

- 12.6 Signs and flags. No sign, poster, display or billboard of any kind shall be displayed to the public view on any Lot, entryways or outside walls of any Unit, any fences on the Property, any Common Areas, dedicated areas, or any vehicles within the Property, except for the following signs: (.1) any signs regardless of size used by the Declarant and their respective affiliates or as authorized by Declarant or ARB (in locations and in accordance with applicable design standards); (.2) one sign per Lot not to exceed 144 square inches indicating that the Unit is monitored by an alarm or monitoring service; or (.3) not more than two (2) "political signs" per Lot as defined in G.S. 47F-3-121(2), the maximum dimensions of any such sign shall not exceed twenty-four (24) inches by twenty-four (24) inches. Political signs may not be displayed on a Lot earlier than forty-five (45) days before the applicable election and must be removed not later than seven (7) days after the election day. No sign of any kind which shall be visible outside the Unit shall be permitted inside a Unit or on a Lot, except as authorized by Declarant or ARB (in locations and in accordance with applicable design standards). So long as Declarant (or any of its affiliates) owns any portion of the Community, Declarant may authorize Declarant, its affiliates, Declarant's Permittees or Participating Builders to place signs on the Property in connection with construction, sales, leasing, resales and other marketing activities.

The Association shall enact rules and regulations governing flags consistent with Section 47F-3-121.

- 12.7 Pets, Livestock and Poultry. Not more than three (3) household pets may be kept in any Unit (regardless of the number of joint Owners or Permitted Users). Any pets permitted under this Section 12.7 shall only be allowed to remain in the Unit if such pet is (.1) [intentionally deleted], (.2) not left unattended on patios or terraces, (.3) not kept or maintained for commercial purposes or breeding, and (.4) generally, not a nuisance to Owners or Permitted Users of other Units or Lots. No reptiles, wildlife, livestock or poultry of any kind shall be kept on any Lot or any Common Areas. This prohibition applies to chicken, whether enclosed in a chicken coop or not. This prohibition also applies to goats. Any exception to the pet restrictions set forth in this Declaration must be approved by the Board, shall apply only to the specific pet and the justification for the exception and the Owner to which it applies must be set forth in writing and become a part of the official records of the Association.

All pets must be kept on a leash of a length that affords reasonable control over the pet at all times when outside the Unit. No household pets shall be permitted to leave excretions on any Common Areas, except areas designated by the Association, and Owners shall be responsible to clean up any such improper excretions. For purposes hereof, "household pets" means dogs, cats and other animals expressly permitted by the Association, if any. Nothing contained herein shall prohibit the keeping of fish or domestic (household type) birds, as long as the latter are kept indoors and do not become a source of annoyance to neighbors. By acceptance of a deed, any Owner who keeps or maintains (or whose Permitted User keeps or maintains) a pet within the Property agrees to indemnify and hold

harmless Declarant and all other Owners from and against any loss, claim or liability of any kind or character whatsoever arising by reason of keeping or maintaining such pet within the Property. Pets shall also be subject to all applicable rules.

12.8 Commercial Trucks, Trailers, Campers and Boats.

12.8.1 Within Lots. No campers, mobile homes, motorhomes, boats, house trailers, boat trailers, or trailers of every other description shall be permitted to be parked or to be stored at any place on any Lot, except (1) during the periods of approved construction on a Lot or (2) when stored out of view in an enclosed garage on such Lot. Small pick-up trucks (one ton or less), sports utility vehicles and/or vans of the type commonly used as private passenger vehicles may be parked or stored in approved parking areas on such Lot, so long as no commercial equipment and no sign, lettering, graphics or logo referring to any commercial undertaking or enterprise is exposed to view. Commercial vehicles shall not be permitted to be parked or stored on a Lot unless that the commercial vehicle is stored out of view in an enclosed garage on such Lot. The term "commercial vehicle" shall include all automobiles, trucks, vans, sports utility vehicles or other vehicles designated by the Board, including station wagons, which bear a sign, lettering, graphics or logo or shall have printed thereon some reference to any commercial undertaking or enterprise. These restriction on parking shall not apply to temporary parking of trucks and commercial vehicles, such as for pick-up, delivery, and other commercial services or to law enforcement vehicles of an Owners or Permitted User of a Unit. No vehicle which is unlicensed or inoperable may be kept or stored on the Property except out of view in an enclosed garage on a Lot. No repair work to any type of motor vehicle, boat or trailer shall be conducted on any Lot other than minor repairs, cleaning or waxing which is completed in less than twenty-four (24) hours.

12.8.2 Common Areas. Restrictions on commercial vehicles, campers, mobile homes, motorhomes, boats, house trailers, boat trailers, or trailers (particularly as to the parking or storage thereof) shall be imposed and enforced by the Association; provided, however, that no commercial vehicles, campers, mobile homes, motorhomes, boats, house trailers, boat trailers, or trailers shall be parked or stored within the Common Areas if the Association prohibits such parking or storage by regulation or otherwise.

Subject to applicable laws and ordinances, any vehicle parked in violation of these or other restrictions contained herein or in the rules and regulations now or hereafter adopted by the Board may be towed by the Association at the sole expense of the owner of such vehicle if such vehicle remains in violation for a period of two (2) or more hours

from the time a notice of violation is placed on the vehicle. The Association shall not be liable to the owner of such vehicle for trespass, conversion or otherwise, nor guilty of any criminal act, by reason of such towing and once the notice is posted, neither its removal, nor failure of the owner to receive it for any other reason, shall be grounds for relief of any kind. An affidavit of the Person posting the aforesaid notice stating that it was properly posted shall be conclusive evidence of proper posting.

- 12.9 Garbage and Trash Disposal. No garbage, refuse, trash or rubbish shall be deposited except as permitted by the Association. The requirements from time to time of the applicable governmental authority, trash collection company or the Association (which may, but shall not be required to, provide solid waste removal services) for disposal or collection of waste shall be complied with. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. All solid waste containers shall comply with the standards adopted by the Association (or the ARB) for such containers (the later to control over the former in the event of conflict).
- 12.10 Alleys. All alleys are Limited Common Areas and shall be used for ingress and egress only to the garages which they serve and for the furnishing of services by the Association, its agents, vendors or contractors to the Units and Common Areas. The alleys shall at all times be free from obstructions. No parking, stopping, recreational activities, dumping or storage shall be permitted in any alley. The speed limit for all vehicles using the alleys shall be twelve (12) miles per hour.
- 12.11 Sight Triangles. The Subdivision Plat(s) may identify certain Lots and Common Areas as being subject to "sight triangles" ("Sight Triangles"). As to any Lot or Common Area subject to a Sight Triangle, no sight obstructing or partially obstructing wall, fence, foliage, berm, parked vehicle or sign between two (2) feet and eight (8) feet tall, as measured above the curb line elevation or the nearest traveled way if no curb exists shall be placed within any area designated on a Subdivision Plat as a Sight Triangle or other similar designation. An easement is reserved over all Sight Triangles for the benefit of the Declarant, Association, Town and their respective agents and contractors for the purpose of removing any such obstruction. A person entering onto a Lot or Common Area pursuant to such easement for the purpose of removing such obstruction shall not be deemed a trespasser and shall not be liable for damages to the Association or Owner of the Lot with respect to the obstruction removed from the Sight Triangle. It shall be the responsibility of the Association as to Common Areas or Owner as to his or her Lot, as soon as reasonably practicable following removal of any obstruction from the Sight Triangle, to restore the portion of the Property previously occupied by the removed obstruction to the condition required or permitted by the Code and the Governing Documents.

- 12.12 Seasonal or Holiday Decorations. Seasonal or holiday decorations (e.g., Christmas trees and lights, pumpkins, Easter decorations) shall be removed from each Unit within a reasonable period of time after such holiday passes. The Declarant during the Declarant Control Period and thereafter the Board has the sole discretion to determine what is a reasonable period of time for seasonal or holiday decorations to exist after the holiday passes and its determination shall be final. The Board shall have the right to require an Owner or Permitted User to remove seasonal or holiday decorations which create a nuisance in the reasonable judgment of the Board.
- 12.13 Exterior Antennas etc. No exterior antenna satellite dishes or similar equipment shall be installed on any Lot, Common Area, or Improvement thereon, unless such antennae, satellite dishes and similar equipment are approved by the ARB and conform to the conditions and requirements imposed by the ARB. No radio or shortwave operations of any kind shall be permitted to operate on any Common Areas or any Unit. The Declarant may erect an antenna or a master antenna or a cable television antenna for the use of all the Owners, and Declarant grants and hereby reserves easements for such purposes as more particularly set forth in Article 15. Notwithstanding the foregoing, to facilitate compliance with The Telecommunications Act of 1996, the following provisions apply to installation of DBS, MDS, ITFS, and LMDC dishes less than one (1) meter in diameter, and TVBS antennas:
- 12.13.1 No payment of any fee shall be required as a condition of installation.
- 12.13.2 Any installation must be placed on the Lot in a location which is not visible from any street, unless such placement would: (a) unreasonably delay or prevent installation, Maintenance or use; or (b) unreasonably increase the cost of installation, Maintenance or use; (c) preclude reception of an acceptable quality signal.
- 12.13.3 The Owner must take reasonable measures to screen the installation. "Reasonable" means an installation which is consistent with the overall landscape standards of the Community, but does not (a) unreasonably delay or prevent installation, Maintenance or use, (b) unreasonably increase the cost of installation, Maintenance of use; or (c) preclude reception of an acceptable quality signal.
- 12.14 Trees, Shrubs and Artificial Vegetation. No tree or shrub, the trunk of which exceeds two (2) inches in diameter, may be cut down, destroyed or removed from any Lot without the prior approval of the ARB. No artificial grass, plants or other artificial vegetation or sculptural landscape decor shall be placed or maintained upon the exterior portion of any Lot without the prior approval of the ARB.
- 12.15 Games and Play Structures. No play or game structures including basketball hoops or tennis courts shall be located on any Lot unless approved in advance by the ARB. Additionally, no platform, doghouse, playhouse, storage shed or

auxiliary structure of any kind or nature shall be constructed on any part of a Lot unless approved in advance by the ARB.

- 12.16 Fences and Walls. The composition, location, color and height of any fence or wall to be constructed on any Lot is subject to the approval of the ARB. The ARB shall, among other things, require that the composition of any fence or wall be consistent with the material used in the surrounding buildings and other fences, if any. Declarant hereby discloses that its present intent is to permit only black aluminum fencing, although Declarant reserves the right to change the type of fencing permitted in its sole discretion. No chain link fences shall be permitted on any Lot or portion thereof, unless installed by Declarant, its affiliates, Declarant's Permittees or Participating Builders during construction periods or as otherwise approved by Declarant or the ARB.

Declarant hereby discloses that it does not intend to permit fencing for any part of the Attached Townhomes.

- 12.17 Utility Connections. Permanent building connections for all utilities installed after the date hereof, including water, electricity, gas, telecommunications and television, shall be run underground from the proper connecting points to the structure in such a manner to be acceptable to the Town and applicable utility. The foregoing shall not apply, however, to transmission lines, transformers and other equipment installed by public utility companies.
- 12.18 Off-Street Motor Vehicles. No motorized vehicle may be operated off of paved roadways and drives except as specifically approved in writing by the Declarant or Association for the purpose of Maintenance or similar purposes and except as operated by the Association, Declarant or their respective contractors, subcontractors or designees.
- 12.19 Additional Use Restrictions. The Board of Directors of the Association may adopt such additional use restrictions, rules or regulations, applicable to all or any portion of the Property. The Association may waive or modify application of those use restrictions which it has authority to enforce with respect to any Lot(s) or Unit(s) as the Board deems appropriate.
- 12.20 Exemption for Declarant. To enable the development of the Property as a fully occupied residential community, neither the Association, nor any Owner shall do anything to interfere with the activities of the Declarant. For so long as the Declarant owns any property within the Community, nothing in the Governing Documents shall be understood or construed to :
- 12.20.1 Prevent Declarant, its successors or assigns, or its contractors or subcontractors, from doing on any property owned or controlled by Declarant, or its successors or assigns whatever they determine to be necessary or advisable in connection with the completion of the development of the Property, including the alteration of its

construction plans and designs as Declarant deems advisable in the course of development. (All models or sketches showing plans for future development of the Property may be modified by the Declarant at any time and from time to time, without notice);

- 12.20.2 Prevent Declarant, its successors or assigns, or their respective contractors, subcontractors or representatives, from erecting, constructing and Maintaining on any property owned or controlled by Declarant, or its successors or assigns, such structures as may be reasonably necessary for completing said development and establishing the Property as a community and disposing of the same by sale, lease or otherwise;
- 12.20.3 Prevent Declarant, its successors or assigns, or its contractors or subcontractors, from conducting on any property owned or controlled by Declarant, or its successors or assigns, the business of developing, subdividing, grading and constructing Improvements in the Property, or of disposing of Lots and/or Units by sale, lease or otherwise;
- 12.20.4 Prevent Declarant, its successors or assigns, from determining in their sole discretion the nature of any type of Improvements to be initially constructed as part of the Property;
- 12.20.5 Prevent Declarant, its successors or assigns or its or their contractors or subcontractors, from Maintaining such sign or signs on any property owned or controlled by Declarant, or its successors or assigns as may be necessary in connection with the operation of any of the Property owned or controlled by Declarant, or its successors or assigns, and the sale, resale, lease or other marketing of Lots and/or Units;
- 12.20.6 Prevent Declarant, or its successors or assigns from filing Supplemental Declarations which modify or amend the Declaration, or which add or withdraw additional property as otherwise provided in the Declaration; or
- 12.20.7 Prevent Declarant from modifying, changing, re-configuring, removing or otherwise altering any Improvements located on the Common Areas.

In general, the Declarant shall be exempt from all restrictions set forth in the Declaration to the extent such restrictions interfere in any matter with Declarant's plans for construction, development, use, sale, leasing, resale or other disposition of the Property.

13. COMPLIANCE AND ENFORCEMENT

- 13.1 Compliance by Owners. Every Owner, and its Permitted User, Tenant, Guest, invitee, officer, employee, contractor, subcontractor and agent shall comply with the

Governing Documents. No immunity, exculpation or indemnification provision of this Declaration shall relieve one or more Owners from its liabilities as an Owner under this Declaration and other Governing Documents.

- 13.2 Enforcement. Failure to comply with any of the Governing Documents shall be grounds for immediate action which may include an action to recover sums for damages, injunctive relief or any combination thereof.
- 13.3 Individual Assessments; Suspension of Rights. In addition to all other remedies and to the maximum extent lawful, and in compliance with the Act, the Board of Directors of the Association shall have the right to (.1) impose Individual Assessments for fines on an Owner for failure of an Owner or any of the other parties described in Section 13.1 to comply with the Declaration or with any rule or regulation, or (.2) suspend the rights of an Owner whose Assessments are more than 30 days delinquent; provided that no suspension of rights shall occur or Individual Assessments for fines shall be imposed without **first** providing notice of the charge, opportunity to be heard and to present evidence, and notice of the decision as required by G.S. 47F-3-107.1 of the Act.
- 13.3.1 Payment of Individual Assessments. Individual Assessments shall be paid not later than fifteen (15) days after notice of the imposition or assessment of the fines.
- 13.3.2 Collection of Individual Assessments. As to Owners, to the extent not prohibited by law, Individual Assessments shall be treated as a lien for Assessments subject to requirements of the Act for perfecting a lien and the provisions of Article 11 for the collection of Assessments.
- 13.3.3 Application of Individual Assessments. All monies received from Individual Assessments shall be allocated as determined by the Association.
- 13.3.4 Non-exclusive Remedy. The imposition of an Individual Assessment or suspension of rights shall not be construed to be exclusive and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; however, any Individual Assessment paid by the offending Owner shall be deducted from or offset against any damages which the Association may otherwise be entitled to recover by law from such Owner.

14. **DEVELOPMENT REVIEW; GENERAL POWERS**

The following provisions of this Article 14 are subject to those of Article 15 hereof.

- 14.1 Members of ARB. The Architectural Review Board of the Association, which is sometimes referred to in the Declaration as the "ARB", shall initially consist of three (3) members. The Declarant shall be entitled to appoint all members of the ARB for so long as Declarant (or any of its affiliates) owns any portion of the

Community. After the Declarant no longer owns any portion of the Community, the Board of Directors shall have the right to change the number of, appoint and remove all members of the ARB. Each new member of the ARB shall be appointed by the Board of Directors and shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein.

The members of the ARB shall not be compensated for their services as such, although they may be reimbursed for their reasonable out of pocket expenses incurred in connection with the performance of their duties under the Declaration. Such expenses shall be a Common Expense of the Association. The ARB may, with the approval of the Board of Directors as to amounts, require the payment of a nonrefundable filing fee as a condition to the consideration of any matter presented to it, such fees to be applied to expenses of the ARB (including overhead, development, review, enforcement and other Association expenses reasonably allocable to the ARB) and fees for professional services and consultants. In addition, the Board of Directors may require, at its sole discretion, that a structural engineer, architect, or other professional review proposed construction, with such review to be at the Owner's sole expense.

In addition to the power and duties set forth herein, the ARB shall have the right and duty to enforce such design and development review, architectural control, Maintenance and other requirements and restrictions imposed on any portion of the Property by Declarant as Declarant may, in its sole discretion, elect to have it enforce (subject at all times to Declarant's right to modify or revoke such right and duty). Such election may be made by Declarant by means of deed restrictions, contract or by way of an exclusive or non-exclusive assignment of Declarant's rights to enforce same. Further, Declarant may provide for specific criteria and procedures to be used by the ARB in such regard (subject to later modification). Absent such provision the ARB shall proceed in the manner set forth in this Article.

- 14.2 Review of Proposed Construction. Subject to Section 14.8 below, no Unit, fence, wall or other structure or Improvement (including landscaping, basketball hoops, birdhouses, other pet houses, asphaltting or other improvements or changes thereto of any kind) shall be commenced, altered, removed, painted, erected or Maintained on any Lot or Common Area, nor shall any addition, removal, change or alteration (including paint or exterior finishing) visible from the exterior of any Unit be made, nor shall any awning, canopy or shutter be attached to or placed upon outside walls or roofs of Units or other Improvements, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same have been submitted to, and approved in writing by the ARB. The ARB shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alteration, removal or addition contemplated thereby in the location(s) indicated will not be detrimental to the appearance of the Community as a whole, and that the appearance of any structure affected thereby will be in harmony with the surrounding structures and is otherwise

desirable. The ARB may condition its approval of proposals and plans and specifications as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The ARB may also issue rules or guidelines setting forth procedures for the submission of plans for approval. The ARB may require such detail in plans and specifications submitted for its review as it deems proper, including floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors. Until receipt by the ARB of any required plans and specifications, the ARB may postpone review of any plans submitted for approval. Upon such receipt, the ARB shall have thirty (30) days in which to accept, accept with conditions or reject any proposed plans. If the ARB does not reject the plans and specification within such period, they shall be deemed approved.

All changes and alterations shall also be subject to all applicable permit requirements, to all applicable governmental laws, statutes, ordinances, rules, regulations, orders and decrees.

- 14.3 Meetings of the ARB. The ARB shall meet from time to time as necessary to perform its duties hereunder. The ARB may from time to time, by resolution unanimously adopted in writing, designate an ARB representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the ARB, except the granting of variances or exemptions from the requirements of this Article 14. In the absence of such designation, the vote of any two (2) members of the ARB shall constitute an act of the ARB.
- 14.4 No Waiver of Future Approvals. The approval of the ARB of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval of the ARB, shall not be deemed to constitute a waiver of any right to withhold approval as to any similar proposals, plans and specifications, drawings or matters whatever subsequently or additionally submitted for approval.
- 14.5 Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:
- 14.5.1 Upon the completion of any work for which approved plans are required under this Article, the Owner shall give written notice of completion to the ARB.
- 14.5.2 Within sixty (60) days thereafter, the ARB or its duly authorized representative may inspect such Improvement. If the ARB finds that such work was not effected in substantial compliance with the approved plans, it shall notify the Owner in writing of such noncompliance within such sixty (60) day period, specifying the particulars of noncompliance, and shall require the Owner to remedy them.

- 14.5.3 If the Owner fails to correct such noncompliance within thirty (30) days from the date of notice, the ARB shall notify the Board in writing of such failure. The Board shall then determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall correct or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may either remove the non-complying Improvement or correct the noncompliance. The Owner shall reimburse the Association upon demand for all expenses incurred in connection therewith, plus an administrative charge to be determined by the Association (to cover the Association's administrative expenses in connection with the foregoing and to discourage the Owner from failing to comply). If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy Individual Assessments against the Owner and his Lot for reimbursement.
- 14.5.4 If for any reason the ARB fails to notify the Owner of any noncompliance within sixty (60) days after receipt of written notice of completion from the Owner, the Improvement shall be deemed to have been made in accordance with the approved plans.
- 14.6 Non-Liability of ARB Members. Neither the ARB nor any member thereof, nor its duly authorized representative, shall be liable to the Association or to any Owner or any other Person for any claim, loss, damage or injury arising out of or in any way connected with the performance or non-performance of the ARB's duties hereunder. The ARB shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition solely on the basis of aesthetic considerations and benefit or detriment which would result to the immediate vicinity and to the Community. The ARB shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and may consider exemptions pursuant to the procedures set forth herein for demonstrated hardship as to any such designee.
- 14.7 Restrictions on Contractors, Workers. The Board of Directors of the Association shall have the right to adopt restrictions and conditions relating the terms on which construction, Maintenance and Restoration of a Unit can be performed, including the review and approval of plans, design, structural integrity, aesthetic appeal, construction details, lien protection, Association oversight, contractors access, deliveries, and storage of materials and hours of construction and other matters relating to such work. The Association shall have the right to approve the contractor performing the work, to require that the work be performed only during certain specified hours or only on certain days so as to minimize the disruption and inconvenience to the other Owners, and to require that the contractor fulfill such bonding and insurance requirements as the Board may reasonably require.

Any contractor, worker or other Person who does not comply with the Association's regulations and requirements regarding construction in and about a Unit shall be denied access to the Property and shall not be permitted to perform further work at the Property. The Owner shall further be responsible for any claim, loss, damage or injury to the Common Areas or other Lots or Units by any contractor, worker or other Person performing work in a Unit and such claim, loss, damage or injury shall be the subject of Individual Assessments against the Unit Owner by the Association.

- 14.8 Exemptions. Declarant, its affiliates and designees shall be exempt from the provisions hereof with respect to Improvements, alterations and additions and removals desired to be effected by any of them and shall not be obligated to submit plans and specifications to or obtain Association or ARB approval for any construction or changes which any of them may elect to make at any time. It is specifically contemplated that Declarant may, from time to time, exempt Participating Builders or Owners from all or some of the provisions of this Article and all or some of the procedures set forth herein and, without limiting the generality of Section 1.71 hereof, may alter the procedures set forth herein as to any such exempted party.

Notwithstanding any provision elsewhere in the Declaration to the contrary, the matters set forth in this Section and in any Supplemental Declaration relating to this Section executed by Declarant in connection with the sale of any Lot cannot be amended or modified without the written consent of the Owner of the particular Lot in question.

15. ADDITIONAL SPECIAL DECLARANT RIGHTS

- 15.1 General. Notwithstanding any other provision in the Declaration to the contrary, the Declarant and each affiliate of the Declarant shall have, in addition to the other special Declarant rights set forth in the Act or the Governing Documents, the rights described below in Subsections 15.1.1 through 15.1.8 so long as the Declarant owns any portion of the Community:

- 15.1.1 Effectuation of General Plan of Development. The right to modify the Site Plan and Subdivision Plat, execute all documents and take all actions affecting any portion of the Property owned or controlled by it which, in its sole discretion, are desirable or necessary to effectuate or facilitate the development of the Community.
- 15.1.2 Platting. The right to plat, re-plat, subdivide and re-subdivide any portion or portions of the Property owned or controlled by it.
- 15.1.3 Development Planning. The right to determine, in its sole discretion, the type of Improvements, if any, to be constructed on any portion of the Property owned or controlled by it and the Common Areas and the right to revise its plans concerning such Improvements.

- 15.1.4 Construction. The right to construct and Maintain, on any portion of the Property owned or controlled by it or the Common Areas, any Improvements it considers desirable; and the right to construct and Maintain sales, marketing, leasing, management or other general business offices, temporary construction offices, and storage facilities. The rights shall include a right of ingress and egress by any and all types of vehicles and equipment to, through, over and about the Common Areas during whatever period of time the Declarant, Declarant's Permittees or a Participating Builder is engaged in any construction or improvement work on or within the Community as well as an easement for the parking and storage of materials, vehicles, tools, equipment and the like which are being utilized in such work.
- 15.1.5 Marketing. The right to sell, lease, resell, market, promote, operate, and manage existing and planned Units (and portions thereof), which right shall include the right to construct and Maintain marketing, sales and leasing offices and models and to be open for business seven (7) days per week on any portion of the Property owned or controlled by it and the Common Areas, to solicit and receive the visits of unlimited numbers of prospective purchasers and Tenants (all of whom shall have the right while visiting to use parking spaces on the Common Areas), and to place signs, lighting, flags, banners and other promotional devices on any portion or portions of the Property owned or controlled by it or the Common Areas without regard to the size or aesthetic appeal of such signs or devices.
- 15.1.6 Alteration of Common Areas. The right, without the vote or consent of the Association or Owners, to expand, alter or add to all or any part of the Common Areas or any Improvements thereon.
- 15.1.7 Assignment. Without limiting the generality of Section 1.71 hereof, the right to assign the foregoing rights, in whole or in part, to any one or more Declarants or Declarant's assignees by a written assignment recorded in the Registry.
- 15.1.8 Use of Common Areas. Anything to the contrary in the Declaration notwithstanding, as long as the Declarant or any of its affiliates owns any property in the Community, the Declarant and the Declarant's Permittees shall have the right to non-exclusive use of the Common Areas, without charge, for sales, leasing, promotions, special events, signage, display, access, ingress, egress, construction and exhibit purposes during the period of construction, development, sale or lease of any land, Lots or Units owned by Declarant and its affiliates within the Community. Further, the Declarant shall have the right to permit Persons other than Owners, their Permitted Users to use certain portions of the Common Areas under such terms as Declarant, its successors and assigns, may from time to time desire without

interference from the Association. Without limiting the generality of the foregoing, the Declarant may grant employees of the Declarant and their families the right to use all Common Areas.

- 15.2 Easement. There is hereby created and reserved a blanket easement for the Declarant and each affiliate of the Declarant to enable each of them and (to the extent authorized in writing by Declarant) the Declarant's Permittees or Participating Builders to exercise the rights set forth in the Governing Documents free of any interference by the Association or any Owner.
- 15.3 Injunctive Relief for Interference. The Declarant and each affiliate or assignee of the Declarant shall be entitled to injunctive relief for any actual or threatened interference with its or their rights under this Article, in addition to whatever remedies at law it or they might be entitled to.
16. **LEASING AND OCCUPANCY OF UNITS**. No Owner other than the Declarant may occupy or lease a Unit except by complying with the following provisions:
- 16.1 Residential Use Only. Use and occupancy of the Units is restricted to residential uses only. These use restrictions shall not be construed in such a manner as to prohibit an Owner or Permitted User from maintaining his personal professional library, keeping his personal business or professional records or accounts or handling his personal, business or professional telephone calls, electronic transmissions or correspondence in and from his Unit to the extent permitted by applicable law; provided such activities do not interfere with the quiet enjoyment of other Units. Notwithstanding the foregoing, the Declarant, its successors and assigns, shall be permitted to use Units which the Declarant owns or leases as model apartments, as sales, leasing, construction, management or other offices.
- 16.2 Leased Units. An Owner may lease his Unit; provided, however, that any lease must be for not less than twelve months. Only entire Units may be leased. No subleases or assignments of leases of a Unit are allowed. All leases shall be in writing and shall contain the following provisions:
- 16.2.1 Each Tenant shall comply, and all leases shall require the Tenant to comply, with the covenants, terms, conditions and restrictions of the Governing Documents. A violation of any of the terms of any of the Governing Documents shall constitute a material breach of the lease and shall constitute grounds for damages, termination of the lease and eviction by the Association.
- 16.2.2 Pursuant to Section 11.19 of this Declaration, the Association has the right to collect all rental payments due to the Owner and apply them against unpaid Assessments if, and to the extent that, the Owner is in default in the payment of Assessments.
- 16.2.3 The Board of Directors shall have the power and authority to terminate the lease and/or bring proceedings to evict the Tenant in the name of the

Owner if either the Tenant defaults under the lease or the Association forecloses a lien for unpaid Assessments on the Unit.

- 16.2.4 This Declaration and other Governing Documents then in effect must be given to the Tenant by or on behalf of the Owner at or before the commencement of the lease term; provided, however, that such Tenant's obligations under this Section 16.2 shall not be affected by the failure to receive the Governing Documents. All tenancies are hereby made subordinate to any lien filed by the Association, whether prior or subsequent to such lease.

If an Owner fails to include any of the foregoing provisions in any lease, the provisions shall be deemed to be included and part of the lease.

Prior to the time a Tenant takes possession of the Unit, the Owner shall furnish the Association with a copy of the lease for the Unit. Each Owner or Tenant of a leased Unit shall be obligated to deliver a copy of the lease to the Association within seven (7) days after request by the Association.

- 16.3 Owner Responsible for Conduct of Permitted Users. The Owner of a Unit is responsible for all conduct of each Permitted User of the Unit, including any claim for injury, loss or damage to Persons or property caused by the acts or omissions of the Owner's Permitted User(s). Each Owner shall be jointly and severally liable with the Permitted User to the Association for any amount which is required by the Association to repair any injury, loss or damage to the Common Area resulting from acts or omissions of the Permitted User and to pay any claim for injury, loss or damage to property caused by the negligence of the Permitted User, and the Association may levy an Individual Assessment against the Unit therefor.
- 16.4 Use of Common Areas. When a Unit is leased, the Permitted User shall have all use rights in Common Areas and Association Property otherwise readily available for use generally by Owners, and the Owner of the leased Unit shall not have such rights, except as a Guest of another Owner or the Tenant. Nothing herein shall interfere with the access and eviction rights of the Owner as a landlord pursuant to North Carolina law. The Association shall have the right to adopt rules to prohibit dual usage by an Owner and a Permitted User of Common Areas.
- 16.5 Declarant's Use. The Declarant, its successors and assigns, shall be permitted to use units which the Declarant owns, leases or manages for any activities relating to marketing, selling, purchasing, reselling, leasing or promoting those Units, as well as for models, sales, resales, leasing, and management offices, overnight accommodations by its designees or any other lawful purpose.

17. **ADDITIONAL RIGHTS OF ELIGIBLE MORTGAGEES.**

- 17.1 Books and Records. Any Eligible Mortgagee shall have the right, during normal business hours, to examine copies of the Governing Documents, 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.
- 17.2 Notice to Eligible Mortgagees. Eligible Mortgagees shall be entitled to timely written notice of:
- 17.2.1 A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;
 - 17.2.2 Association's meetings and attend such meetings;
 - 17.2.3 Any alleged default by any Owner whose Lot is subject to a First Mortgage it holds or has insured or guaranteed, if the default is not cured within sixty (60) days after notice of the default to the Owner;
 - 17.2.4 Any condemnation or casualty loss which affects a major portion of the Common Areas;
 - 17.2.5 A copy of, within reasonable time after it requests it, financial statement of the Association for the immediately preceding Fiscal Year;
 - 17.2.6 Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
 - 17.2.7 Any proposed action by the Association which would require hereunder the consent or approval of a specified percentage of Eligible Mortgagees.
- 17.3 Approval of Eligible Mortgagees. After the expiration of the Declarant Control Period, unless at least a majority of the Eligible Mortgagees based on the original principal amount of their First Mortgages encumbering Units have given their prior written approval, the Association shall not:
- 17.3.1 By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer Common Areas or any other real property which is owned, directly or indirectly, by the Association. The granting of easements or relocation of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this subsection.
 - 17.3.2 Change the method of determining the obligations, Assessments, dues or other charges which may be levied against a Unit;
 - 17.3.3 Fail to maintain property insurance on insurable improvements on the Common Area on a current replacement cost basis in an amount not

less than one hundred percent (100%) of the full insurable replacement value;

17.3.4 Use the proceeds of any property insurance policy covering losses to any part of the Common Area for other than the repair, replacement or reconstruction of the damaged Improvements; or

17.3.5 Use the proceeds of any property insurance policy covering losses to any part of any Attached Townhomes in accordance with the terms and provisions of Article 9 of this Declaration for other than the repair, replacement or reconstruction of the damaged Improvements, if so applicable.

17.4 Payment of Taxes and Insurance Premiums. Eligible Mortgagees, jointly or singularly, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Common Area and may pay delinquent premiums on property insurance policies or secure new property insurance coverage upon the lapse of a policy covering the Common Areas or Association Property. The Eligible Mortgagees making such payments shall be owed immediate reimbursement therefor by the Association.

18. **AMENDMENTS.** The Declaration, Articles and Bylaws shall be amended as follows:

18.1 By the Declarant. During the Declarant Control Period, and in compliance with G.S. 47F-2-117(a), this Declaration, the Articles and Bylaws may be amended, changed or added to at any time and from time to time by an instrument executed by Declarant and recorded in the Registry without the requirement of the consent of the Association or any of the Owners or their mortgagees; provided, however, the Association shall, forthwith upon request of the Declarant, join in any such amendments or modifications and execute such instruments to evidence such joinder and consent as the Declarant shall, from time to time, request.

18.2 By the Association. After the Declarant Control Period, this Declaration, the Articles and Bylaws may be amended, changed or added to at any time and from time to time by the affirmative vote or written consent of the Class A Members (through their respective Voting Members) having not less than sixty-seven percent (67%) of the voting interests of Class A Members and, to the extent not prohibited by law, the affirmative vote or written approval of the Declarant so long as the Declarant is a Member.

18.3 Scrivener's Errors. Amendments for correction of scrivener's errors or other nonmaterial changes may be made by the Declarant alone so long as the Declarant owns any portion of the Community, and thereafter by the Board without the need for approval of the Owners.

18.4 Limitations on Amendments Affecting Declarant Rights. No amendment shall be permitted which changes the rights, privileges and obligations of the Declarant, a Participating Builder or any affiliate of the Declarant respectively without the

prior written consent of whichever of them is affected. Nothing contained herein shall affect the right of the Declarant to make whatever amendments or Supplemental Declarations are otherwise expressly permitted hereby without the consent or approval of any Owner or Mortgagee.

- 18.5 Amendments Required by Secondary Mortgage Market. Notwithstanding anything herein to the contrary, the Declarant shall have an absolute right to make any amendments to the Declaration (without any other party's consent or joinder including the Association or any Owners) that are requested or required by or necessitated by a change in the guidelines of the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac"), U.S. Department of Housing and Urban Development ("HUD") and U.S. Department of Veterans Affairs ("VA"), the Government National Mortgage Association, or any other governmental, quasi-governmental or government-chartered entity which owns or expects to own one or more Mortgages on Lots or portions of the Property within the Community or to insure or guarantee the payment of one or more such Mortgages or that are requested or required by any institutional First Mortgagee to enhance the salability of its Mortgages on Lots or portions of the Property to one or more of the foregoing.
- 18.6 Mortgagee's Consent. No amendment may be adopted which would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities granted or reserved to mortgagees or make any materially adverse change in the sections hereof entitled "Insurance for Common Areas and Attached Townhomes" (Article 8) or "Restoration of Attached Townhomes after Fire or Other Casualty" (Article 9) unless a majority of the Eligible Mortgagees whose Mortgages encumber Attached Townhomes (based on the original principal amount of the Mortgages held by the Eligible Mortgagees) shall join in the amendment. Except as specifically provided herein, the consent and/or joinder of any lien or mortgage holder on a Unit shall not be required for the adoption of any amendment to this Declaration and, whenever the consent or joinder of a lien or mortgage holder is required, such consent or joinder shall not be unreasonably withheld or delayed. Whenever the consent or approval of an Eligible Mortgagee or other mortgagee is required by the Governing Documents, or any applicable statute or law to any action of the Association or to any other matter relating to the Association, the Board, or by the Governing Documents, the Association shall request such consent or approval of such Eligible Mortgagee or other mortgagee by written request sent by certified mail, return receipt requested. Any Eligible Mortgagee or other mortgagee receiving such request shall be required to consent to or disapprove the matter for which the consent or approval is requested in writing within sixty (60) days after the Eligible Mortgagee or other mortgagee receives such request. The response of the Eligible Mortgagee or other mortgagee must be sent by certified mail, return receipt requested (or equivalent delivery evidencing such request was delivered to and received by the Association) and the response must be received by the Association. If such response is not timely received by the Association, the Eligible Mortgagee or other mortgagee shall be deemed to have consented to and approved the matter for which such approval or consent was

requested. Such consent or approval given or deemed to have been given, where required, may be evidenced by an affidavit signed by a majority of the Directors, the President or Secretary of the Association, which affidavit, where necessary, may be recorded in the Register's Office for the County. Such affidavit shall be conclusive evidence that the applicable consent or approval was given as to the matters therein contained.

18.7 Effective Date. Amendments to this Declaration are valid from the later of the time of recording in the Registry or such later date specified in the amendment.

18.8 Challenge. No action to challenge the validity of an amendment adopted pursuant to this Article may be brought more than one (1) year after the amendment is recorded.

19. **EFFECT AND DURATION OF COVENANTS.** This Declaration shall run with, bind, benefit and burden all of the Property, and shall run with, bind, and be enforceable by and against the Declarant, the Association, every Owner, and the respective legal representatives, heirs, successors and assigns of each, for a term of thirty (30) years from the date the Initial Declaration is recorded. After that time they shall be automatically extended for successive periods of ten (10) years each unless an instrument has been recorded in which eighty percent (80%) of the then Owners and majority of the Eligible Mortgagees (based on the original principal amount of the Mortgages held by the Eligible Mortgagees) agree by signing it to revoke this Declaration in whole or in part.

20. **GENERAL PROVISIONS**

20.1 Exculpation. No personal liability is assumed by nor shall at any time be asserted or enforceable against the Declarant on account of any representation, covenant, undertaking or agreement of the Declarant contained in the Declaration either expressed or implied. All such personal liability, if any, is expressly waived and released by the Association, the Owners and by all Persons claiming by, through or under the Owners.

20.2 Notice. Any notice required to be sent to any Member or Owner under the provisions of the Declaration shall be deemed to have been properly sent when personally delivered or mailed, postpaid, to the last known address of the Person who appears as Member or Owner on the records of the Association at the time of such mailing. It shall be the duty, of each Owner to keep the Association advised of his name and addresses and any changes therein.

20.3 Severability. Invalidation of any part, clause or word of the Governing Documents, or the application thereof in specific circumstances, by judgment or court order shall not affect any other provisions or applications in other circumstances, all of which shall remain in full force and effect.

20.4 Performance of Association's Duties by Declarant. Declarant shall have the right from time to time at its sole discretion, to perform at Declarant's expense the duties and obligations required hereunder to be performed by the Association. In

connection therewith Declarant shall have the right to reduce the budget of the Association and the Assessments payable by the Owners; provided, however, that any such performance on the part of Declarant may be discontinued by Declarant at any time, and any such performance shall not be deemed to constitute a continuing obligation on the part of Declarant.

- 20.5 Conflict. The provisions of this Article control over any inconsistent provisions of any other portion of this Declaration, any Supplemental Declaration or any other Governing Documents. In the event of a conflict between any of the Governing Documents, the following order of precedence shall apply:

First, this Declaration (except as to matters of compliance with the North Carolina Nonprofit Corporation Act, in which event the Articles shall control)
Second, Articles of Incorporation of the Association
Third, Bylaws of the Association
Fourth, rules and regulations of the Association.

In the event of a conflict between the Governing Documents and the Act, the Act shall control.

- 20.6 Effective Date. The Declaration shall become effective upon its recordation in the Registry.
- 20.7 Standards for Consent, Approval, Completion, Other Action and Interpretation. Whenever the Governing Documents shall require the consent, approval or other action by the Declarant or its affiliates, Association or Architectural Review Board, such consent, approval or action may be withheld in the sole and reasonable discretion of the party requested to give such consent or approval or take such action. All matters required to be completed or substantially completed by the Declarant or its affiliates, Association or ARB shall be deemed so completed or substantially completed when such matters have been completed or substantially completed in the reasonable opinion of the Declarant, Association or ARB, as appropriate. As to matters relating to the Common Areas or the Association, the Governing Documents shall be interpreted by the Board of Directors and an opinion of counsel of the Association rendered in good faith that a particular interpretation is not unreasonable shall establish the validity of such interpretation.
- 20.8 Easements. If any easement provided for in the Declaration fails because at the time of creation there may be no grantee having the capacity to take and hold such easement, then any such grant of easement shall nevertheless be considered as having been granted directly to the Association as agent for such intended grantees for the purpose of allowing the original parties to whom the easements were originally to have the benefit of such easement. The Owners hereby designate the Declarant and the Association (or either of them) as their lawful attorney-in-fact to execute any instrument on such Owners' behalf as may

hereafter be required or deemed necessary for the purpose of later creating such easement as it was intended to have been created herein.

20.9 CPI. Whenever a specific dollar amount is recited in Governing Documents, unless limited by law or by the specific text hereof or unless held to be unconscionable, such amounts shall be increased from time to time by application of a nationally recognized consumer price index using the date of recordation of the Initial Declaration as the base year. The index used shall be that published by the United States Department of Labor, Bureau of Labor Statistics, designated as "Consumer Price Index, all urban consumers, United States, 1982-84 = 100, all items." If the Bureau of Labor Statistics shall change the method for determining the consumer price index or in the event the Bureau of Labor Statistics shall cease to publish said statistical information and it is not available from any other source, public or private, then the Board shall choose a reasonable alternative to compute such increases.

20.10 Attorneys' Fees; Enforcement Costs. Unless limited by the Act (including G.S. 47F-3-116 (f)(12)), in the event that any legal action or other proceeding is brought for the enforcement of the Governing Documents, including because of any Assessments, fines, or any alleged dispute, breach, default or misrepresentation in connection with any provisions of the Governing Documents, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees, court costs and all expenses even if not taxable as court costs (including all such fees, costs and expenses incident to appeals), incurred in that action or proceeding, in addition to any other relief to which such party or parties may be entitled.

20.10.1 Mediation. Pursuant to G.S. Section 7A-38.3F, the Association shall provide annual written notice to the Members of the opportunity to initiate mediation to try to resolve a dispute between a Member and the Association.

20.11 CONSTRUCTION AND OTHER ACTIVITIES. ALL OWNERS AND PERMITTED USERS OF THE PROPERTY ARE HEREBY PLACED ON NOTICE THAT DECLARANT OR ITS AGENTS, CONTRACTORS, SUBCONTRACTORS, LICENSEES AND OTHER DESIGNEES MAY BE, FROM TIME TO TIME, CONDUCTING EXCAVATION, CONSTRUCTION AND OTHER ACTIVITIES WITHIN OR IN PROXIMITY TO THE COMMUNITY. BY THE ACCEPTANCE OF THEIR DEED OR OTHER CONVEYANCE OR MORTGAGE, LEASEHOLD, LICENSE OR OTHER INTEREST, AND BY USING ANY PORTION OF THE PROPERTY, EACH SUCH OWNER AND PERMITTED USER AUTOMATICALLY ACKNOWLEDGES, STIPULATES AND AGREES (.1) THAT NONE OF THE AFORESAID ACTIVITIES SHALL BE DEEMED NUISANCES OR NOXIOUS OR OFFENSIVE ACTIVITIES, HEREUNDER OR AT LAW GENERALLY, (.2) NOT TO ENTER UPON, OR ALLOW THEIR CHILDREN OR OTHER PERSONS UNDER THEIR CONTROL OR DIRECTION TO ENTER UPON (REGARDLESS OF WHETHER SUCH ENTRY IS A

TRESPASS OR OTHERWISE) ANY PROPERTY WITHIN OR IN PROXIMITY TO THE COMMUNITY WHERE SUCH ACTIVITY IS BEING CONDUCTED (EVEN IF NOT BEING ACTIVELY CONDUCTED AT THE TIME OF ENTRY, SUCH AS AT NIGHT OR OTHERWISE DURING NON-WORKING HOURS), (.3) DECLARANT AND THE OTHER AFORESAID PARTIES WILL NOT BE LIABLE BUT, RATHER, SHALL BE HELD HARMLESS, FOR ANY AND ALL LOSSES, DAMAGES (COMPENSATORY, CONSEQUENTIAL, PUNITIVE OR OTHERWISE), INJURIES OR DEATHS ARISING FROM OR RELATING TO THE AFORESAID ACTIVITIES, (.4) ANY PURCHASE OR USE OF ANY PORTION OF THE COMMUNITY HAS BEEN AND WILL BE MADE WITH FULL KNOWLEDGE OF THE FOREGOING, AND (.5) THIS ACKNOWLEDGMENT AND AGREEMENT IS A MATERIAL INDUCEMENT TO DECLARANT TO SELL, CONVEY, LEASE OR ALLOW THE USE OF THE APPLICABLE PORTION OF THE COMMUNITY.

- 20.12 COVENANTS RUNNING WITH THE LAND. IT IS THE INTENTION OF ALL PARTIES AFFECTED HEREBY (AND THEIR RESPECTIVE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS) THAT THE COVENANTS IN THE GOVERNING DOCUMENTS SHALL RUN WITH THE LAND AND WITH TITLE TO THE PROPERTY. WITHOUT LIMITING THE GENERALITY OF ARTICLE 19 HEREOF, IF ANY PROVISION OR APPLICATION OF THE COVENANTS IN THE GOVERNING DOCUMENTS WOULD PREVENT THE COVENANTS FROM RUNNING WITH THE LAND AS AFORESAID, SUCH PROVISION OR APPLICATION SHALL BE JUDICIALLY MODIFIED, IF AT ALL POSSIBLE, TO COME AS CLOSE AS POSSIBLE TO THE INTENT OF SUCH PROVISION OR APPLICATION AND THEN BE ENFORCED IN A MANNER WHICH WILL ALLOW THE COVENANTS IN THE GOVERNING DOCUMENTS TO SO RUN WITH THE LAND; BUT IF SUCH PROVISION OR APPLICATION CANNOT BE SO MODIFIED, SUCH PROVISION OR APPLICATION SHALL BE UNENFORCEABLE AND CONSIDERED NULL AND VOID IN ORDER THAT THE PARAMOUNT GOAL OF THE PARTIES AFFECTED HEREBY (THAT THE OTHER COVENANTS IN THE GOVERNING DOCUMENTS RUN WITH THE LAND) BE ACHIEVED.
- 20.13 NOTICES AND DISCLAIMERS AS TO WATER BODIES. NEITHER DECLARANT, THE ASSOCIATION, NOR ANY OF THEIR OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES, MANAGEMENT AGENTS, CONTRACTORS OR SUB-CONTRACTORS (COLLECTIVELY, THE "LISTED PARTIES") SHALL BE LIABLE OR RESPONSIBLE FOR MAINTAINING OR ASSURING THE WATER QUALITY OR LEVEL IN ANY LAKE, POND, CANAL, CREEK, STREAM OR OTHER WATER BODY WITHIN THE COMMUNITY, EXCEPT AS SUCH RESPONSIBILITY MAY BE SPECIFICALLY IMPOSED BY OR CONTRACTED FOR WITH AN APPLICABLE GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY OR AUTHORITY, ALL PERSONS ARE HEREBY NOTIFIED THAT FROM

TIME TO TIME WILDLIFE MAY INHABIT OR ENTER INTO WATER BODIES WITHIN THE COMMUNITY AND MAY POSE A THREAT TO PERSONS, PETS AND PROPERTY, BUT THAT THE LISTED PARTIES ARE UNDER NO DUTY TO PROTECT AGAINST, AND DO NOT IN ANY MANNER WARRANT AGAINST, ANY DEATH, INJURY OR DAMAGE CAUSED BY SUCH WILDLIFE.

- 20.14 Principles of Interpretation and Definitions. In this Declaration, unless the context requires otherwise: (1) the singular includes the plural, and the plural includes the singular; (2) the pronouns "it", "its", "he", "his", "she", "her", "they" and "their" include the masculine and feminine; (3) references to contracts and agreements shall be deemed to include all amendments thereto; (4) references to an "Article", "Section", "section", or "paragraph" shall mean an article or section of this Declaration; (5) headings and titles of sections, paragraphs, and articles are for convenience only and shall not be construed to affect the meaning of this Declaration; (6) the word "shall" is mandatory; and (7) all exhibits, attachments, or documents attached or referred to in this Declaration are incorporated by reference as if fully set forth herein.

20.15 Disclosures.

20.15.1 Greenway Trail. The Declarant hereby discloses to all Lot Owners that Declarant intends to install a public greenway trail through the community as shown on the Site Plan.

20.15.2 Adjacent Public Park/School. The Declarant hereby discloses that the Property is adjacent to both a public park and a school. In connection with the public park, there is a path which encroaches from the park onto the Property as shown on the Site Plan. Also, as illustrated on the Site Plan, there are future plans for a proposed disc golf course on a portion of the Common Area. These are areas of the Property where the public will have a right to be on the Common Area.

20.15.3 Pond. The Declarant hereby discloses that a portion of a future phase includes a pond that is partially located on the Property and partially located upon adjacent property. For that reason, the Declarant cannot control if a third party uses the pond. The Declarant hereby discloses that neither Lot Owners nor Permitted Users may use the pond absent express written approval of rules and regulations imposed by the Declarant (which the Declarant, in its sole discretion, may determine not to grant).

20.15.4 Colonial Pipeline Easements. The Declarant hereby discloses that prior owners of the Property granted various easements to Colonial Pipeline for a buried pipeline under a portion of the Property (including under a portion of streets and Common Area). This right of Colonial Pipeline came with the Property rights acquired by Declarant and thus the Property is subject to this right. All Lot Owners shall take precaution of the buried pipeline and so advise their

Permitted Users. No digging in Common Area shall be permitted.

20.15.5 Other Easements. The Declarant hereby discloses that the community is the beneficiary of certain off site easements for road access and signage easements as more particularly described in the partial list of easements affecting the Property set forth in Exhibit H attached hereto.

20.15.6 Adjacent Properties. The Declarant hereby discloses that certain parcels along Holly Spring Road may be developed as commercial uses. Lots along Holly Springs Road are not now owned by Declarant and Declarant has no control over how those lots are developed by the property owners.

[remainder of page left blank]

IN WITNESS WHEREOF, the Declarant has executed and delivered this Declaration as of the date first above written.

LENNAR CAROLINAS, LLC,
a Delaware limited liability company

By: [Signature] (SEAL)

Name: Patricia E Hanchette

Title: VP & Div President

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, KATHY A. HARRIS, Notary Public of County and State aforesaid,
do hereby certify that Patricia E Hanchette, as VP
& Div Pres of Lennar Carolinas, LLC, a Delaware limited liability company,
personally appeared before me this day and acknowledged the due execution of the foregoing
instrument on behalf of Lennar Carolinas, LLC.



Date: 11.9.2016

[Signature]
Notary Public

My Commission Expires: 4.30.2018

EXHIBIT LIST

A.	Property subject to this Declaration (subject to Declarant's right to withdraw)
A-1.	Plat of Property owned by Declarant and subject to this Declaration (Lot 2, Book of Maps 2015, Page 2077, Wake County Registry)
A-2.	Map illustrating "Phase 1A"
B.	Articles of Incorporation for 2018 Market Homeowners Association, Inc.
C.	Bylaws for 2018 Market Homeowners Association, Inc.
D.	Site Plan (preliminary version)
E.	Partial List of Common Areas
F.	Description of Future Development Property
G.	Provisions required by the Town of Holly Springs
H.	Partial list of easements affecting the Property

EXHIBIT A

Property subject to this Declaration
(subject to Declarant's right to withdraw)

Being all of Lot 2 (+/- 67.458 acres) as shown on the "Recombination Map – McLeod and Jones Properties" recorded in the Book of Maps 2015, Page 2077, Wake County Registry.

A copy of the plat showing the Property is attached hereto as Exhibit A-1.

EXHIBIT A-1

Plat of Property owned by Declarant and subject to this Declaration
(Lot 2, Book of Maps 2015, Page 2077, Wake County Registry)

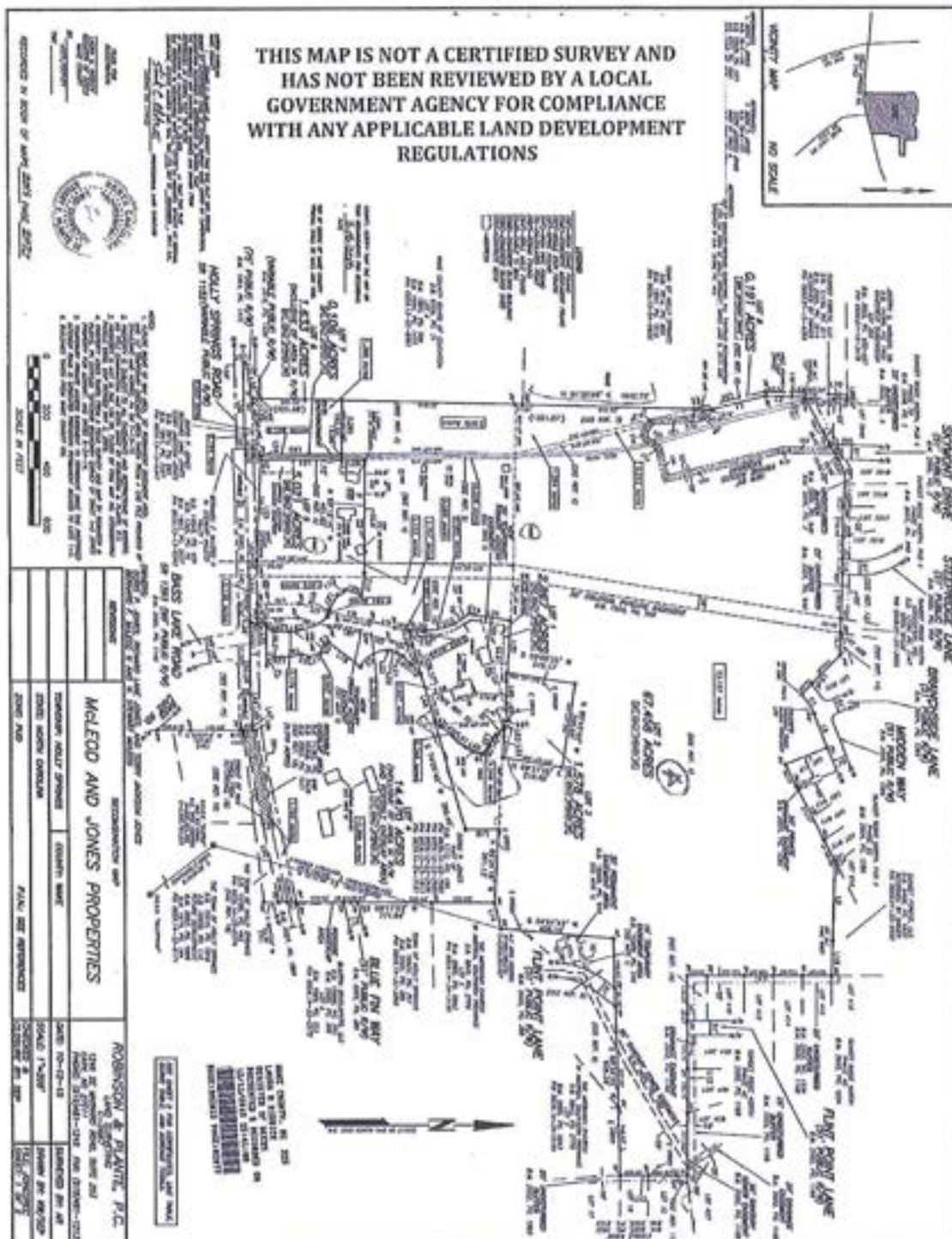
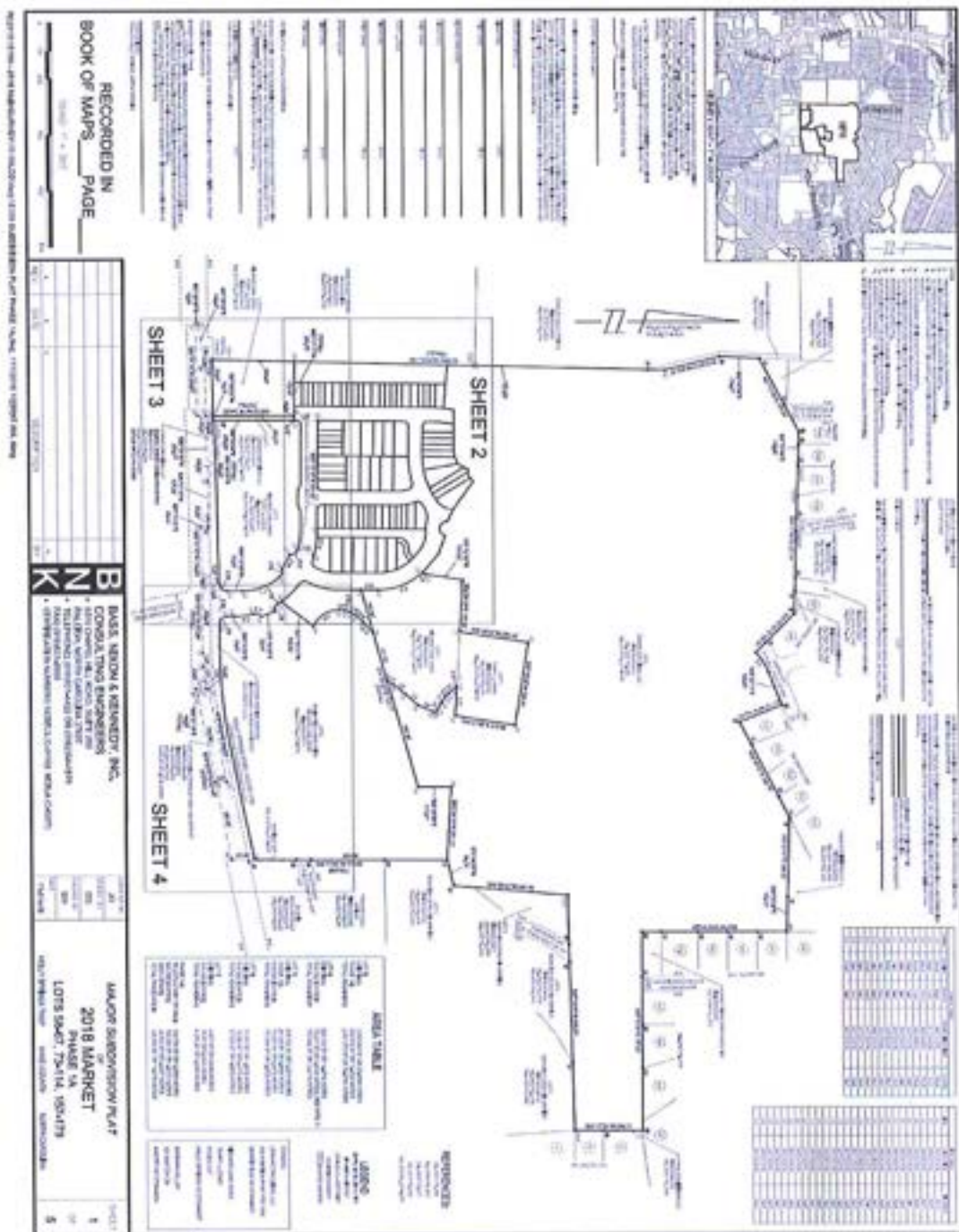
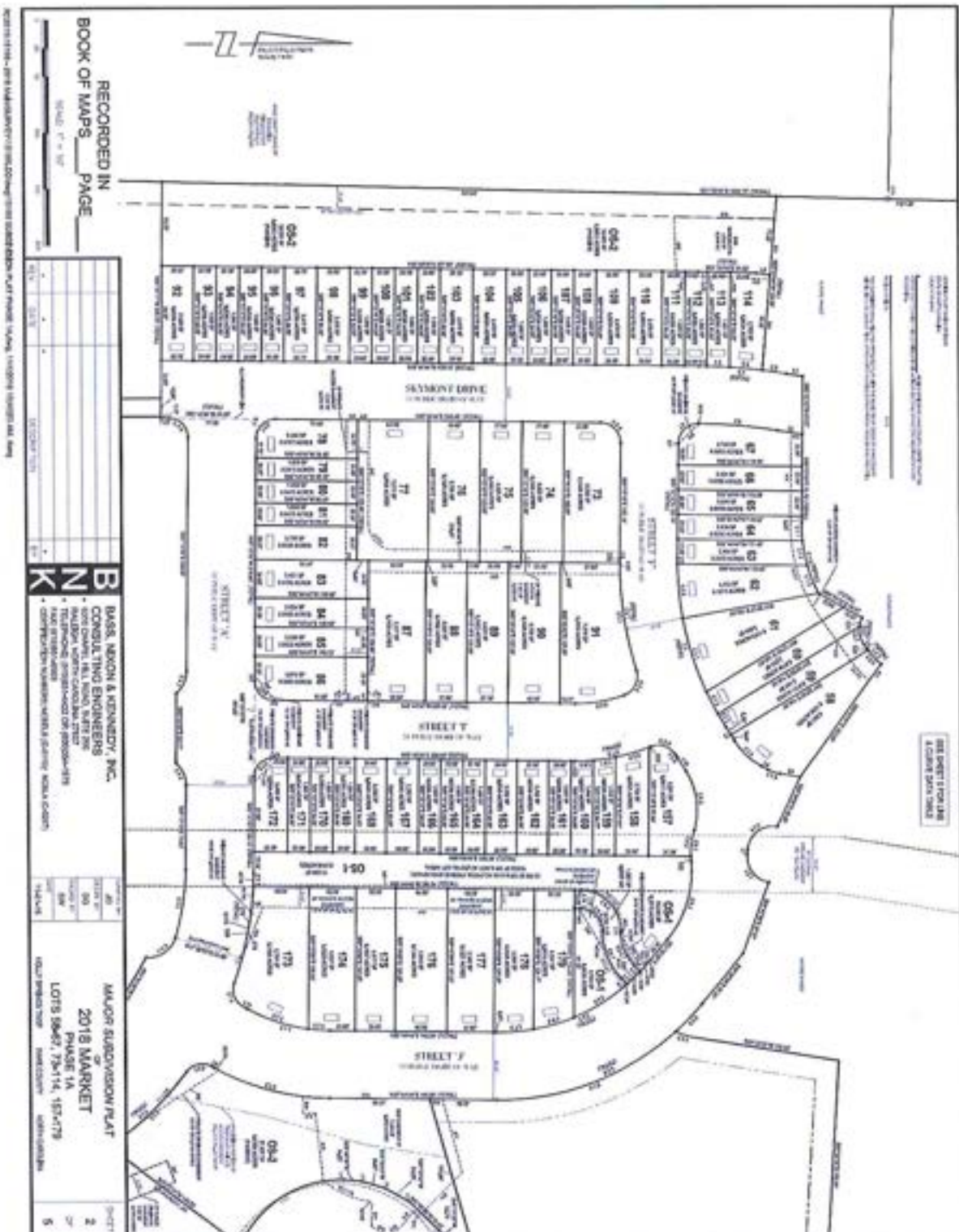


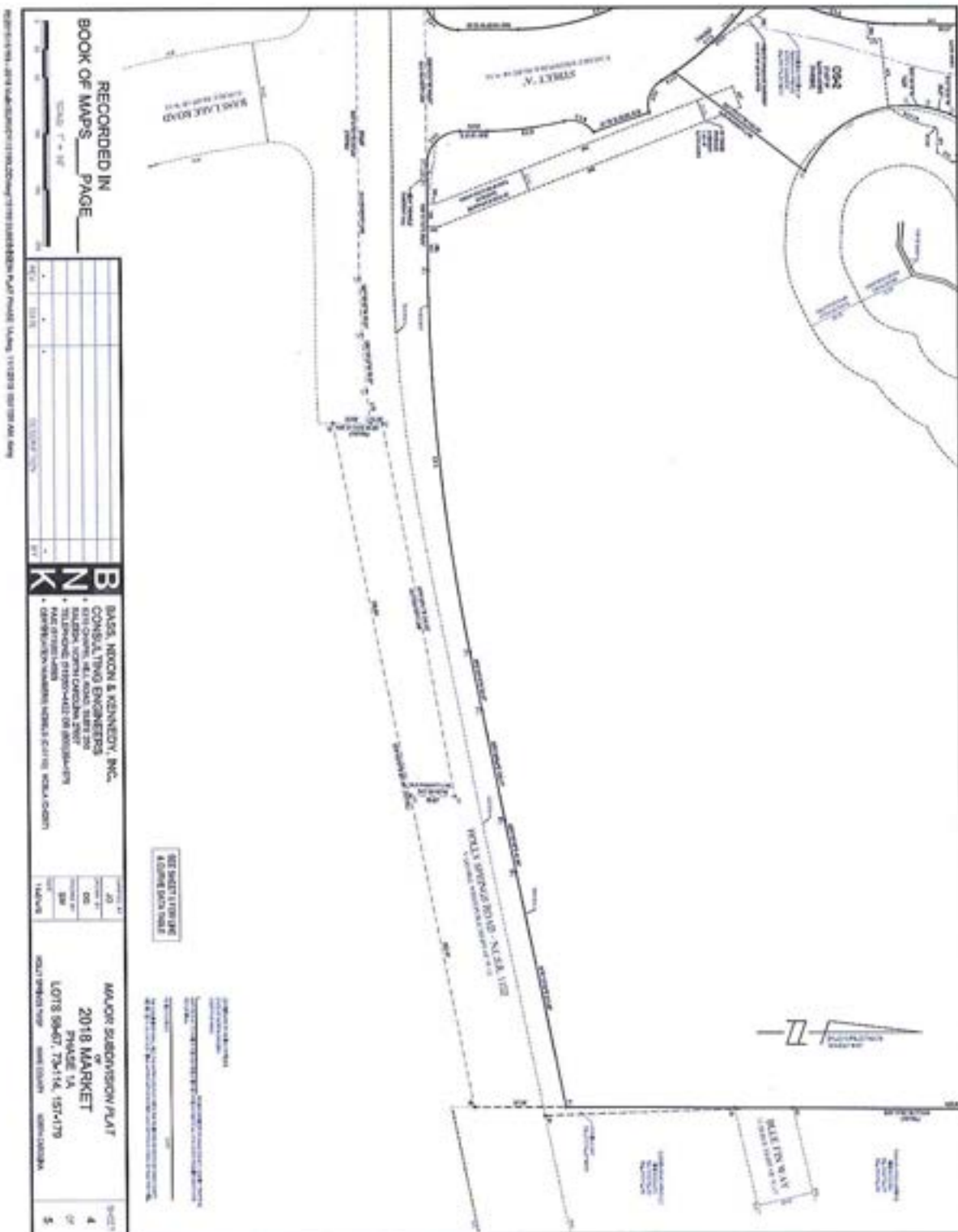
EXHIBIT A-2

Map of "Phase 1A"

THIS MAP IS NOT A CERTIFIED SURVEY AND HAS NOT BEEN REVIEWED BY
A LOCAL GOVERNMENT AGENCY FOR COMPLIANCE WITH ANY
APPLICABLE LAND DEVELOPMENT REGULATIONS.







RECORDED IN
BOOK OF MAPS PAGE

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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BZK
BASS, NIXON & KENNEDY, INC.
CONSULTING ENGINEERS
5011 CHERRY HILL ROAD, SUITE 200
BALTIMORE, MARYLAND 21207
TELEPHONE: (410) 421-7800
FAX: (410) 421-7801
WWW.BZK-ENGINEERS.COM

MAJOR SUBDIVISION / PLAT
2018 MARKET
PHASE 1A
LOTS 15-67, 73-114, 157-179
COUNTY OF BALTIMORE, MARYLAND

SEE SHEET 11 FOR
ADJACENT PLAT

DATE: 10/15/2018
DRAWN BY: [Signature]
CHECKED BY: [Signature]
APPROVED BY: [Signature]

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EXHIBIT B

Articles of Incorporation for 2018 Market Homeowners Association, Inc.

SOSID: 1533859
Date Filed: 7/29/2016 12:40:00 PM
Eklise F. Marshall
North Carolina Secretary of State
C2016 202 00370

State of North Carolina
Department of the Secretary of State

ARTICLES OF INCORPORATION NONPROFIT CORPORATION

Pursuant to §15A-2-02 of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.

1. The name of the nonprofit corporation is: 2018 Market Homeowners Association, Inc.
2. (Check only if applicable.) The corporation is a charitable or religious corporation as defined in NCOS §55A-1-40(4).
3. The name of the initial registered agent is: Cristina Hobbs
4. The street address and county of the initial registered agent's office of the corporation is:
Number and Street: 909 Aviation Parkway, Suite 1500
City: Morrisville State: NC Zip Code: 27560 County: Wake
The mailing address (if different from the street address of the initial registered agent's office is:
Number and Street or PO Box: _____
City: _____ State: NC Zip Code: _____ County: _____
5. The name and address of each incorporator is as follows:
William M. Wilcox
P.O. Box 3463
Greensboro, NC 27402
6. (Check either a or b below.)
a. ☒ The corporation will have members.
b. ☐ The corporation will not have members.
7. Attached are provisions regarding the distribution of the corporation's assets upon its dissolution.
8. Any other provisions which the corporation elects to include are attached.

9. The street address and county of the principal office of the corporation is:

Principal Office Telephone Number: _____

Number and Street: 909 Aviation Parkway, Suite 1500

City: Morrisville State: NC Zip Code: 27560 County: Wake

The mailing address if different from the street address of the principal office is:

Number and Street or PO Box: _____

City: _____ State: _____ Zip Code: _____ County: _____

10. (Optional): Please provide a business e-mail address: _____

The Secretary of State's Office will e-mail the business automatically at the address provided at no charge when a document is filed. The e-mail provided will not be viewable on the website. For more information on why this service is being offered, please see the instructions for this document.

11. These articles will be effective upon filing, unless a future time and/or date is specified: _____

This is the 5th day of July, 2016.

(Incorporator Business Entity Name)
William M. Wilcox
Signature of Incorporator
William M. Wilcox
Type or print Incorporator's name and title, if any

NOTES:

1. Filing fee is \$60. This document must be filed with the Secretary of State.

CORPORATIONS DIVISION
Revised September, 2013

P. O. BOX 29622

RALEIGH, NC 27626-0622
Form NC-01

Attachment A
to the
Articles of Incorporation
of
2018 Market Homeowners Association, Inc.

Distribution of the Corporation's Assets Upon Dissolution

Upon dissolution of the corporation, all liabilities and obligations of the corporation shall be paid and discharged, or adequate provision shall be made therefor, and the remainder of the corporation's assets shall be distributed as required by the terms of N.C.O.S. Section 47F-2-118, as amended, of the North Carolina Planned Community Act.

NPGBO1:2374768.1

EXHIBIT C

BYLAWS

OF

2018 MARKET HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1

NAME AND LOCATION

- 1.1 Name and Location. The name of the corporation is **2018 MARKET HOMEOWNERS ASSOCIATION, INC.**, hereinafter referred to as the "Association." The principal office of the Association shall be located at the Property, or at such other place within Wake County, North Carolina ("County") as may be designated by the Association's Board of Directors ("Board").

ARTICLE 2

DEFINITIONS

- 2.1 Definitions. For convenience, these Bylaws shall be referred to as the "Bylaws" and the Articles of Incorporation of the Association as the "Articles." The terms used in these Bylaws shall have the same definitions as those set forth in the **Declaration of Covenants, Restrictions, and Easements for 2018 Market** (the "Declaration"), recorded or to be recorded in the office of the Register of Deeds for the County, unless provided to the contrary in these Bylaws, or unless the context otherwise requires. The term "Governing Documents" means the Declaration, any Supplemental Declaration, the Articles, Bylaws, and the rules and regulations of the Association and all exhibits to any of the foregoing, all as they may be amended from time to time. The North Carolina Nonprofit Corporation Act, Chapter 55A of the North Carolina General Statutes, as it may be amended from time to time, is referred to in these Bylaws as the "Nonprofit Act." The North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes, as it may be amended from time to time, is referred to in these Bylaws as the "Planned Community Act."
- 2.2 Applicability. The provisions of these Bylaws apply to the Association which operates the Common Areas of the Property as defined in the Declaration.

ARTICLE 3

MEETING OF MEMBERS AND VOTING

- 3.1 Annual Meeting. The first meeting of the Members, whether an annual or a special meeting, shall be held on such day and at such time as the Board, by majority vote, shall determine and which meeting shall occur not more than

twelve (12) months following the date of closing of the sale of the first Unit in the Property. Subsequent annual meetings of the Members shall be held on a date and time set by the Board, but not more than thirteen (13) months after the date of the previous annual meeting.

- 3.2 Special Meetings. Special meetings of the Members shall be promptly scheduled at any time by the Board upon vote of a majority of the Board of Directors or upon written request by the President. A special meeting of the Members shall be called upon written demand delivered to the Secretary by the Members representing ten percent (10%) of the total voting interest of the Association. For purposes of determining the ten percent (10%), the record date shall be the date the first Member signs the demand for a special meeting.
- 3.3 Notice and Place of Meetings. Unless otherwise provided in the Governing Documents or in the Nonprofit Act, written notice of each meeting of the Members, annual or special shall be given by, or at the direction of, the Secretary or Person authorized to call the meeting at least ten (10) days but not more than sixty (60) days before such meeting to each Member 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 given to a Member by hand delivery, U.S. Mail, or such other means as shall be permitted under North Carolina law, including, but not limited to (if allowed), overnight courier service, electronic transmission or by any other technology or medium, now existing or hereafter devised, provided in every such case the Association retains proof of transmission and receipt.

In the case of written demand of Members representing ten percent (10%) of the total voting interests of the Association, written notice of such meeting shall be given not more than thirty (30) days after written demand is delivered to the Association. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting, and shall provide for voting by proxy. In the event the Association fails to send notice of a special meeting within thirty (30) days following delivery of written demand aforesaid any Member signing the demand may set the time and place of the special meeting and give notice thereof to all Members in accordance with the Nonprofit Act. If action is proposed to be taken at any meeting for approval for any of the following proposals, the notice shall also state the general nature of the proposal: (a) removing a Director without cause; (b) filling vacancies in the Board of Directors by the Members; or (c) amending the Declaration, Articles, or Bylaws. Meetings shall be held within the Property or at a meeting place within the County.

Notice of a meeting of Members need not be given to any Member who signs a waiver of notice, in person or by proxy, either before or after the meeting. The waiver must be delivered to the Association for inclusion in the minutes or filing with the corporate records. Attendance of a Member at a meeting, in person or by proxy, shall of itself constitute a waiver of notice, except when the Member

attends a meeting solely for the purpose of stating his objection, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened. Objection by a Member shall be effective only if written objection to the holding of the meeting or to any specific action so taken is filed with the Secretary of the Association.

3.4 Quorum.

(a) Unless otherwise provided herein, in the Declaration, Articles, or Nonprofit Act a quorum is present throughout any meeting of the Association whenever Persons entitled to cast ten percent (10%) of the total voting interests are present in person or by proxy at the beginning of the meeting. If business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. Notwithstanding any provision to the contrary in the Governing Documents, the quorum requirements at the next meeting shall be one-half (1/2) of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business will be conducted.

(b) The Members present at a duly called or held meeting at which a quorum of the voting interests is present may continue to do business until adjournment, notwithstanding the withdrawal from the meeting of enough Members to leave less than such required quorum, and provided further that any action taken shall be approved by a majority of the Members required to constitute such quorum. Unless otherwise provided, any reference hereafter to "voting interests cast" at a duly called meeting shall be construed to be subject to the quorum requirements established by this Section 3.4. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed in Section 3.3.

3.5 Ballots and Representative Voting.

(a) Voting Referendum: Written Ballots. Any vote of the Members on a matter that would be cast at an annual, regular or special meeting may be taken, without a meeting, by written ballot delivered to every Member by the Association. The ballot shall set forth the matter to be voted upon and provide therein a place to vote for or against such matter. Approval by written ballot without a meeting shall be effective only when the number of votes cast by ballot equals or exceeds the quorum required to be present had the matter been considered at a meeting, and the number voting for the matter equals or exceeds the number of votes required to approve it had the matter been considered at a meeting at which the requisite quorum is present.

A solicitation of votes by ballot shall (i) indicate the record date for the Members eligible to vote; (ii) indicate the number of returned ballots voting for or against the matter that is required to satisfy the quorum requirement; (iii) state the required number of votes or percentage voting in favor of the matter required to approve it (except in the case of election of Directors, which shall be by plurality); and (iv) state the date and time by which a Member's completed ballot must be received by the Association in order to be counted in the vote to be taken. Once a written or electronic ballot is received by the Association, it may not be revoked. A Member's signed ballot shall be delivered to the Association by hand delivery, U.S. mail or such other means as shall be permitted under North Carolina law, including, but not limited to and if allowed, overnight courier service, electronic transmission or any other technology or medium, now existing or hereafter devised, provided in every such case the sender retains proof of transmission and receipt.

Within ten (10) days after the deadline for receipt of the completed ballots, notice must be given to all Members whether the matter(s) set forth in the ballot were approved. Ballots cast in accordance with the foregoing have the effect of a meeting vote and may be described as such in any document.

(b) Proxies. At all meetings of Members, each Member may vote in person or by proxy. The appointment form of proxy shall be in writing and received by the Secretary before the appointment time of the meeting. Every proxy appointment shall automatically cease upon conveyance by the Member of his Unit, or upon receipt of written notice by the Secretary of the death or judicially declared incompetence of a Member prior to the counting of the vote, upon revocation of the appointment of the proxy in accordance with the Nonprofit Act, or upon the expiration of the proxy. The proxy shall expire eleven (11) months from the date of the proxy unless a different period is expressly provided in the appointment form; provided, however the duration of a proxy shall not exceed three (3) years from the date of the proxy. Unless the proxy appointment form otherwise states, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Association and to exercise the voting interests of the Member. Any proxy appointment form distributed by any Person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon set forth in the notice of the meeting. The appointment shall provide that, where the Member specifies a choice, the vote shall be cast by the proxy in accordance with that choice. The form shall also identify the Person acting as the proxy and the length of time it will be valid. In addition, voting by a proxy shall comply with any other applicable requirements of the Nonprofit Act. The Member's signed proxy appointment form shall be delivered to the Association by hand delivery, by U.S. mail, and by such other means as shall be permitted under North Carolina law, including, but not limited to and if allowed, overnight courier service, electronic transmission or any other technology or medium, now existing or hereafter devised, provided in every such case the sender retains proof of transmission and receipt.

3.6 Membership and Voting.

(a) Voting. The Association shall have the classes of Members and the weighted voting as provided in the Declaration.

(b) Class B Veto Rights.

(i) During the Declarant Control Period, the Class B Member shall have a right to disapprove actions of the Board and any committee, as is more fully provided in this Section 3.6(b). This veto power shall be exercisable only by the Class B Member, its successors, and assigns who specifically take this power in a recorded instrument.

(ii) No action authorized by the Board of Directors or any committee shall become effective during the Declarant Control Period, nor shall any action, policy, or program be implemented until and unless:

(A) In the absence of the physical presence of any employee or agent of the Class B Member who waives written notice, the Class B Member shall have been given written notice of each meeting and the actions approved at the meeting of the Board or any committee. Such written notice shall be given by certified mail, return receipt requested, or by personal delivery at the address the Class B Member has registered with the Secretary of the Association, as it may change from time to time; and

(B) The Class B Member shall have and is hereby granted veto power over any such action, policy, or program approved by any committee or the Board of Directors and to be taken by any committee or Board of the Association or any member of the Association if Board, committee, or Association approval is necessary for said action. This veto may be exercised by the Class B Member at any time within ten (10) days following the meeting held pursuant to the terms and provisions of these Bylaws. Any veto shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board or the Association.

(iii) This Section 3.6(b) may not be amended during the Declarant Control Period without the express written consent of the Class B Member.

(c) Voting Groups. In order to assure representation on the Board of Directors for the Members owning Detached Homes and Members owning Attached Townhomes, separate voting groups (individually, a "Voting Group" and jointly, the "Voting Groups") shall be established as follows: (1) Members owning Detached Homes shall constitute the "Detached Home Voting Group," and (2) Members owning Attached Townhomes shall constitute the "Attached Townhome Voting Group." At the first election after the expiration of the Declarant Control Period, the Board shall be increased to five (5) Directors chosen as follows: (1) the Detached Home Voting Group shall be entitled to elect one Director (the "Detached Home Director"); (2) the Attached Townhome

Voting Group shall be entitled to elect or appoint one (1) Director ("Attached Townhome Director"); (3) One (1) Director shall be elected at large by all of the voting interests other than the Declarant ("At Large Director"); and (4) the Declarant shall be entitled to appoint or elect two (2) Directors so long as the Declarant owns any portion of the Community. When the Declarant no longer owns any portion of the Community or such earlier date as the Declarant elects not to appoint or elect any Directors to the Board, the five (5) Directors shall be chosen as follows: (1) the Detached Home Voting Group shall be entitled to elect two (2) Detached Home Directors; (2) the Attached Townhome Voting Group shall be entitled to elect or appoint two (2) Attached Townhome Directors; and (3) the fifth Director shall be elected at large by all of the voting interests ("At Large Director").

(d) Majority Vote. Unless the Nonprofit Act, the Planned Community Act, the Declaration, Articles or these Bylaws require a greater percentage vote or voting by class, any action approved by a "majority of the voting interests cast" shall be binding upon all Members for all purposes. An abstention shall be counted as a negative vote in calculating the majority. Unless otherwise provided in a Supplemental Declaration, Owners of Units in all phases shall have the same voting rights.

Any reference to the "majority of the voting interests cast" or "majority of the Owners" in the Governing Documents shall mean a majority of the voting interests eligible to be cast at a duly called meeting of the Members at which a quorum is present in person or by proxy. The terms "majority of the voting interests" or "majority of the Owners" shall not mean a majority of the Members themselves, or the Owners, or the number of Units or the total membership. Similarly, if some greater percentage of the voting interests of the Members is required in any Governing Document, it shall mean such greater percentage of the votes of Members and not of the Members themselves, the Owners, the Units, or the total membership; notwithstanding the foregoing, certain specified actions set forth in the Planned Community Act or Governing Documents require the approval of a percentage of the "total voting interests."

- 3.7 Eligibility to Vote. Voting rights attributable to a Class A Member shall not vest until the Association has levied Assessments against the Unit owned by a Class A Member. Only Members in good standing are eligible to vote on any issue or matter presented to the Members for approval. In order to be in good standing, as of the record date, no Assessments levied against the Member's Unit(s) can be more than thirty (30) days delinquent and the Member cannot be subject to any suspension of voting privileges as a result of disciplinary proceeding conducted in accordance with the Declaration. A Member's good standing shall be determined as of the record date established in accordance with Section 3.9.

3.8 Acceptance of Votes.

(a) Criteria. The Association shall apply the following criteria in accepting the vote, ballot, consent, waiver, or proxy appointment of a Member:

(i) If the name signed on a vote, ballot, consent, waiver, or proxy appointment corresponds to the name of a Member, the Association, if acting in good faith, is entitled to accept the vote, ballot, consent, waiver, or proxy appointment and give it effect as the act of the Member.

(ii) If two or more Persons hold the Membership as co-Owners (including, but not limited to, a husband and wife), the vote, ballot, consent, waiver, or proxy appointment shall be cast only in accordance with the agreement of a majority in interest of the co-Owners. If the name signed purports to be the name of at least one of the co-Owners and the Person signing appears to be acting on behalf of all the co-Owners, a majority agreement is conclusively presumed, and the Association, if acting in good faith, is entitled to accept the vote, ballot, consent, waiver, or proxy appointment and give it effect as the act of all the co-Owners, unless any of the other co-Owners protest such co-Owner's vote promptly to the Person presiding at the meeting.

(iii) If the name signed on a vote, ballot, consent, waiver, or proxy appointment does not correspond to the record name of a Member, the Association, if acting in good faith, is nevertheless entitled to accept the vote, ballot, consent, waiver, or proxy appointment and give it effect as the act of the Member if:

(A) the Member is an entity and the name signed purports to be that of a director, officer, manager or managing member, general partner, or agent of the entity;

(B) the name signed purports to be that of an attorney-in-fact of the Member and, if the Association requests, evidence acceptable to the Association of the signatory's authority to sign for the Member has been presented with respect to the vote, ballot, consent, waiver, or proxy appointment;

(C) If the name signed purports to be that of a trustee, administrator, executor, guardian, or conservator representing the Member and, if the Association requests, evidence of fiduciary status acceptable to the Association has been presented with respect to the vote, ballot, consent, waiver, or proxy appointment; and

(D) the name signed purports to be that of a receiver or trustee in bankruptcy of the Member and, if the Association requests, evidence of this status acceptable to the Association has been presented with respect to the vote, ballot, consent, waiver, or proxy appointment.

(b) The Association is entitled to reject a vote, ballot, consent, waiver, or proxy appointment if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Member.

(c) The Association and its officer or agent who accepts or rejects a vote, ballot, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this section are not liable in damages to the Member for the consequences of the acceptance or rejection.

(d) Corporate action by the Association based on the acceptance or rejection of a vote, ballot, consent, waiver, or proxy appointment under this Section 3.8 is valid unless a court of competent jurisdiction determines otherwise.

3.9 Record Dates

(a) Record Dates Established by the Board. For the purposes of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting or exercise any rights in respect to any other lawful action, the Board may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles, by agreement, or in the Nonprofit Act. The record dates established by the Board pursuant to this Section shall be as follows:

(i) Record Date for Notice of Meetings. In the case of determining those Members entitled to notice of a meeting, the record date shall be no more than ninety (90) nor less than twenty (20) days before the date of the meeting;

(ii) Record Date for Voting. In the case of determining those Members entitled to vote at a meeting, the record date shall be no more than thirty (30) days before the date of the meeting;

(iii) Record Date for Action by Written Ballot Without Meeting. In the case of determining Members entitled to cast written ballots, the record date shall be no more than thirty (30) days before the day on which the first written ballot is mailed or solicited; and

(iv) Record Date for Other Lawful Action. In the case of determining Members entitled to exercise any rights in respect to other lawful action, the record date shall be no more than thirty (30) days prior to the date of such other action.

(b) "Record Date" Means as of the Close of Business. For purposes of Section 3.8(a), a Person holding a membership as of the close of business on the record date shall be deemed the Member of record.

(c) Failure of Board to Fix a Record Date. If the Board, for any reason, fails to establish a record date, the provisions set forth in the Nonprofit Act shall apply.

- 3.10 Action Without Meeting. Any action that may be taken at any annual or special meeting of Members (except the election of Directors) may be taken without a meeting in accordance with the provisions of the Nonprofit Act. Any form of written ballot distributed by any Person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the written ballot. The written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice.
- 3.11 Order of Business. The order of business at all meetings of the Members shall (unless waived) be as follows: (a) roll call to determine the Members and their voting interests represented at the meeting in person or by proxy; (b) proof of notice or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports on the financial condition and activities of the Association; (e) reports of committees; (f) election of Directors; (g) unfinished business; and (h) new business. Meetings of Members shall be conducted by the officers of the Association, in order for their priority.
- 3.12 Conduct of Meetings. Meetings of the Members of the Association shall be conducted in accordance with the latest edition of Roberts Rules of Order or such parliamentary procedures as the Association may adopt. Except as otherwise provide by law, any proper matter may be presented at the meeting for action. Members of the Association shall have access to Association records in accordance with the Nonprofit Act.

ARTICLE 4

PARTICIPATION BY MEMBERS

- 4.1 Board Meetings. No Member of the Association shall have any right as a Member to attend any meeting of the Board, except such meetings of the Board as the Board of Directors shall, in the exercise of its sole discretion, open to the membership or any other Person.
- 4.2 Membership Meetings. Subject to the following and such further reasonable restrictions as may be adopted from time to time by the Board, Members shall have the right to speak at annual and special meetings of the Members. A Member does not have the right to speak with respect to items not specifically designated on the agenda; provided, however, that the Board may permit a Member to speak on such items in its discretion. Every Member who desires to speak at a meeting, may do so, provided that the member had filed a written request with the Secretary of the Association prior to the scheduled time for commencement of the meeting.

- 4.3 Restrictions. Unless waived by the chairman of the meeting (which may be done in the chairman's sole and absolute discretion and without being deemed to constitute a waiver as to any other subsequent speakers), all Members speaking at a meeting shall be limited to a maximum of three (3) minutes per speaker. Any Member may tape record or videotape a meeting, subject to the following and such further reasonable restrictions as may be adopted from time to time by the Board:

- (a) The only audio and video equipment and devices which Members are authorized to utilize at any such meeting is equipment which does not produce distracting sound, light or heat emissions;
- (b) Audio and video equipment shall be assembled and placed in position in advance of the commencement of the meeting; and
- (c) Anyone videotaping or recording a meeting shall not be permitted to move about the meeting room in order to facilitate the recording.

ARTICLE 5

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

- 5.1 Number. A Director must be a natural person who is 18 years of age or older. A Director need not be an Owner. The initial Board of Director shall consist of three (3) Directors who shall be appointed by the Declarant. The Declarant shall have the sole right to appoint and remove any member or members of the Board of Directors of the Association pursuant to the Declaration until the expiration of the Declarant Control Period. After the Declarant Control Period, the affairs of the Association shall be managed by a Board of Directors consisting of five (5) Directors. At the expiration of the Declarant Control Period, the Members other than the Declarant shall be entitled to elect a majority of the Directors. The Association shall give not less than thirty (30) days' and not more than sixty (60) days' notice of, such meeting of the Members to elect the Board of Directors, or the date on which the Association shall count the written ballots distributed to the Members with such notice for the election of the Board of Directors. Each year thereafter, the Members shall elect such number of Directors as shall exist whose terms are expiring.

The Declarant may transfer control of the Association to the Class A Members prior to the expiration of the Declarant Control Period in its sole discretion by causing enough of its appointed Directors to resign, whereupon it shall be the affirmative obligation of Class A Members to elect a majority of the Directors and assume control of the Association. Provided at least thirty (30) days' notice of Declarant's decision to cause its appointees to resign is given to the Members, neither the Declarant, nor such appointees, shall be liable in any

manner in connection with such resignations even if the Class A Members refuse or fail to assume control.

- 5.2 Term of Office. The election of Directors shall be by plurality of the voting interests eligible to vote for the applicable vacancies on the Board. At the expiration of the Declarant Control Period or such other date following expiration of the Declarant Control Period when written ballots are to be counted for the election of such Directors pursuant to Section 5.1, the Directors shall be elected to staggered terms as follows:

(a) the following nominees shall be elected as Directors for a term commencing at the Director's election and extending until the earlier of two (2) years or until such Director's successor is duly elected or until the Director is removed in the manner elsewhere provided: (i) the nominee for Detached Home Director receiving the highest number of voting interests cast by the Members owning Detached Homes; (ii) the nominee for Attached Townhome Director receiving the highest number of voting interests cast by the Members owning Attached Townhomes; and (c) the nominee for the At Large Director receiving the highest number of votes cast by the Members. The other Directors shall be elected or appointed for a term commencing at the Director's appointment or election and extending until the earlier of one (1) year or until such Director's successor is duly appointed or elected.

(b) At each subsequent election, the term of each Director's service shall commence at the Director's election and extend until the later of two (2) years or until such Director's successor is duly elected and has taken office, or until the Director is removed in the manner elsewhere provided.

(c) In the event there is only one candidate for a particular vacancy on the Board, the Association is not required to conduct an election to fill the vacancy.

- 5.3 No Term Limits. Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms during which he or she may serve. Any Director appointed or elected by the Declarant shall serve at the pleasure of the Declarant and may be removed and replaced by the Declarant at any time.

- 5.4 Vacancies and Removal.

(a) Any Director elected by the voting interests (other than Directors appointed by the Declarant) may be recalled and removed, with or without cause. A Detached Home Director may only be recalled or removed by a majority of the voting interests of the Members owning Detached Homes present in person or by proxy at a meeting at which a quorum of such Members exists, and an Attached Townhome Director may only be recalled or removed by majority of the voting interests of the Members owning Attached Townhomes present in person or by proxy at a meeting at which a quorum of such Members exists. The At Large Director may only be recalled or removed by a majority of the voting interests

present in person or by proxy at a meeting of the Members at which a quorum exists.

(b) The Directors appointed or elected by the Declarant shall be subject to removal by the Declarant without the necessity of any meeting. In the event of any vacancy in a position appointed by the Declarant, the Declarant shall be entitled to appoint or elect a replacement without the necessity of any meeting.

(c) A Director whose removal is proposed to be voted upon at any meeting shall be given notice of the proposed removal not less than twenty (20) days prior to the date of the meeting and shall be given an opportunity to be heard at the meeting.

(d) In the event of death, resignation, recall, or removal of a Director, the vacancy shall be filled by majority vote of the Board at a duly held meeting or by the sole remaining Director. A successor Director shall serve for the unexpired term of his or her predecessor. The Board may call an election at any time to allow the Members to fill any vacancy not filled by the remaining Directors.

5.5 Compensation. No Director shall receive compensation for any service rendered to the Association unless approved by a majority of the voting interests cast. However, any Director may be reimbursed for his actual expenses, if reasonable and documented in writing, incurred in the performance of his or her duties, including, but not limited to, travel expenses.

5.6 Indemnification of Directors, Officers, and Corporate Agents. The Association shall indemnify any present or former Director, Officer, employee, or other agent of the Association to the fullest extent authorized under the Nonprofit Act, or any successor statute, and may advance to any such person funds to pay expenses that may be incurred in defending any action or proceeding on receipt of an undertaking by or on behalf of such person to repay such amount unless it is ultimately determined that such person was not entitled to indemnification under this provision.

5.7 Resignation of Directors. A Director may resign at any time by delivering written notice to the Board of Directors, its presiding Officer, the President, or the Secretary. A resignation is effective on the date of receipt unless the notice specifies a later date. If the resignation is made effective at a later date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date.

ARTICLE 6

NOMINATION AND ELECTION OF DIRECTORS

- 6.1 Nomination. Nomination for election to the Board of Directors may be made by a Nomination Committee established by the Board of Directors, otherwise upon motion or other procedure adopted therefor by the Board. Notice to the Members of the meeting shall include the names of all of those who are nominees at the time the notice is sent and whether the nominee is a candidate for the position of a Detached Home Director, Attached Townhome Director and/or At Large Director. Nominations to be placed on the ballot may also be solicited by the Nominating Committee or the Board from the membership, and if the election is to take place at a meeting and not solely by written ballot, nominations may also be made from the floor at the meeting. The Nominating Committee shall consist of a Chairman, who may be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than sixty (60) days prior to the annual meeting of the Members at which the election is to be held, or if the election is to take place solely by written ballot not less than sixty (60) days prior to the date set on the ballot as the election date when ballots are to be counted, and shall serve until the close of the election. The Nominating Committee shall make as many nominations for the 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. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.
- 6.2 Election. At any election after the expiration of the Declarant Control Period, the eligible Members or their proxies may cast as many votes as they are entitled to exercise under the provisions of the Declaration. Eligible Members owning Detached Homes shall be entitled to vote in any election for any vacancy in the Detached Home Director position(s) and the At Large Director position. Eligible Members owning Attached Townhomes shall be entitled to vote in any election for any vacancy in the Attached Townhome Director position(s) and the At Large Director position. No cumulative voting shall be permitted. Voting for Directors at a meeting shall be by secret written ballot. Voting for Directors may also be conducted by written ballot pursuant to Section 3.5(a).

ARTICLE 7

MEETING OF DIRECTORS

- 7.1 Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually at such place within the Property, and at such date and hour as may be fixed from time to time by resolution of the Board. If a larger meeting is required than exists within the Property, the Board shall select a location convenient to the Property.

- 7.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) Directors. Notice of the special meeting shall specify the time and place of the meeting and the nature of the special business to be considered.
- 7.3 Quorum. A majority of the Directors then in office (but not less than two (2)) shall constitute a quorum for the transaction of business. Every act performed or decisions made by the majority of the Directors present at the duly held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by a majority of the required quorum for that meeting.
- 7.4 Executive (Closed) Session. In the event the Board elects to meet in open session, the Board may, with approval of a majority of the Directors present at a meeting in which a quorum for the transaction of business has been established, adjourn a meeting and reconvene in executive (closed) session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, the discipline of a Member, and business of a similar nature. The nature of any business to be considered in executive (closed) session shall first be announced in open session.
- 7.5 Telephone Meetings. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another [and the Members attending the meeting can hear them]. All such Directors shall be deemed to be present in person at such meeting. An explanation of the action shall be filed with the Minutes of the proceedings of the Board.
- 7.6 Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (A) a quorum is present, and (B) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to hold the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Directors who attends the meeting without protesting before or at its commencement about the lack of adequate notice.
- 7.7 Notice of Adjourned Meeting. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

- 7.8 Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the Minutes of the proceedings of the Board.
- 7.9 Notices Generally. Notice of any meeting of the Board of Directors, whether regular or special, shall be given to each Director by one (1) of the following methods: (a) by personal delivery; (b) written notice by U.S. Mail, postage-prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate such notice promptly to the Director; or (d) by electronic transmission to the Directors, with proof of transmission and receipt thereof being retained in the Minutes of the meeting. All such notices shall be given or sent to the Director's address, telephone number, fax number, or e-mail address as shown on the records of the Association. Such notice shall be sent to all Directors not less than five (5) days prior to the scheduled time of the meeting (except in the case of an emergency). Notices given by personal delivery, telephone, electronic transmission shall be delivered, telephoned, or electronically transmitted, as the case may be, at least five (5) days before the time set for the meeting (except in the case of an emergency). Notice of any meeting need not be given to any Director who has signed a waiver of notice or written consent to holding of the meeting. Notices of each Board meeting shall be continuously posted in a conspicuous location on the Property for a period of forty-eight (48) hours prior to the meeting.
- 7.10 Class B Veto Rights. Action by the Board of Directors or any committee of the Board is subject to the Class B veto rights set forth in Section 3.6(b) above. This Section 7.10 may not be amended during the Declarant Control Period without the express written consent of the Class B Member.

ARTICLE 8

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

- 8.1 Duties. The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association and may take all acts, through the proper officers of the Association, in exercising such powers, except such acts which by law or the Governing Documents may not be delegated to the Board of Directors by the Members. Such powers and duties of the Board of Directors shall include, without limitation (except as limited elsewhere herein), the following:
- (a) Maintenance. Perform the maintenance described in the Declaration.
 - (b) Insurance. Maintain insurance as required by the Declaration.

(c) Discharge of Liens. Discharge by payment, if necessary, any lien against the Common Areas and assess the cost thereof to the Member or Members responsible for the existence of the lien (after notice and hearing as required by these Bylaws).

(d) Assessments. Fix, levy, collect, and enforce Assessments as set forth in the Declaration.

(e) Expenses and Obligations. Pay all expenses and obligation incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association.

(f) Records. Cause to be kept minutes of annual and special meetings of Members and to present such minutes to the Members at the next annual meeting of the Members; and to keep adequate and correct books and records of account, minutes of proceedings of the Board and its committees, a roll of its Members giving their names and addresses and classes of membership, and all other records required to be kept by the Nonprofit Act or Planned Community Act.

(g) Supervision. Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed.

(h) Review of Financial Records. Review on at least a quarterly basis a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget, an income and expense statement for the Association's operating and reserve accounts, an accounts receivable aging report and accounts payable aging report. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts. For purposes herein, "reserve accounts" shall mean monies that the Association's Board has identified for use to defray (i) the future Maintenance of or additions to the improvements to the Common Areas, which the Association is obligated to maintain; and (ii) the future Maintenance or provision of Attached Townhome Services which the Association is obligated to provide.

(i) Reserve Account Withdrawal Restrictions. Require that at least two (2) signatures are needed for the withdrawal of monies from the Association's reserve accounts, at least one (1) of whom shall be a member of the Board. One (1) signature may be that of the Association's property manager or such property manager's designee.

(j) Reserve Account Fund Management. The Board shall not expend funds designated as reserve fund for any purpose other than (i) the Maintenance of, or litigation involving the Maintenance of, the improvements to the Common Areas

which the Association is obligated to Maintain and for which the reserve fund was established, or (ii) the Maintenance or provision of, or litigation involving the Maintenance or provision of, the Attached Townhome Services which the Association is obligated to provide and for which the reserve fund was established.

(k) Reserve Studies. At least every three (3) years the Board shall cause an independent analysis of the reserve component of the operating budget to be conducted to confirm that replacement costs and useful lives of the improvements to the Common Areas are accurately reflected in the reserve allocation.

(l) Manager. Employ a manager.

(m) Adopt Rules. Adopt rules in accordance with the Declaration, including rules setting aside Common Area parking spaces as handicapped or disabled parking only, and adopt rules limiting the number of cars that will be permitted to be parking in the Common Area parking spaces.

(n) Fine and Lien. Conduct hearings, impose fines and suspend voting and other use rights for violations of the Governing Documents as provided in the Declaration.

(o) Enforcement. Enforce the Governing Documents.

(p) Contracts. Contract for goods and/or services in accordance with the Declaration.

(q) Delegation. Delegate its authority and powers to the committees, officers or employees of the Association or to a property manager employed by the Association. Any such delegation shall be revocable by the Board at any time. The members of the Board, individually or collectively, shall not be liable for any omission or improper exercise by the property manager of any such duty, power or function so delegated by written instrument executed by a majority of the Board. The Board may not delegate the authority to procure insurance, make capital expenditures for additions or improvements chargeable against the reserve funds; to conduct hearings concerning compliance by an Owner or his Tenant, guest or invitee with the Declaration or rules and regulations promulgated by the Board, or to make a decision to levy monetary fines, impose Individual Assessments against individual Units, temporarily suspend an Owner's rights as a Member of the Association or otherwise impose discipline following any such hearing; to make a decision to levy Assessments; or to make a decision to bring suit, record a claim of lien, or institute foreclosure proceedings for default in payment of Assessments.

(r) Borrowings. Borrow money (i) for the purpose of improving the Property, or any portion thereof, (ii) for constructing, repairing, maintaining, or improving

any facilities located or to be located within the Property, (iii) for providing services authorized herein, and, (iv) subject to the limitations in the Declaration, to give as security for the payment of any such loan a mortgage or other security instrument encumbering all or any portion of the Common Areas; provided, however, that the lien and encumbrance of any such security instrument given by the Association will be subject and subordinate to any and all rights, interest, options, licenses, easements, and privileges herein reserved or established for the benefit of the Declarant, any Owner, or the holder of any Mortgage, irrespective of when such Mortgage is executed or given.

(s) Planned Community Act. Exercise the powers granted to the Board or Association in the Planned Community Act.

(t) Other Powers. In addition to any other power contained herein or in the Declaration, the Association may exercise the powers granted to a nonprofit corporation as enumerated in the Nonprofit Act.

- 8.2 Prohibited Acts. The Board shall not take any of the actions prohibited of it under the Declaration except with the approval of a majority of the voting interests cast and, during the Declarant Control Period, the Declarant.

ARTICLE 9

OFFICERS AND THEIR DUTIES

- 9.1 Enumeration of Officers. The Officers of this Association shall be a President and Secretary, who shall at all times be members of the Board of Directors, a Vice President, and a Treasurer, and such other Officers of the Board may from time to time by resolution create.
- 9.2 Election of Officers. The Declarant shall have the sole right to appoint and remove Officers during the Declarant Control Period. Thereafter, all officers shall hold office at the pleasure of the Board.
- 9.3 Term. The Board shall elect the Officers of this Association annually. The President shall hold office for a term of two (2) years and the other Officers for a term of one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.
- 9.4 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.
- 9.5 Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board, but not from the Board, if the officer is also a Board member. 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.

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

- 9.7 Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors and Membership; shall see that orders and resolutions of the Board are carried out; shall sign on behalf of the Association all contracts, leases, mortgages, deeds and other written instruments, and all promissory notes. The President shall have the general powers and duties of management usually vested in the office of the President of a North Carolina Nonprofit Corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

(b) Vice President. The Vice President shall act in the place of the President in the event of his or her absence, inability or refusal to act, and shall exercise such other duties as may be required 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; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with the addresses, and shall perform such other duties as required by the Board. The ministerial functions of the Secretary in recording votes, keeping minutes, sending notices, and keeping the records of names and addresses of Members may be delegated to an Association property manager.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign on behalf of the Association all promissory notes of the Association; shall keep proper books of account; and shall prepare and shall distribute budgets and statements. The ministerial functions of the Treasurer in sending Assessment notices, receiving and depositing Assessments, keeping books and ledgers of account, and preparing and distributing budgets and statements may be delegated to an Association property manager.

ARTICLE 10

COMMITTEES

- 10.1 Appointment. A Design Review Board may be appointed as provided in the Declaration, and a Nominating Committee may, in the discretion of the Board, shall be appointed as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purpose. No committee, regardless of Board resolution, may: (a) take any final action on matters which, under the Nonprofit Act also requires Board or Member approval; (b) fill vacancies on the Board of Directors or in any committee; (c) amend or repeal Bylaws or adopt new Bylaws; (d) amend or repeal any resolution of the Board of Directors; (e) appoint any other committees of the Board of Directors or the members of those committees; or (f) approve any transaction to which the Association is a party and in which one (1) or more Directors or committee members have a material financial interest.

ARTICLE 11

BOOKS AND RECORDS

- 11.1 Inspection by Members. The Association shall make available for inspection shall be made available for inspection and copying by any Member of the Association, or by his or her duly appointed representative, at any reasonable time and for a purpose reasonably related to his or her interest as a Member, at the office of the Association or at such other place within the Property as the Board shall prescribe the following records: the membership register (including names, mailing addresses, telephone numbers, and voting rights), books of account; minutes of meeting of the Members, the Board (including drafts and summaries) and committees, and such other books and records of the Association as the Nonprofit Act or the Planned Community Act shall require. Board Minutes shall be available to Members upon request and upon reimbursement of the costs in making that distribution.
- 11.2 Rules for Inspection. The Board shall establish reasonable rules with respect to:
- (a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
 - (b) Hours and days of the week when such an inspection shall be made; and
 - (c) Payment of the cost of reproducing copies of documents requested by a Member.
- 11.3 Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of

inspection by a Director includes the right to make extracts and copies of documents, at the expense of the Association.

- 11.4 Documents Provided by Board. Upon written request, the Board shall, within ten (10) days of the mailing or delivery of such request, provide an Owner with a copy of the Governing Documents, a copy of the most recent budget and statements of the Association, and a true statement in writing from an authorized representative of the Association as to the amount of the Association's current Assessments and fees, as well as any Assessments levied upon the Owner's interest which, as of the date of the statement, are or may be made a lien upon the Owner's Unit. The Board may impose a fee for providing the foregoing, which may not exceed the reasonable cost to prepare and reproduce the requested documents.

ARTICLE 12

MISCELLANEOUS

- 12.1 Amendments. So long as the Declarant owns any portion of the Community, the Declarant shall have the right to amend these Bylaws without consent of the Board or Members. Thereafter these Bylaws may be amended as provided in the Nonprofit Act.
- 12.2 Conflicts. In the case of any conflict between the Articles and the Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.
- 12.3 Fiscal Year. Unless directed otherwise by the Board, the fiscal year of the Association shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.
- 12.4 Use of New Technology. Due to the ongoing development of new technologies and corresponding changes in business practices, to the extent permitted by law now or in the future: (a) any notice required to be sent or received; (b) any signature, vote, consent, or approval required to be obtained; or (c) any payment required to be made, under the Governing Documents may be accomplished using the most advanced technology available at the time if such use is a generally accepted business practice. This section shall govern the use of technology in implementing the provisions of the Governing Documents dealing with notices, payments, signatures, votes, consents or approvals.
- (a) Electronic Means. To the extent permitted by law, the Association and its Members may perform any obligation or exercise any right by use of any technological means that provides sufficient security, reliability, identification, and verifiability. Acceptable technological means shall include, without limitation, electronic communication over the internet, or a community or other

network, whether by direct connection, intranet, telecopier, or e-mail. Whenever the term "electronic transmission," "electronically transmit," "electronic notice," or terms of similar import is used in the Governing Documents, it shall refer to any form of communication not directly involving the physical transmission of paper, but which may be directly reproduced to paper, in a comprehensible and legible form.

(b) Signature Requirements. A digital signature meeting the requirements of applicable law shall satisfy any requirement for a signature under the Governing Documents.

(c) Electronic Funds Transfer. The Unit Owners and occupants may make payment of all sums to and from the Association by electronic transfer of funds creating a record evidencing the transaction for the period such record would be required to be available in non-electronic form.

(d) Voting Rights. Voting and approval of any matter under Governing Documents may be accomplished by electronic means provided that a record is created as evidence thereof and maintained as long as such record would be required to be maintained in non-electronic form.

(e) Non-Technology Alternatives. If any Member or third party does not have the capability or desire to conduct business using electronic or other technological mean, the Association shall make reasonable accommodation, at its expense, for such person to conduct business with the Association without use of such electronic or other means until such means has become generally (if not universally) accepted in similar communities in the area.

I HEREBY CERTIFY THAT the foregoing Bylaws of the Association were duly adopted by the Board of Directors of the Association on the ____ day of _____, 2016.

President

EXHIBIT D

Site Plan
(preliminary version)

THIS MAP IS NOT A CERTIFIED SURVEY AND HAS NOT BEEN REVIEWED BY
A LOCAL GOVERNMENT AGENCY FOR COMPLIANCE WITH ANY
APPLICABLE LAND DEVELOPMENT REGULATIONS.

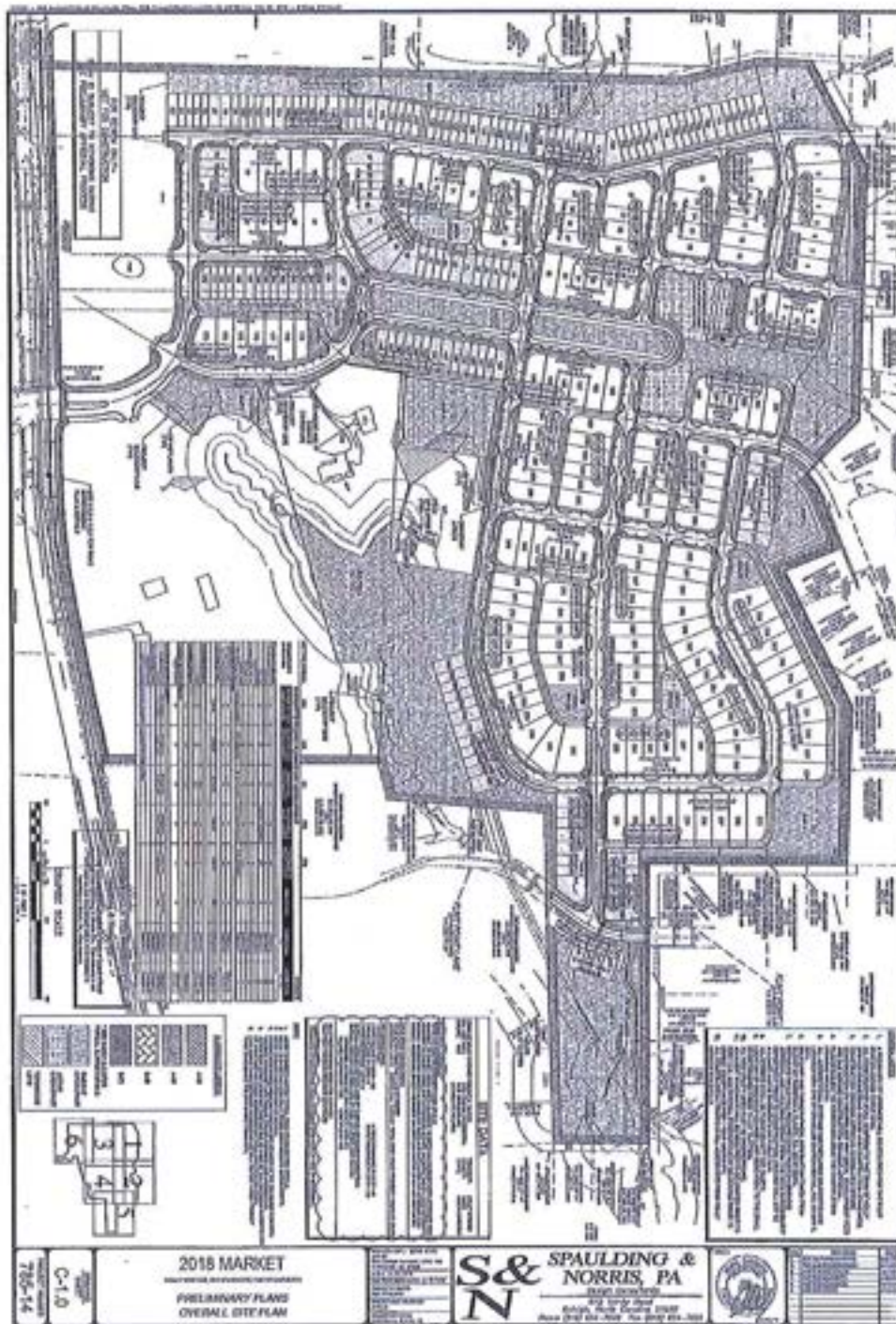


EXHIBIT E

Partial List of Common Areas

A. Partial list of 2018 Market "Private" Common Areas:

All "open space" shown on any Plat of 2018 Market, including all "passive open space" and "active open space" shown on the Site Plan
The shared mail kiosk for the 2018 Market community
Any future amenities which may, in the discretion of Declarant, be constructed, such as any pool and clubhouse
All buffers shown on the Site Plan
All stream buffers and wetlands shown on the Site Plan
All retaining walls located within the Common Areas
All public roads shown on any plat of 2018 Market until "accepted" by the Department of Transportation having jurisdiction over the public roads

B. Partial List of 2018 Market "Private" Limited Common Areas:

Alleys used by only certain Lots for rear access to garages

C. Partial List of "Public" Areas located partially within Common Areas:

Proposed "Greenway Trail" area (as shown on the Site Plan)
Proposed "Future Disc Golf Course" area (as shown on the Site Plan)

EXHIBIT F

Description of Future Development Property

Being any parcel acquired by Declarant, or any successor Declarant, shown on the "Recombination Map – McLeod and Jones Properties" recorded in the Book of Maps 2015, Page 2077, Wake County Registry, which Declarant, or successor Declarant, decides, in its sole discretion, to annex into the 2018 Market community.

EXHIBIT G

Provisions required by the Town of Holly Springs

1. **Maintenance of private streets and/or alleys:** Service to Lots Served by Private Streets or Alleys (UDO §7.07.B.22). The Association shall provide, or cause to be provided, the following services to any Lot served by a private street or alley, all according to procedures and policies established by the Association (as a Limited Common Area Expense): regular trash pick-up, leaf pick-up, snow removal, maintenance and repair of the private streets and/or alleys providing access to the Lot including, but not limited to, to the extent required by the Town of Holly Springs to be installed, driving surface, street or alley subgrade, surface and subsurface drainage, curbs, sidewalks, street lights, street name signs, traffic control signs, and traffic control signals. The Association shall establish a separate reserve fund for maintenance and repair of the foregoing.
2. **Street tree maintenance:**

The Declarant shall plant trees along the streets of the subdivision in accordance with the landscaping plan as same is shown on Declarant's final development construction plans; all plantings shall be in a manner consistent with an allowance for pedestrian and vehicular traffic on sidewalks and roadways.

After initial planting by the Declarant, the maintenance of the trees (including replacement of any damaged or dead trees) shall be by the Association for plantings within Common Area and by the particular private property Owner for plantings upon a Lot.
3. **Street Lights:** Declarant reserves the right to subject the Community to a contract with Progress Energy (or any successor utility company) for installation and operation of street lighting, which requires a continuing monthly payment to Progress Energy by each residential customer or by the Association as a Common Area Expense.
4. **Street Signs:** The Association reserves the right to install specialty signs and posts within the 2018 Market community. If the Association opts to do so, the Association shall be responsible for all the installation and costs associated with the perpetual maintenance of specialty signs and posts for which was requested by Developer and approved by Town as a Common Area Expense. If the Association fails to fulfill its responsibility for maintenance of these specialty signs and posts, the Town of Holly Springs shall install its standard sign materials and the Association shall be required to remove the specialty signs and posts at no cost to the Town. The cost of materials and installation of standard street name signs and posts need to replace specialty street name signs and posts which have not been properly maintained shall be borne by the Association. The Town of Holly Springs shall install its standard sign materials should any specialty signs be damaged. Upon the Association reinstalling a new specialty sign, the Association shall contact the Town of Holly Springs Public Works Department to coordinate the return of temporary signage.
5. **Reclaimed Water Lines & Irrigation:** Declarant reserves the right to enter into an agreement with the Town to permit the use of reclaimed water from the Town's treatment plant for irrigation in the Community, and distribution lines for such reclaimed water are installed within street rights-of-way within the Properties. In such event, no Owner may install or permit to be installed any sprinkler or irrigation system within the Properties unless such system uses only reclaimed water and is connected only to the reclaimed water distribution system. No owner may install any irrigation system without

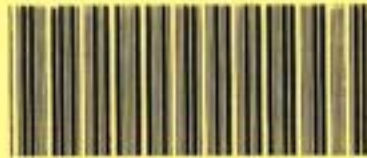
express approval of Declarant while Declarant is providing irrigation services to all or any part of the Lots as provided in the Declaration.

6. **Stormwater BMPs/devices :** The maintenance of all stormwater Best Management Practices (BMPs) located on property owned by the Association is the responsibility of the Association. BMP(s) must be maintained to original approval standards in order to stay in compliance with Approved Stormwater Management Plan. Cash funds held in escrow (established prior to the time that operation and maintenance (O&M) responsibility is transferred from the developer/builder to the Association) will be used by the Town after it has exhausted all methods of enforcement and deemed it necessary to maintain the BMP(s) in order to stay in compliance with the Town's Ordinance and any Stormwater Maintenance Agreement. The funds to replenish the escrow account and any cost overages will then be sought from the Association by the Town by civil means. Routine inspections (visual, by Association member or representative) should be performed and documented in accordance with the recorded O&M Agreement. Annual reporting/certifications must be performed by a Licensed Professional Engineer (P.E.) and will be provided to the Town, in accordance with Town ordinance. All maintenance activities pertaining to Stormwater BMPs and other Environmentally Sensitive areas must comply with all Federal, State and Local Regulations.
7. **Maintenance of Pond/Lake/Dam with easement:** All dams/embankments, if any in connection with the existing pond partially located upon the Property, must comply with all Federal, State and Local dam safety laws. Dams/embankments should be kept clear of woody vegetation or any other vegetation or structures that could undermine structural integrity.
8. **Environmentally Sensitive Areas:** Environmentally sensitive areas (i.e. riparian buffers, floodplain, wetlands, etc.) outside of the Town's right-of-way must be maintained by the Association (if located within the Common Areas) or private property Owner (if located upon a Lot). All maintenance activities pertaining to Environmentally Sensitive areas must comply with all Federal, State and Local Regulations.
11. **Private Drainage Easements:** Drainage easements and areas outside of the Town's right-of-way must be maintained by the Association (if located within Common Areas) or private property Owner (if located upon a Lot). Drainage easements and drainage ways must stay clear of debris and structures that would impede or alter the intended drainage pattern. Drainage pipes contained on Association or private property off of the Town's right-of-way will be maintained by the Owner of the property.

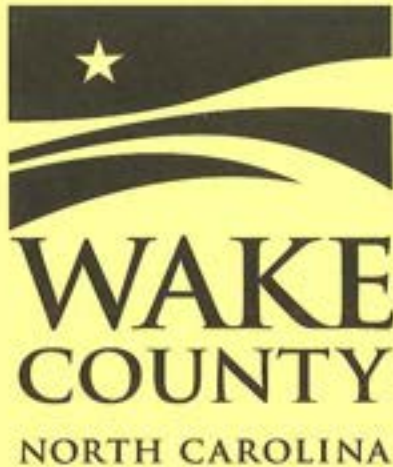
EXHIBIT H

Partial list of Easements affecting the Property

Easement	Book and Page
Easements recorded on the Plat, including the "New Temporary Private Access Easement" and the "New 20' Private Access Easement"	Book of Maps 2015, Page 2077
Easements shown on the plat to be recorded for Phase 1A and any subsequent phases or Future Development Property	--
Easements in favor of Colonial Pipeline	Various
Easement granted to Declarant by Richard L. Jones, et al. (including "Entry Improvements")	Book 16237, Page 914
Easement granted to Declarant by Richard L. Jones, et al. (including "Master Improvements," including certain temporary and permanent easements to facilitate construction of certain road and street improvements, storm water improvements, entryway signage and landscaping and related facilities)	Book 16237, Page 925
Miscellaneous utility, access, and drainage easements	Various
Miscellaneous riparian rights for Blueline Stream and creeks	--
Miscellaneous annexation documents	Various
Miscellaneous easements of record which would be disclosed by a title search to be performed by prospective purchasers in connection with acquisition of title to any Lot	Various



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Please retain yellow trailer page

It is part of the recorded document and must be submitted with the original for re-recording

Laura M. Riddick
Register of Deeds
Wake County Justice Center
300 South Salisbury Street, Suite 1700
Raleigh, NC 27601

☐ New Time Stamp

☐ \$25 Non-Standard Fee

☐ Additional Document Fee

☐ Additional Reference Fee

This Customer Group

_____ # of Excessive Entities

_____ # of Time Stamps Needed

This Document

131 # of Pages

JD