, 2001.



Sherre Whitley
Notary Public
My Commission Expires: July 7, 2001

EXHIBIT A

BEING all of Lots 1 through 49, inclusive of Ivory Hills Subdivision according to survey and plats entitled "Subdivision Map of Ivory Hills Subdivision, Maps 1 through 4", dated February 8, 1999, prepared by Kenneth Close, Inc., Land Surveying, and recorded in Book of Maps 2001, Pages 730, 731, 732, and 733, Wake County Registry.

Laura M Riddick
Register of Deeds
Wake County, NC



Book : 008878 Page : 02594 - 02613

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



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

North Carolina - Wake County

The foregoing certificate___ of Sherre Whitley

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

Laura M. Riddick, Register of Deeds

By: Wendy Parrish
Assistant/Deputy Register of Deeds

This Customer Group
_____ # of Time Stamps Needed

This Document
20 New Time Stamp
of Pages