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DECLARATION OF PROTECTIVE COVENANTS AND EASEMENTS

FOR

WOODCREEK

**THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE
POLITICAL SIGNS**

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TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Name</u>
"A"	Definitions
"B"	Property Submitted
"C"	Additional Property which can be Unilaterally Submitted by Declarant
"D"	Bylaws of Woodcreek Neighborhood Association, Inc.

**DECLARATION OF PROTECTIVE COVENANTS AND EASEMENTS
FOR
WOODCREEK**

THIS DECLARATION is made on the date hereinafter set forth by HOLLY SPRINGS RESIDENTIAL PROPERTIES, LLC, a North Carolina limited liability company (hereinafter sometimes called "Declarant").

Background Statement

Declarant is the owner, or if not the owner, has the written consent of the owner, of the real property described in Article II, Section 1 of this Declaration.

Declarant desires to subject the real property described in Article II, Section 1 hereof to the provisions of this Declaration to create a residential Community of residential housing and to provide for the subjecting of other real property to the provisions of this Declaration.

NOW, THEREFORE, Declarant hereby declares that the real property described in Article II, Section 1 of this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments and liens hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, shall be binding on all persons having any right, title or interest in all or any portion of the real property now or hereafter made subject hereto, their respective heirs, legal representatives, successors, successors-in-title and assigns, and shall inure to the benefit of each and every owner of all or any portion thereof.

**Article I
Definitions**

Unless the context shall prohibit, certain words used in this Declaration shall be defined as set forth in Exhibit "A" attached hereto and by reference made a part hereof.

**Article II
Property Subject to this Declaration**

Section 1. Property Hereby Subjected to this Declaration. The real property described in Exhibit "B" attached hereto and by reference made a part hereof is, by the recording of this Declaration, subject to the covenants and restrictions hereafter set forth and, by virtue of the recording of this Declaration, shall be held, transferred, sold, conveyed, used, occupied and mortgaged or otherwise encumbered subject to this Declaration.

Section 2. Other Property. Only the real property described in Section 1 of this Article II is hereby made subject to this Declaration; provided, however, by one or more Supplementary

Declarations, Declarant, Wieland and the Association have the right, but not the obligation, to subject other real property to this Declaration, as hereinafter provided.

Section 3. Additional Covenants, Restrictions and Easements.

(a) By Declarant. The Declarant may, with the written consent of the Board of Directors, subject any portion of the property owned by Declarant and submitted to this Declaration initially or by Supplementary Declaration to additional covenants, restrictions and easements and/or modify the applicability of the covenants, restrictions and easements contained in this Declaration as to such property. Such additional covenants, conditions, restrictions and easements may be set forth in a Supplementary Declaration or a separate declaration of protective covenants, declaration of condominium or other document filed either concurrently with or after the annexation of the subject property. Any such document filed by the Declarant may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property. No Person shall record any declaration of covenants, conditions and restrictions, declaration of condominium, easements, or similar instrument against property within the Community owned by the Declarant without the written consent of the Declarant and the Board. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by the Declarant and the President of the Association and recorded in the land records of the county or counties where the Community is located. No such instrument recorded pursuant to this section, may conflict with the Declaration, Bylaws or Articles.

(b) By Wieland. Wieland may, with the written consent of the Board of Directors, subject any portion of the property owned by Wieland and submitted to this Declaration initially or by Supplementary Declaration to additional covenants, restrictions and easements and/or modify the applicability of the covenants, restrictions and easements contained in this Declaration as to such property. Such additional covenants, conditions, restrictions and easements may be set forth in a Supplementary Declaration or a separate declaration of protective covenants, declaration of condominium or other document filed either concurrently with or after the annexation of the subject property. Any such document filed by Wieland may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property. No Person shall record any declaration of covenants, conditions and restrictions, declaration of condominium, easements, or similar instrument against property within the Community owned by Wieland without the written consent of Wieland and the President of the Association. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by Wieland and the Board and recorded in the land records of the county or counties where the Community is located. No such instrument recorded may conflict with the Declaration, Bylaws or Articles.

Article III
Association Membership and Voting Rights

Section 1. Membership. Every Person who is the record owner of a fee or undivided fee interest in any Unit that is subject to this Declaration shall be deemed to have a membership in the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one membership per Unit. In the event of multiple Owners of a Unit, votes and rights of use and enjoyment shall be as provided in this Declaration and in the Bylaws. Membership shall be appurtenant to and may not be separated from ownership of any Unit. The rights and privileges of membership, including the right to vote and to hold office, may be exercised by a member or the member's spouse, but in no event shall more than one vote be cast for each Unit owned.

Section 2. Voting. Members shall be entitled to one vote for each Unit owned. When more than one Person holds an ownership interest in any Unit, the vote for such Unit shall be exercised as those Owners themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Unit's vote shall be suspended in the event more than one Person seeks to exercise it.

Section 3. Neighborhoods. For so long as it owns any property which is subject to this Declaration or which may be unilaterally subjected to this Declaration from time to time, the Declarant, in its sole discretion, by designation on Exhibit "B" to this Declaration, a Supplemental Declaration, or a plat, may establish Neighborhoods within the Community; assign property to a specific Neighborhood; redesignate Neighborhood boundaries; or remove property from a specific Neighborhood. Declarant shall have this right only with respect to property within the Community owned by Declarant. Further, Wieland, for so long as it owns any property which is subject to this Declaration or which may be unilaterally subjected to this Declaration from time to time, by designation on Exhibit "B" to this Declaration, a Supplemental Declaration or a plat, may establish Neighborhoods within the Community; assign property to a specific Neighborhood; redesignate Neighborhood boundaries; or remove property from a specific Neighborhood. Wieland shall have this right only with respect to property within the Community owned by Wieland.

The Owner(s) of a Majority of the total number of Units within any Neighborhood may at any time petition the Board of Directors to divide the property comprising the Neighborhood into two or more Neighborhoods. Such petition shall be in writing and shall include a survey of the entire parcel which indicates the proposed boundaries of the new Neighborhoods or otherwise identifies the Units to be included within the proposed Neighborhoods. Such petition shall be deemed granted 30 days following the filing of all required documents with the Board unless the Board of Directors denies such application in writing within such 30 day period. The Board may deny an application only upon determination that there is no reasonable basis for distinguishing between the areas proposed to be divided into separate Neighborhoods. All applications and copies of any denials shall be filed with the books and records of the Association and shall be maintained as long as this Declaration is in effect.

The Units within a particular Neighborhood may be subject to additional covenants and/or the Unit Owners may all be members of a Neighborhood Association in addition the Association. However, a Neighborhood Association shall not be required except in the case of a condominium or otherwise as required by law.

Any Neighborhood may request that the Association provide a higher level of service or special services for the benefit of Units in such Neighborhood and, upon the affirmative vote, written consent, or a combination thereof, of Owners of a Majority of the Units within the Neighborhood, the Association may, in its sole discretion, provide the requested services. The cost of such services, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided any such administrative charge shall apply at a uniform rate per Unit to all Neighborhoods receiving the same service), shall be assessed against the Units within such Neighborhood as a Neighborhood Assessment pursuant to Article IV, Section 5 hereof.

Article IV **Assessments**

Section 1. Purpose of Assessments. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, welfare, common benefit and enjoyment of the Owners and Occupants of Units, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

Section 2. Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (a) annual assessments or charges; (b) Neighborhood assessments, if any; (c) special assessments, such assessments to be established and collected as hereinafter provided; and (d) specific assessments against any particular Unit which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. Each such assessment, together with late charges, interest, costs, reasonable attorney's fees actually incurred and any Administrative Fee (as defined below) shall be the personal obligation of the Person who was the Owner of such Unit at the time the assessment fell due. Each Owner shall be personally liable for his or her portion of each assessment coming due while he or she is the Owner of a Unit, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Mortgagee taking title through foreclosure proceedings or deed in lieu of foreclosure.

The Association shall, within ten (10) days after receiving a written request therefor, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Unit have been paid. A properly executed certificate of the Association as to the status of assessments on a Unit shall be binding upon the Association as of the date of issuance.

Except as otherwise provided for in this Declaration, assessments shall be paid at a

uniform rate per Unit in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration, upon ten (10) days' written notice, of assessments for delinquents; provided however, (a) notwithstanding any provision in this Declaration to the contrary, assessments to pay a judgment against the Association may be made only against the Units in the Community at the time the judgment was entered; and (b) if any common expense is caused by the negligence or misconduct of any Unit Owner or Occupant, the Association may assess the expenses exclusively against that Unit Owner or Occupant's Unit. Unless otherwise provided by the Board, assessments shall be paid in annual installments. The Board may charge each Owner a service, collection, consulting or administration fee (an "Administration Fee") in an amount to be determined by the Board in connection with the assessment and collection of the assessments provided for in this Declaration.

The monthly costs of operating the Association may fluctuate dramatically during each budget year. Therefore, the Board is not required to prorate the assessment obligation of any Owner who has not lived in the Community for a full year. For example, if the bulk of the costs of operating the Association are likely to be incurred in the summer months, any Owner moving into the Community after the beginning of the budget year but prior to the summer months may be required to pay full assessments.

Section 3. Computation. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which may include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the assessment to be levied against each Unit for the year (or portion thereof in the case of the initial budget) and a notice of the meeting to consider ratification of the budget (which notice shall include a statement that the budget may be ratified without a quorum being present) to be provided to each member no more than thirty (30) days after the adoption of the budget. The date of the meeting of the members to consider ratification of the budget shall be not less than ten (10) days nor more than sixty (60) days after mailing of the budget and notice. There shall be no requirement that a quorum be present at the meeting. The meeting shall be held at least thirty (30) days prior to the due date for payment of the assessment (or the first installment thereof). The budget is ratified and the assessment shall become effective unless disapproved at a meeting by at least seventy-five (75%) percent of the Total Association Vote. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, the budget last ratified shall be continued until a new budget is ratified. Any surplus funds of the Association remaining after payment of or provision for the operating expenses of the Association, the funding of a reasonable operating expense surplus, and any prepayment of reserves may or may not be refunded or credited to the Owners in the discretion of the Board, but may be Association funds for use in covering operating and other expenses (including reserves) incurred by the Association pursuant to the terms of this Declaration and the Bylaws.

Section 4. Special Assessments. In addition to the other assessments authorized herein, the Association may levy special assessments. So long as the total amount of special assessments allocable to each Unit does not exceed Three Hundred Dollars (\$300.00) in any one fiscal year, the Board may impose the special assessment. Except as provided in Article VIII,

Section 2 hereof, any special assessment which would cause the amount of special assessments allocable to any Unit to exceed this limitation shall be effective only if approved by a Majority of the Total Association Vote. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

Section 5. Neighborhood Assessments. The Association may levy assessments against the property in a particular Neighborhood to fund actual and estimated expenses incurred by the Association for the primary benefit of property within such Neighborhood, including without limitation, maintenance required to be performed by the Association with respect to property within such Neighborhood. Neighborhood assessments shall be levied as specifically budgeted from time to time by the Board of Directors pursuant to this Declaration. In addition, the Board shall levy a Neighborhood assessment upon the request of the Owners or, as the case may be, Voting Delegates holding two-thirds (2/3) of the Total Association Vote applicable to Units within a Neighborhood.

Section 6. Lien for Assessments. All sums assessed against any Unit pursuant to this Declaration, together with late charges, interest on the principal amount due at a rate not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum, costs, reasonable attorney's fees actually incurred and any Administrative Fee, as provided herein, when remaining unpaid for thirty (30) days or longer, shall be secured by a lien on such Unit in favor of the Association when the Association files a claim of lien in the Office of the Register of Deeds of the county where the Unit is located in the manner provided by law. Such lien shall be superior to all other liens and encumbrances on such Unit, except for (i) liens and encumbrances recorded before the docketing of the claim of lien and (ii) liens for real estate taxes and other governmental assessments and charges against the Unit. This Section does not affect the priority of mechanics' or materialmen's liens.

All other Persons acquiring liens or encumbrances on any Unit after this Declaration shall have been recorded in such records shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association. Any sums (including assessments or installments thereof) assessed against any Unit pursuant to this Declaration which are not paid when due shall be delinquent. Any such sums delinquent for a period of more than ten (10) days shall incur a late charge in such amount as the Board may from time to time determine (not to exceed the greater of twenty dollars (\$20.00) per month or ten percent (10%) of any installment unpaid). The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date (the "Delinquency Notice"). The Delinquency Notice shall state (i) the outstanding balance due as of the date of the Delinquency Notice; (ii) that the member has fifteen (15) days from the mailing of the Delinquency Notices (the "Grace Period") to pay the outstanding balance without being required to pay attorneys' fees and court costs; (iii) the name of and contact information for a representative of the Association whom the member can contact to discuss a payment schedule for the outstanding balance; provided however, the Association shall not be required to permit

payment of the outstanding balance in installments; and (iv) that if the outstanding balance is not paid within the Grace Period, the Association intends to seek payment of attorneys' fees and court costs. The Delinquency Notice must be sent by first class mail to the Unit of such member and, if different, to the mailing address of the member in the Association's records. If any such sums are not paid within thirty (30) days after the due date, the Board may accelerate and declare immediately due all such sums (including annual assessments or installments thereof) without any further notice being given to the delinquent Owner, and a claim of lien, as herein provided, may be filed in the Office of the Register of Deeds of the county in which the Unit is located in the manner provided by law. Such lien shall include the late charge, interest on the principal amount due at a rate not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum, all late charges from the date first due and payable, any Administrative Fee, all costs of collection, and, if the Owner has been provided with a Delinquency Notice and failed to pay the outstanding balance set forth therein within fifteen (15) days from the mailing of the Delinquency notice, court costs, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. Notwithstanding anything to the contrary in this Declaration, if a member does not contest the collection of the unpaid assessments and enforcement of a lien after the expiration of the Grace Period, then reasonable attorneys' fees collected by the Association in connection with such debt shall not exceed One Thousand Two Hundred and No/100 Dollars (\$1,200.00) not including costs or expenses incurred; provided however, such limitation shall not apply to judicial foreclosures or to proceedings authorized under Section 116(d) or Section 120 of Article 3 of Chapter 47F of the North Carolina General Statutes. The collection of unpaid assessments and enforcement of the lien shall be deemed uncontested as long as the member does not dispute, contest or raise any objection, defense, offset or counterclaim as to the amount or validity of the unpaid assessments and lien asserted or the Association's right to collect the debt and enforce the lien.

If any sum assessed against any Unit pursuant to this Declaration remains unpaid after sixty (60) days from the due date, the Association may, as the Board shall determine, institute suit to collect such amounts and/or to foreclose its lien. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes; provided however, (i) the Association may not foreclose the lien under Article 2A of Chapter 45 of the North Carolina General Statutes if the debt securing the lien consists solely of fines imposed by the Association, interest on unpaid fines, or attorneys fees incurred by the Association solely associated with fines imposed by the Association (such lien may be enforced by judicial foreclosure as provided in Article 29A of Chapter 1 of the North Carolina General Statutes); and (ii) any lien securing debt consisting solely of Administrative Fees may only be enforced by judicial foreclosure as provided in Article 29A of Chapter 1 of the North Carolina General Statutes. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agents, to the extent permitted by this Declaration and applicable law, the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes; or in any other manner permitted by applicable law. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Unit at any foreclosure sale or to acquire, hold, lease, mortgage or

convey the same.

If any sum assessed against any Unit pursuant to this Declaration is delinquent for sixty (60) days or more, in addition to all other rights provided in this Declaration, the Association shall have the right, upon ten (10) days written notice, to suspend any utility services the costs of which are a Common Expense of the Association, including, but not limited to, water, electricity, heat, air conditioning, gas and cable television to that Unit, until such time as the delinquent amounts and all costs permitted pursuant to this paragraph are paid in full. Any costs incurred by the Association in discontinuing and/or reconnecting any utility service, including reasonable attorney's fees, shall be an assessment against the Unit and shall be collected as provided herein for the collection of assessments. The notice requirement of this paragraph shall be deemed complied with if the notice is sent by certified mail to the Unit address and to any other address the Owner of the Unit has provided in writing to the Association.

No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Unit. No diminution or abatement of any assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration or the Bylaws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, order or directive of any municipal or other governmental authority, the obligation to pay assessments being a separate and independent covenant on the part of each Owner.

All payments shall be applied first to costs and attorney's fees, including, without limitation, any Administrative Fee, then to late charges, then interest and then to delinquent assessments.

Section 8. Date of Commencement of Assessments/Assessment Obligation of Declarant.

(a) The assessments provided for herein shall commence as to all Units subject to assessment hereunder as of the first day of the calendar year in which the first Unit is conveyed by the Declarant, Approved Developer or Approved Builder to a Person other than Declarant, Approved Developer or Approved Builder. All assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. All assessments shall be rounded up to the nearest dollar and payable as such.

(b) After the commencement of assessment payments as to any Unit, Declarant, Approved Developer, Approved Builder and their respective affiliates, on behalf of themselves and their respective successors and assigns, covenant and agree to pay the full amount of the assessments provided herein for each Unit owned by Declarant, Approved Developer or Approved Builder or their respective affiliates containing an occupied residence; provided, however, to the extent permitted by law, each Unit owned by Declarant, Approved Developer,

Approved Builder or their respective affiliates which does not contain an occupied residence shall not be subject to any assessment provided for herein.

(c) Units which have been approved by Declarant, Approved Developer or Approved Builder for use as a model home for marketing and sales purposes shall not be deemed to be occupied for residential purposes and to the extent permitted by law, shall not be subject to assessments under this Declaration whether owned by Declarant, Approved Developer, Approved Builder or any other Person, so long as such Unit is approved for use as a model home and is not occupied for residential purposes. Notwithstanding the above, if Declarant, Approved Developer or Approved Builder have more than three (3) model homes at one time, then Declarant, Approved Developer or Approved Builder and their respective affiliates, on behalf of themselves and their respective successors and assigns, covenant and agree to pay the full amount of the assessments provided herein for each such additional model home owned by Declarant, Approved Developer or Approved Builder.

Section 9. Specific Assessments. The Board shall have the power to specifically assess pursuant to this Section as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section. Fines levied pursuant to Article XIII, Section 1 of this Declaration and the costs of maintenance performed by the Association that the Owner is responsible for under Article V, Section 2 of this Declaration shall be specific assessments. The Board may also specifically assess Units for the following Association expenses:

(a) Expenses of the Association which benefit less than all of the Units may be specifically assessed equitably among all of the Units which are benefited according to the benefit received.

(b) Expenses of the Association which benefit all Units, but which do not provide an equal benefit to all Units, may be assessed equitably among all Units according to the benefit received.

This Section specifically contemplates, without limitation, that the Association may incur expenses (including, without limitation, expenses for extraordinary items, matters and occurrences and expenses not anticipated and/or not budgeted for in advance) for certain maintenance, insurance and repair (in accordance with this Declaration) related to single-family attached or detached townhouses within the Community, if any, which expenses benefit the Units containing such type of housing only. Such expenses shall be included in the budget prepared as described in Article IV, Section 3, and the Units primarily benefited by such expenses shall be subject to specific assessment imposed by the Board pursuant to this Section to cover such expenses. Without limiting the generality of the foregoing, the cost of maintaining water or sewer pipes which serve more than one, but less than all of the Units may be assessed against the Units served as a specific assessment.

Section 10. Budget Deficits during Declarant Control. For so long as the Declarant has the authority to appoint the directors and officers of the Association, Declarant and Wieland may advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves) and the sum of the annual, special and specific assessments collected by the Association in any fiscal year (an “**Operating Deficit**”). Each of Declarant and Wieland shall have the option to treat any such Operating Deficit payments to the Association as a loan to the Association (each, a “**Developer Loan**”), which shall be evidenced by such reasonable documentation as is required by Declarant and/or Wieland. Any such Developer Loan shall be repayable by the Association only at such time as the Association has sufficient contributions from Assessments collected from purchasers of Units sufficient to satisfy the ongoing annual expenses of the Association, and provided that at such time as Declarant turns over the management of the Association to the Owners of Units, then any balance owed by the Association with respect to such Developer Loans associated with the normal operating costs of the Association shall be forgiven. The obligation of Wieland and Declarant to fund Operating Deficits shall be apportioned such that Wieland shall be obligated to fund forty percent (40%) of such Operating Deficits and Declarant shall be obligated to fund sixty percent (60%) of such Operating Deficits.

After Declarant no longer has the authority to appoint the directors and officers of the Association, the Approved Developer, for so long as Approved Developer has the authority to appoint the directors and officers of the Association, may (a) advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves) and the sum of the annual, special and specific assessments collected by the Association in any fiscal year, and such advances shall be evidenced by promissory notes from the Association in favor of the Approved Developer, or (b) cause the Association to borrow such amount from a commercial lending institution at the then-prevailing rates for such a loan in the local area of the Community. The Approved Developer in its sole discretion may guarantee repayment of such loan, if required by the lending institution, but no Mortgage secured by the Common Property or any of the improvements maintained by the Association shall be given in connection with such loan.

Section 11. Capitalization of Association. Upon acquisition of record title to a Unit by the first Owner thereof other than Declarant, Approved Developer or Approved Builder or their respective affiliates, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount up to 100% of the then current annual assessment per Unit for that year, with the exact amount to be determined from time to time by the Board. This contribution shall be in addition to, not in lieu of, any other assessments levied on the Unit and shall not in any way be construed as part of or identical to any such assessments or as an advance payment of any such assessments. This contribution shall be collected at the closing of the Unit and disbursed to the Association for use in covering operating and other expenses (which may include reserves) incurred by the Association pursuant to the terms of this Declaration and the Bylaws.

Article V
Maintenance

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Common Property. This maintenance shall include, without limitation, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping, lighting, fencing, paving, and other improvements situated on the Common Property. The Association shall also maintain (i) all greenways trails in the Community, if any; (ii) all parking areas which serve more than one Unit; (iii) all entry features for the Community, including entry area landscaping and any irrigation system and the expenses for water and electricity, if any, provided to all such entry features regardless of whether such entry features are on a Unit, Common Property or a public right-of-way, (iv) all private Community streets and alleys, including street signs, if any, originally installed by Declarant or its affiliates, (v) all drainage detention and retention areas which were originally maintained by Declarant or its affiliates, to the extent such areas are not maintained on an ongoing basis by a governmental entity; provided however, except as set forth in any Neighborhood Declaration, each Owner of any particular Unit, and not the Association, shall be responsible for maintenance of all storm water drainage facilities located on and used exclusively in connection with such Unit or the improvements thereon, including, for example, guttering, and pipes and drains for transportation of stormwater from such Unit into any storm water detention/retention ponds and storm water drainage facilities for the Community, (vi) all water and sewer pipes or facilities which serve more than one (1) Unit, whether located within or without the Unit's boundaries, to the extent that such pipes and facilities are not maintained by public, private or municipal utility companies, (vii) all Community recreational amenities, (viii) all Buffer Areas (as defined below) in the Community regardless of whether such Buffer Areas are on a Unit or Common Property and (ix) all street lighting in the Community to the extent not maintained by a governmental entity. The Association shall also maintain all property outside of Units located within the Community which was originally maintained by Declarant, Approved Developer, Approved Builder or their respective affiliates.

The Association may, but shall not be obligated to, maintain, repair, or replace, as necessary, all mailboxes or mailbox posts located within the Community. In addition, the Association shall have the right, but not the obligation, to maintain property not owned by the Association where the Board has determined that such maintenance would benefit all Owners.

There is hereby granted to the Association a blanket easement upon, across, over, and under all property within the Community for access, ingress, and egress as necessary to permit the Association to perform its maintenance responsibilities hereunder. The foregoing maintenance shall be performed consistent with the Community-Wide Standard.

The Association shall not be liable for injury or damage to person or property caused by or resulting from the elements, the Owner of any Unit, any other Person, any utility, rain, snow or ice which may leak or flow from any portion of the Common Property, or any pipe, drain, conduit, appliance or equipment which the Association is responsible to maintain hereunder. The Association shall not be liable to any Owner, or any Owner's Occupants, guests or family, for loss or damage, by theft or otherwise, of any property which may be stored in or upon any of

the Common Property. The Association shall not be liable to any Owner, or any Owner's Occupants, guests or family, for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities hereunder, where such damage or injury is not a foreseeable, natural result of the Association's failure to discharge its responsibilities. The Association shall repair incidental damage to any Unit resulting from performance of work which is the responsibility of the Association. In performing its responsibilities hereunder, the Association shall have the authority to delegate to such Persons of its choice such duties as are approved by the Board.

Section 2. Owner's Responsibility. Except as provided in Section 1 above or in a Neighborhood Declaration, all maintenance of the Unit and all structures, parking areas, landscaping and other improvements thereon shall be the sole responsibility of the Owner thereof, who shall maintain such Unit in a manner consistent with the Community-Wide Standard and this Declaration. If the Board of Directors determines that (a) any Owner has failed or refused to discharge properly any of such Owner's obligations with regard to the maintenance, repair or replacement of items for which such Owner is responsible hereunder, or (b) the need for maintenance, repair or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of any Owner or Occupant or their family, guests, lessees or invitees, and is not covered or paid for by insurance, in whole or in part, then the Association may perform the repair, replacement or maintenance and shall, except in the event of an emergency situation, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair or replacement at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs or replacement deemed necessary. Except in an emergency situation, the Owner shall have ten (10) days from the date of the notice within which to complete such maintenance, repair or replacement, or, in the event that such maintenance, repair or replacement is not capable of completion within such time period, to commence such work within such ten (10) day period and diligently pursue completion within a reasonable time. If any Owner does not comply with the provisions hereof or in an emergency situation, the Association may provide any such maintenance, repair or replacement at such Owner's sole cost and expense, and all costs shall be added to and become a part of the assessment to which such Owner is subject, shall become and be a lien against the Unit, and shall be collected as provided herein for the collection of assessments.

Subject to the maintenance responsibilities herein provided, any maintenance or repair performed on or to the Common Property by an Owner or Occupant which is the responsibility of the Association hereunder (including, but not limited to, landscaping of Common Property) shall be performed at the sole expense of such Owner or Occupant, and the Owner or Occupant shall not be entitled to reimbursement from the Association, even if the Association accepts the maintenance or repair.

In addition, each Owner shall be obligated:

- (a) to perform his or her responsibility in such manner so as not to unreasonably disturb other persons in other Units;

(b) to promptly report to the Association or its agent any defect or need for repairs for which the Association is responsible; and

(c) to maintain his or her Unit in a neat and attractive condition in a manner consistent with the Community-Wide Standard.

Section 3. Party Walls and Party Fences.

(a) General Rules of Law to Apply. Each wall or fence built as a part of the original construction of the Units which shall serve and separate any two (2) adjoining Units shall constitute a party wall or fence and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and fences and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall or fence shall be shared by the Owners who make use of the wall or fence in equal proportions.

(c) Damage and Destruction. If a party wall or fence is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the wall or fence may restore it, and if the other Owner or Owners thereafter make use of the wall or fence, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

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

(e) Arbitration. In the event of any dispute arising concerning a party wall or fence, or under the provisions of this Section, each party shall appoint one arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor by the Board of Directors, the Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one additional arbitrator and the decision by a Majority of all three arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other.

Article VI
Use Restrictions and Rules

Section 1. General. This Article, beginning at Section 2, sets out certain use restrictions which must be complied with by all Owners and Occupants. These use restrictions may be amended only in the manner provided in Article XIII, Section 4 hereof regarding amendment of this Declaration. The Board of Directors may, from time to time, without consent of the members, promulgate, modify or delete other use restrictions and rules and regulations

applicable to the Units and the Common Property. This authority shall include, but shall not be limited to, the right to limit the type and size and to set the maximum and minimum speeds of vehicles within the Community. The Board shall also have the authority to impose all other necessary traffic and parking regulations and to restrict the maximum noise levels of vehicles in the Community. Such regulations and use restrictions shall be distributed to all Owners and Occupants prior to the date that they are to become effective and shall thereafter be binding upon all Owners and Occupants until and unless overruled, canceled or modified in a regular or special meeting by a Majority of the Total Association Vote.

Section 2. Use of Units. All Units shall be used for residential purposes exclusively, and no trade, business or business activity of any kind shall be carried on or conducted in, from or upon any Unit or any part of the Community at any time without the prior written approval of the Board, except that the Owner or Occupant residing on a Unit may conduct such ancillary business activities within the residence on the Unit so long as (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from the exterior of the residence; (b) the business activity does not involve regular, frequent or conspicuous visitation of the Unit by employees, clients, customers, suppliers or other business invitees for business purposes; (c) the business activity conforms to all zoning requirements for the Community; (d) the business activity does not increase traffic in the Community (other than by deliveries by couriers, express mail carriers, parcel delivery services and other such similar delivery services); (e) the business activity does not increase the insurance premium paid by the Association or otherwise negatively affect the Association's ability to obtain insurance coverage; (f) the business activity is consistent with the residential character of the Community and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of the Community, as may be determined in the sole discretion of the Board; and (g) the business activity does not result in a materially greater use of common facilities or Association services.

The terms "business" and "trade," as used herein, shall have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether (i) such activity is engaged in full- or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor.

This Section shall not apply to activities of the Association. Units may be leased for residential purposes only. Units may be leased or used only in their entirety; no fraction or portion may be leased or used without prior written Board approval (e.g., any attached or detached garage or space therein may not be used by other than those Persons who live in the residence/home on the Unit, and vice versa).

Section 3. Signs. No sign of any kind, whether temporary or permanent, shall be erected or displayed within the Community without the prior written consent of the Board except: (a) one (1) professional security sign consistent with the Community-Wide Standard not to exceed four inches (4") by four inches (4") in size (and in the case of a townhome Unit, the Board or its designee may require that the sign be displayed only from within the dwelling structure); (b)

such signs as may be required by legal proceedings; (c) signs erected by Declarant, Approved Developer or Approved Builder and their respective affiliates; (d) in connection with a bona-fide offer to sell or lease a Unit, one (1) professionally lettered "For Sale" or "For Rent" sign consistent with the Community-Wide Standard displayed from a Unit (or, in the case of a townhome Unit, displayed only from within the dwelling structure), but only if (i) the sign has a maximum area of four (4) square feet and, except for signs displayed from within a dwelling structure, a maximum height of four (4) feet above ground level, and (ii) the content of the sign and anything else attached to, associated with or in the vicinity of the sign states or conveys only that that the Unit is for sale or for rent and the name and telephone number of the person to contact for additional information; and (e) in connection with a political campaign, candidate yard signs consistent with the Community-Wide Standard displayed from a Unit (or, in the case of a townhome Unit, displayed only from within the dwelling structure), but only if (i) the sign has a maximum area of four (4) square feet and, except for signs displayed from within a dwelling structure, a maximum height of three and one-half (3.5) feet above ground level, and (ii) the sign is displayed no sooner than forty-five (45) days prior to the election and is removed within seven (7) days after the election. The Board shall have the right to erect any reasonable and appropriate signs. The Board may impose a fine against any Owner or Occupant of up to Five Hundred Dollars (\$500.00) per day for violations of this Section, in addition to any other remedies of the Association. Any fine imposed pursuant to this Section shall be deemed an assessment against the Unit and may be collected in the same manner as provided herein for collection of assessments.

Section 4. Vehicles/Parking. The term "vehicles," as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, golf carts, trucks, campers, buses, vans, automobiles and limousines. Vehicles shall not be parked on the Common Property (except passenger non-commercial automobiles parked in designated parking areas while the users thereof are using the Common Property) or on any other portion of the Community other than the driveway and the garage. Unless and except to the extent that the Occupants of a Unit shall have more vehicles than the number of garage parking spaces serving their Unit, all vehicles shall be parked within such garage parking spaces. Vehicles may be parked in the driveway and additional parking spot, if any serving a Unit only after all of the garage parking spaces serving such Unit have vehicles parked in them. All parking shall be subject to such further rules and regulations as the Board may adopt.

Disabled vehicles, stored vehicles, boats, trailers, campers, buses, vans (except mini-vans or utility vehicles used as non-commercial passenger vehicles), trucks (except pick-up trucks and sport utility vehicles), recreational vehicles (for example, without limitation, RV's and motor homes), vehicles used primarily for commercial purposes and vehicles with commercial writing on their exteriors are prohibited from being parked in the Community, except in garages. Notwithstanding the above, trucks, vans, commercial vehicles and vehicles with commercial writing on their exteriors shall be allowed temporarily in the Community during normal business hours for the purpose of serving any Unit or the Common Property; provided, however, without the prior written consent of the Board, no such vehicle shall be authorized to remain in the Community overnight or for any purpose except serving a Unit or the Common Property. For purposes of this paragraph, a vehicle shall be considered "disabled" if it does not have a current license tag or is inoperable. A vehicle shall be considered "stored" if it remains on the

Community for three (3) consecutive days or longer without the prior written permission of the Board.

If any vehicle is parked on any portion of the Community in violation of this Section or in violation of the Association's rules and regulations, the Board may place a notice on the vehicle specifying the nature of the violation and stating that after twenty-four (24) hours the vehicle may be towed. The notice shall include the name and telephone number of the person or entity which will do the towing and the name and telephone number of a person to contact regarding the alleged violation. If twenty-four (24) hours after such notice is placed on the vehicle the violation continues or thereafter occurs again within six (6) months of such notice, the vehicle may be towed in accordance with the notice, without further notice to the Owner or user of the vehicle. If a vehicle is parked in a fire lane, is blocking another vehicle or access to another Owner's or Occupant's Unit, is obstructing the flow of traffic, is parked in any unpaved area, or otherwise creates a hazardous condition, no notice shall be required and the vehicle may be towed immediately. If a vehicle is towed in accordance with this Section, neither the Association nor any director, officer or agent of the Association shall be liable to any person for any claim of damage or otherwise as a result of the towing activity. Notwithstanding anything to the contrary herein, the Board may elect to impose fines or use other available sanctions, rather than exercise its authority to tow.

Section 5. Occupants Bound. All provisions of the Declaration and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants of any Unit even though Occupants are not specifically mentioned. Fines may be levied against Owners or Occupants. If a fine is first levied against an Occupant and is not paid timely, the fine may then be levied against the Owner.

Section 6. Animals and Pets. No animals, livestock or poultry of any kind may be raised, bred, kept or permitted in the Community, except that dogs, cats or other usual and common household pets in reasonable number, as determined by the Board, may be kept on a Unit; provided, however, those pets which are permitted to roam free, or, in the sole discretion of the Board, make objectionable noise or endanger the health of or constitute a nuisance or inconvenience to the Owners of other Units or the owner of any property located adjacent to the Community may be removed by the Board. No pets shall be kept, bred or maintained for any commercial purpose. Dogs shall at all times whenever they are outside a Unit be confined on a leash. Without prejudice to the Board's right to remove any such household pets, no household pet that has caused damage or injury may be walked in the Community.

Section 7. Nuisance. It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly or unkempt condition on his or her Unit. No Unit shall be used, in whole or in part, for the storage of any property or thing that will cause such Unit to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing or material be kept upon any Unit that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any Unit, nor shall anything be done thereon tending

to cause embarrassment, discomfort, annoyance or nuisance to any Person using any property adjacent to the Unit. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the Community. Without limiting the generality of the foregoing, no exterior speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, screaming, shouting, excessively loud talking, fighting, raucous behavior, insobriety, playing loud music or television, use of any alarm, equipment, or device, mechanical or otherwise which creates or produces excessively loud sounds or any vibrations, or any conduct which creates any noxious or offensive odors outside a home shall be located, used, placed, installed or maintained upon the exterior of any Unit, or any portion thereof, unless required by law. The inconvenience complained of shall not be fanciful, or such as would affect only one of fastidious taste, but it shall be such as would affect an ordinary, reasonable person as determined in a particular instance by the Board. This provision shall not apply to any Unit(s) owned by the Declarant, Approved Developer or Approved Builder.

Section 8. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions shall not be pursued or undertaken in any part of the Community.

Section 9. Architectural Standards. No exterior construction, alteration, addition or erection of any nature whatsoever (including, without limitation, fences, pools, tennis courts, exterior lighting, landscaping, trees, treehouses and play equipment) shall be commenced or placed upon any part of the Community, except such as is installed by the Declarant, Approved Developer, Approved Builder or their respective affiliates, or as is approved in accordance with this Section and is approved in accordance with any Neighborhood Declaration, or as is otherwise expressly permitted herein. No such exterior construction, addition, erection or alteration shall be made unless and until plans and specifications showing at least the nature, kind, shape, height, materials and location shall have been submitted in writing to, actually received by, and approved by the Board or its designee. The Board or its designee may promulgate written guidelines for the exercise of this review.

The Board or its designee shall be the sole arbiter of such plans and specifications and may withhold approval on any reasonable basis, including purely aesthetic considerations, and it shall be entitled to stop any construction in violation of these restrictions. Any member of the Board or its designee or the representatives thereof shall have the right, during reasonable hours, to enter upon any property to inspect for the purpose of ascertaining whether or not these restrictive covenants have been or are being complied with. Such Person or Persons shall not be deemed guilty of trespass by reason of such entry. If the Board or its designee fails to approve or to disapprove plans and specifications within sixty (60) days after such plans and specifications have been actually received by it, such plans and specifications will be deemed approved. However, all activities pursuant to plans which have been deemed approved shall be consistent with such plans and shall be consistent and in accordance with, and may not violate, this Declaration and any design guidelines.

As a condition of approval under this Section, each Owner, on behalf of such Owner and such Owner's successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement and insurance to and on any change, modification, addition or alteration. In the discretion of the Board or its designee, an Owner may be made to verify such condition of approval by a recordable written instrument acknowledged by such Owner on behalf of such Owner and such Owner's successors-in-interest.

PLANS AND SPECIFICATIONS ARE NOT APPROVED FOR ENGINEERING OR STRUCTURAL DESIGN OR QUALITY OF MATERIALS, AND BY APPROVING SUCH PLANS AND SPECIFICATIONS, THE BOARD, ITS MEMBERS, ITS DESIGNEE AND THE ASSOCIATION DO NOT ASSUME LIABILITY OR RESPONSIBILITY THEREFOR, NOR FOR ANY DEFECT IN ANY STRUCTURE CONSTRUCTED FROM SUCH PLANS AND SPECIFICATIONS. DECLARANT, ITS PARTNERS AND AFFILIATES, APPROVED DEVELOPER, ITS PARTNERS AND AFFILIATES, APPROVED BUILDER, ITS PARTNERS AND AFFILIATES, THE ASSOCIATION, THE BOARD, ITS DESIGNEE, AND THE OFFICERS, DIRECTORS, MEMBERS, SHAREHOLDERS, EMPLOYEES AND AGENTS OF ANY OF THEM, SHALL NOT BE LIABLE IN DAMAGES OR OTHERWISE TO ANYONE SUBMITTING PLANS AND SPECIFICATIONS TO ANY OF THEM FOR APPROVAL, OR TO ANY OWNER OF PROPERTY AFFECTED BY THESE RESTRICTIONS, BY REASON OF ANY MISTAKE IN JUDGMENT, NEGLIGENCE OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL OR DISAPPROVAL OR THE FAILURE TO APPROVE OR DISAPPROVE ANY SUCH PLANS AND SPECIFICATIONS. EVERY PERSON WHO SUBMITS PLANS AND SPECIFICATIONS AND EVERY OWNER AGREE THAT SUCH PERSONS AND OWNERS WILL NOT BRING ANY ACTION OR SUIT AGAINST DECLARANT, ITS PARTNERS AND AFFILIATES, APPROVED DEVELOPER, ITS PARTNERS AND AFFILIATES, APPROVED BUILDER, ITS PARTNERS AND AFFILIATES, THE ASSOCIATION, THE BOARD, ITS DESIGNEE, OR THE OFFICERS, DIRECTORS, MEMBERS, SHAREHOLDERS, EMPLOYEES AND AGENTS OF ANY OF THEM, TO RECOVER ANY DAMAGES OR FOR ANY OTHER PURPOSE, AND SUCH PERSONS AND OWNERS HEREBY RELEASE, REMISE, QUITCLAIM AND COVENANT NOT TO SUE FOR ALL CLAIMS, DEMANDS AND CAUSES OF ACTION, ARISING OUT OF OR IN CONNECTION WITH ANY MISTAKE IN JUDGMENT, NEGLIGENCE OR NONFEASANCE IN CONNECTION WITH THE APPROVAL OR DISAPPROVAL OR THE FAILURE TO APPROVE OR DISAPPROVE ANY SUCH PLANS AND SPECIFICATIONS. ALL SUCH PERSONS AND OWNERS HEREBY WAIVE THE PROVISIONS OF ANY LAW WHICH PROVIDE THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS, DEMANDS AND CAUSES OF ACTION NOT KNOWN AT THE TIME THE RELEASE IS GIVEN.

Section 10. Antennas and Satellite Dishes. No exterior antenna, receiving dish or similar apparatus of any kind for receiving or transmitting of radio or video signals shall be placed, allowed or maintained upon any portion of the Community, including any Unit, unless approved in accordance with the provisions of Article VI hereof; provided, however, no such approval shall be necessary to install (a) antennas designed to receive direct broadcast satellite

services, including direct-to-home satellite services or to receive or transmit fixed wireless signals via satellite, that are one meter or less in diameter; (b) antennas designed to receive video programming services via multi-point distribution services or to receive or transmit fixed wireless signals other than via satellite that are one meter or less in diameter or diagonal measurement; or (c) antennas that are designed and intended to receive television broadcast signals. Owners shall install any permitted antennae on the rear of the dwelling unless such installation (i) imposes unreasonable delay or prevents the use of the antennae; (ii) unreasonably increases the cost of installation; or (iii) an acceptable quality signal cannot otherwise be obtained. The Board and Declarant (and its affiliates) reserve the right to (but shall not be obligated to) erect any type and size of master antenna, satellite dish or other similar master system for the benefit of the Community. Each Owner and Occupant acknowledges that this provision benefits all Owners and Occupants and each Owner and Occupant agrees to comply with this provision despite the fact that the erection of an individual outdoor antenna or similar device would be the most cost-effective way to receive the signals sought to be received.

Section 11. Gardens, Basketball Goals, Etc. Grass, ornamental plants and shrubbery (and only the foregoing) may be planted in the front or side yard of any Unit. All other planting may be done only with prior written approval of the Board or its designee or in accordance with the guidelines previously established by the Board or its designee. Overseeding of fescue lawns and sodding of lawns with Bermuda or zoysia grasses shall not require prior approval pursuant to this Section. No vegetable garden, hammocks, statuary or recreational equipment may be placed, erected, allowed or maintained within the Community without the prior written consent of the Board or its designee. This provision shall not, however, apply to basketball goals which may be installed after the type and location have been previously approved in writing by the Board or its designee.

Section 12. Tree Removal. No trees shall be removed without the express prior consent of the Board or its designee, except for (a) trees removed by the Declarant, Approved Developer, Approved Builder or their respective affiliates; (b) diseased or dead trees; and (c) trees needing to be removed to promote the growth of other trees.

Section 13. Lighting. Notwithstanding Article VI, Section 9 above, the following exterior lighting may be installed without the necessity of obtaining the prior approval of the Board or its designee: (a) seasonal decorative lights during the Christmas season; (b) illumination of model homes and entrance features constructed by the Declarant, Approved Developer, Approved Builder or their respective affiliates; and (c) other lighting originally installed by the Declarant, Approved Developer, Approved Builder or their respective affiliates. Plans for all other exterior lighting must be submitted and approved in accordance with Article VI, Section 9 hereof. Decorative post lights will not be approved unless they conform with established street lighting.

Section 14. Drainage. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant of any Unit may obstruct or rechannel the drainage flows after the location and installation of drainage swales, storm sewers or storm drains. Declarant, for itself, Approved

Developer, Approved Builder and their respective affiliates, reserves the right to prepare sloping banks, cut or fill, on a three (3) to one (1) slope on all streets and roads. Declarant, for itself, Approved Developer, Approved Builder and their respective affiliates, hereby reserves a perpetual easement across all Community property for the purpose of altering drainage and water flow. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

Section 15. Sight Distance at Intersections. All property located at street intersections shall be so landscaped as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain at any corner where this would create a traffic or sight problem.

Section 16. Clotheslines, Garbage Cans, Woodpiles, Etc. No exterior clotheslines, woodpiles and other similar items of any type shall be permitted in the Community without the prior written consent of the Board or its designee. Garbage cans and other similar items shall be located or screened so as to be concealed from view of neighboring Units, streets and property located adjacent to the Unit. All rubbish, trash and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate thereon. No garbage or trash shall be placed on the Common Property, temporarily or otherwise, except as provided herein. Declarant, however, hereby expressly reserves and grants to Approved Developer and Approved Builder the right to dump and bury rocks and trees on property within the Community owned by Approved Developer and Approved Builder respectively as needed for efficient construction and to allow, in Declarant's sole discretion, other developers and builders within the Community to do so on property owned by such developers and builders. The Association may, but shall not be required to, contract with a private trash collection company to pick up all usual and customary household trash on a regular basis. The Board of Directors shall determine the type of trash and recycling receptacles for the Community. If individual trash and recycling receptacles are used, such receptacles shall be placed in the easement area no earlier than 5:00 p.m. the day before pick up and shall be removed within twenty-four (24) hours. Trash and recycling pick up shall also be subject to such reasonable rules and regulations as the Board of Directors may adopt.

Section 17. Subdivision of Unit. No Unit shall be subdivided or its boundary lines changed except with the prior written approval of the Board or its designee. Declarant, however, hereby expressly reserves, and grants to Approved Developer and Approved Builder, the right to replat any Unit(s) or other property in the Community. Any such division, boundary line change or replatting must be approved by Declarant and Wieland and shall not be in violation of the applicable subdivision and zoning regulations.

Section 18. Guns. The use of firearms in the Community is prohibited. The term "firearms" includes "B-B" guns, pellet guns and small firearms of all types.

Section 19. Solar Devices. No artificial or man-made device which is designed or used for collection of or heating by solar energy or other similar purposes shall be placed, allowed or

maintained upon any portion of the Community, including any Unit, without the prior written consent of the Board or its designee.

Section 20. Fences. No fence or fencing type barrier of any kind, other than fencing installed by Declarant, Approved Developer or Approved Builder, shall be placed, erected, allowed or maintained upon any portion of the Community, including any Unit, without the prior written consent of the Board or its designee. Unless otherwise provided by the Board, all fencing must be black metal, picket or privacy type fencing. The Board or its designee may issue guidelines detailing acceptable fence styles or other specifications, whether or not consistent with the immediately preceding sentence, but in no event may a chain link fence or a free-standing hog wire fence be approved.

Section 21. Exterior Colors. The exterior of all improvements, including, without limitation, residences, constructed, erected, allowed or maintained upon any Unit must be painted or repainted in a color as approved by the Board or its designee.

Section 22. Mailboxes. No mailboxes and appurtenant posts and/or structures shall be erected without the prior written approval of the Board or its designee. Generally, the foregoing must be of the same type and color as that originally installed by the Declarant, Approved Developer, Approved Builder or their respective affiliates.

Section 23. Detached Structures. No detached structures shall be placed, erected, allowed or maintained upon any Unit or within the Community unless installed by Declarant, Approved Developer or Approved Builder, without the prior written consent of the Board or its designee. All detached structures must be consistent in design materials and color with the dwelling on the Unit. In no event shall any trailers, campers, vehicles, shacks, tents, any garages (attached and detached), barns or other structures be used as a residence or living space in any manner whatsoever, either temporarily or permanently, within the Community. Specifically, no garage, including, but not limited to, attached and detached garages, shall be utilized in any manner whatsoever as an additional living space or residence.

However, this Section shall not be construed to prevent Declarant, Approved Developer, Approved Builder and those engaged in development, construction, marketing, property management or sales from using sheds, trailers or other temporary structures for any of the foregoing purposes. In addition, nothing in this Declaration shall be construed to prevent Declarant, Approved Developer or Approved Builder from developing, constructing, marketing, or maintaining model homes or speculative housing within the Community.

Section 24. Entry Features and Street Signs. Owners shall not alter, remove or add improvements to any entry features or street signs constructed within the Community, or any part of any easement area associated therewith, without the prior written consent of the Board or its designee.

Section 25. Swimming Pools. No swimming pools shall be permitted in the Community without the prior written consent of the Board and in no event shall above ground swimming pools be permitted in the Community.

Section 26. Sidewalks. Other than sidewalks and walkways constructed in the Community by the Declarant, Approved Developer or Approved Builder, all sidewalks and walkways are subject to approval or disapproval under Article VI, Section 9 above.

Section 27. Buffer Areas. The Community contains wetlands and certain buffer areas as shown on the recorded subdivision plats for the Community, including, without limitation, (i) the buffer areas designated as "50' I-540 C-225 Buffer" (the "540 Buffers"); (ii) the buffer areas designated as "35' B-225 Landscape Buffer" (the "Landscape Buffers"); (iii) the buffer areas designated as "20' Perimeter Buffer" (the "Perimeter Buffers"); (iv) the buffer areas designated as "50' NRB", "Neuse Riparian Buffer" or "50' Neuse River Basin Buffer" (the "NRB Buffers") and (v) the buffer areas designated as "20' A-20 Landscape Yard" (the "Landscape Yard Buffers"); the 540 Buffers, Landscape Buffers, Perimeter Buffers, NRB Buffers and Landscape Yard Buffers are hereinafter referred to collectively as the "Buffer Areas") on the recorded subdivision plats for the Community. The wetlands and Buffer Areas shall be left in their undisturbed, natural state and no land-disturbing activity, placement of impervious surfaces, removal of vegetation, encroachment, construction, or erection of any structure shall occur thereon unless performed by Declarant, Approved Developer, Approved Builder or the Association in accordance with all applicable local, state and federal rule, regulations, laws and ordinances. The Association, Approved Builder, Approved Developer and/or the Declarant shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of the wetlands or Buffer Areas. In addition to the requirements of the Declaration, Buffer Areas are subject to ordinances and regulations imposed by the Town; therefore, the consent of the Town authorities may be required for certain activities. Without limiting the generality of the foregoing, for all NRB Buffers, all Owners, the Declarant, Approved Developer, Approved Builder and the Association shall abide by all local, state and federal rules, regulations, laws and ordinances concerning NRB Buffers, including, but not limited to, those rules contained in the North Carolina Administrative Code at 15 N.C.A.C. §§ 2B.0233 through .0242.

Section 28. Wetlands, Ponds, Creeks and Streams. Except as herein provided, all wetlands, ponds, storm water retention or detention ponds, creeks and streams within the Community shall be used for aesthetic amenities and storm water drainage only, no other use thereof, including, without limitation, swimming, ice skating, playing, or use of personal flotation devices, and other recreation, shall be permitted, without the written consent of the Board of Directors. The Association, Approved Builder, Approved Developer and/or the Declarant shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of wetlands, ponds, storm water retention or detention ponds, creeks or streams within the Community. No Owner shall have any right to place rocks, stones, trash, garbage, sewage, waste water, rubbish, debris, ashes or other refuse in any wetlands, ponds, storm water retention or detention ponds, creeks or streams within the Community, or any other Common Property. Applicable governmental agencies, Approved Builder, the Approved Developer, the Declarant and the Association, shall have the sole right to control the water level of all other bodies of water located within the Community provided that such control does not adversely affect any stormwater maintenance facility located in the Community that serves more than one Unit. Further, applicable governmental agencies,

Approved Builder, the Approved Developer, the Declarant and the Association, shall also have the sole right to control the growth and eradication of plants, fowls, reptiles, animals, fish and fungi in and around any wetlands, ponds, storm water retention or detention ponds, creeks and streams within the Community. Owners shall have no riparian or littoral rights with respect to the waters in any pond, storm water retention or detention pond, creek or stream within the Community and shall not be permitted to withdraw water from any pond, storm water retention or detention pond, creek or stream as may exist in the Community without the prior written consent of the Board of Directors.

Section 29. Pedestrian Pathways. Except as herein provided, the pedestrian pathways within the Community which provide access to the recreation areas and are identified as Pedestrian Easements across a portion of certain Units, as shown on the recorded subdivision plats for the Community (the "Pedestrian Pathways") shall be used as foot paths only, no bicycles, roller blades, skate boards or similar wheeled means of transportation or recreation shall be permitted to be used on a path. Provided, however, this provision shall not prohibit the use of the Pedestrian Pathways by any person with a disability by the use of a wheelchair or other necessary transportation device, and further provided, that the Board of Directors may adopt such rules as may be deemed appropriate concerning the use of the Pedestrian Pathways.

Section 30. Garage Sales. No garage sale, yard sale, flea market or similar activity shall be conducted in the Community without the prior written consent of the Board. Any such activities that have been permitted by the Board shall be subject to all reasonable conditions imposed by the Board.

Section 31. Use of Common Property. There shall be no obstruction of the Common Property nor shall anything be kept, parked or stored on any part of the Common Property without the prior written consent of the Board.

Section 32. Prohibition of Damage. Without the prior written consent of the Board, nothing shall be done or kept in the Community which would increase the rate of insurance which the Association is obligated to obtain hereunder, which would be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirements of any governmental body, or which would increase the common expenses of the Association. No Owner shall do any work which, in the reasonable opinion of the Board or its designee, would jeopardize the soundness or safety of the Community or any structure located within the Community, would reduce the value thereof, or would impair any easement or hereditament thereto, without in every such case the unanimous prior written consent of all members of the Association and their Mortgagees. No damage to or waste of the Common Property, or any part thereof, shall be permitted by any Owner or member of his or her family or any invitee of any Owner. Each Owner shall indemnify and hold the Association and the other Owners harmless against all loss to the Association or other Owners resulting from any such damage or waste caused by such Owner, members of his or her family, guests, invitees or Occupants of his or her Unit.

Section 33. Window Air Conditioning Units. No window air conditioning units or fans shall be installed on any Unit in the Community.

Section 34. Window Coverings. All shades, drapery linings and other window treatments visible from the exterior of a Unit, with the exception of stained wood blinds or shutters, shall be white or off-white. No foil or other reflective material shall be used on any windows for sun screens, blinds, shades or any other purpose.

Section 35. Tiger Salamander Pools. The Community may contain breeding areas for the eastern Tiger Salamander (the "Breeding Pools") which is protected as a threatened species by the N.C. Wildlife Resources Commission. The Breeding Pools may be located on Common Property or Units and may be subject to certain restrictions, regulations, laws or ordinances now or hereafter enacted by the Town, including without limitation, restrictions on development in or around the Breeding Pools.

Article VII

Leasing and Sale of Units

Section 1. Leasing. In order to preserve the character of the Community as predominantly owner-occupied, and to comply with the eligibility requirements for financing in the secondary mortgage market, leasing of Units shall be governed by the restrictions imposed by this Article. Except as provided herein, the leasing of Units shall be prohibited.

(a) **General.** Owners desiring to lease their Units may do so only if they have applied for and received from the Board of Directors either a "leasing permit" or a "hardship leasing permit." Such a permit, upon its issuance, will allow an Owner to lease his or her Unit, provided that such leasing is in strict accordance with the terms of the permit and this Article. The Board of Directors shall have the authority to establish conditions as to the duration and use of such permits consistent with this Article. All leasing permits and hardship leasing permits shall be valid only as to a specific Unit Owner and Unit and shall not be transferable between either Units or Unit Owners (including a subsequent Owner of a Unit where a permit was issued to the Owner's predecessor in title).

(b) **Leasing Permits.** An Owner's request for a leasing permit shall be approved if the number of then current, outstanding leasing permits for Units, including the request then under consideration, would be less than 10% of the total Units in the Community. A leasing permit shall be automatically revoked upon the happening of any of the following events: (i) the sale or transfer of the Unit to a third party (excluding sales or transfers to (a) an Owner's spouse, (b) a person cohabiting with the Owner, and (c) a corporation, partnership, company, or legal entity in which the Owner is a principal); (ii) the failure of an Owner to lease such Owner's Unit within 90 days of the leasing permit having been issued; or (iii) the failure of an Owner to have such Owner's Unit leased for any consecutive 90-day period thereafter. If the number of current leasing permits, including the request then under consideration, would be 10% or more of the Units, no additional leasing permits shall be issued (except for hardship leasing permits) until the number of outstanding current leasing permits, including the next request under consideration, would fall below 10% of the total Units in the Community. Owners who have been denied a leasing permit shall automatically be placed on a waiting list for a leasing permit and shall be issued the same if they so desire when the number of current outstanding leasing permits,

including the next one to be issued, falls to less than 10% of the total Units in the Community. The issuance of a hardship leasing permit to an Owner shall not cause the Owner to be removed from the waiting list for a leasing permit.

(c) Hardship Leasing Permits. If the failure to lease will result in a hardship, the Owner may seek to lease on a hardship basis by applying to the Board of Directors for a hardship leasing permit. The Board of Directors shall have the authority to issue or deny requests for hardship leasing permits in its discretion after considering the following factors: (1) the nature, degree, and likely duration of the hardship, (2) the harm, if any, which will result to the Community if the permit is approved, (3) the number of hardship leasing permits which have been issued to other Owners, (4) the Owner's ability to cure the hardship, and (5) whether previous hardship leasing permits have been issued to the Owner. Hardship leasing permits shall be valid for a term not to exceed one (1) year. Owners may apply for additional hardship leasing permits. Hardship leasing permits shall be automatically revoked if during the term of the permit, the Owner is approved for and receives a leasing permit.

(d) Leasing Provisions. Leasing which is authorized, pursuant to permit, hereunder shall be governed by the following provisions:

(i) Notice. At least seven (7) days prior to entering into the lease of a Unit, the Owner shall provide the Board with a copy of the proposed lease agreement. The Board shall approve or disapprove the form of said lease. In the event a lease is disapproved, the Board shall notify the Owner of the requisite action to be taken in order to bring the lease in compliance with the Declaration and any rules and regulations adopted pursuant thereto.

(ii) General. Units may be leased only in their entirety; no fraction or portion may be leased without prior written Board approval. All leases shall be in writing and in a form approved by the Board prior to the effective date of the lease. The Board may maintain and, upon request, provide a form which is deemed acceptable. There shall be no subleasing of Units or assignment of leases without prior written Board approval. All leases must be for an initial term of not less than one (1) year, except with written Board approval, which shall not be unreasonably withheld in cases of undue hardship. Within ten (10) days after executing a lease agreement for the lease of a Unit, the Owner shall provide the Board with a copy of the lease and the name of the lessee and all other people occupying the Unit. The Owner must provide the lessee copies of the Declaration, Bylaws, and the Association's rules and regulations. Nothing herein shall be construed as giving the Association the right to approve or disapprove a proposed lessee; the Board's approval or disapproval shall be limited to the form of the proposed lease.

(iii) Liability for Assessments, Use of Common Property, and Compliance with Declaration, Bylaws, and Rules and Regulations. Each Owner covenants and agrees that any lease of a Unit shall contain the following language and agrees that if such language is not expressly contained therein, then such language shall be incorporated into the lease by existence of this covenant, and the lessee, by occupancy of the Unit, agrees to the applicability of this covenant and incorporation of the following language into the lease:

(a) Compliance with Declaration, Bylaws, and Rules and Regulations.

The lessee shall comply with all provisions of the Declaration, Bylaws, and Association rules and regulations adopted pursuant thereto (collectively, "Governing Documents") and shall control the conduct of all other Occupants and guests of the leased Unit in order to ensure such compliance. The Owner shall cause all Occupants of his or her Unit to comply with the Governing Documents and shall be responsible for all violations by such Occupants, notwithstanding the fact that such Occupants of the Unit are fully liable and may be sanctioned for any such violation. If the lessee, or a person living with the lessee, violates the Governing Documents for which a fine is imposed, notice of the violation shall be given to the Owner and the lessee, and such fine may be assessed against the lessee in accordance with Article V, Section 2 of the Bylaws. If the fine is not paid by the lessee within the time period set by the Board, the Owner shall pay the fine upon notice from the Association of the lessee's failure to pay the fine. Unpaid fines shall constitute a lien against the Unit.

Any violation of the Governing Documents by the lessee, any Occupant, or any guest of lessee, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with North Carolina law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Governing Documents, including the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the Owner, in accordance with the terms hereof. If the Association proceeds to evict the lessee, any costs, including attorney's fees and court costs, associated with the eviction shall be an assessment and lien against the Unit.

(b) Use of Common Property. The Owner transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Owner has to use the Common Property, including, but not limited to, the use of any and all recreational facilities and other amenities, if any.

(c) Liability for Assessments. When a Unit Owner who is leasing his or her Unit fails to pay any annual or special assessment or any other charge for a period of more than thirty (30) days after it is due and payable, then the delinquent Owner hereby consents to the assignment of any rent received from the lessee during the period of delinquency, and, upon request by the Board, lessee shall pay to the Association all unpaid annual and special assessments and other charges payable during and prior to the term of the lease and any other period of occupancy by lessee. However, lessee need not make such payments to the Association in excess of, or prior to the due dates for, monthly rental payments unpaid at the time of the Board's request. All such payments made by lessee shall reduce, by the same amount, lessee's obligation to make monthly rental payments to lessor. If lessee fails to comply with the Board's request to pay assessments or other charges, lessee shall pay to the Association all amounts authorized under the Declaration as if

lessee were an Owner. The above provision shall not be construed to release the Owner from any obligation, including the obligation for assessments, for which he or she would otherwise be responsible.

(e) Applicability of this Article. Notwithstanding the above, this Article shall not apply to any leasing transaction entered into by the Declarant, Approved Developer, Approved Builder, the Association, or the holder of any first Mortgage on a Unit who becomes the Owner of a Unit through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such Mortgage, and they shall be permitted to lease without obtaining a permit.

Section 2. Sale of Units. Except for the Declarant, Approved Developer or Approved Builder, a Unit Owner intending to make a transfer or sale of a Unit or any interest in a Unit shall give written notice to the Board of Directors of such intention within seven (7) days after execution of the transfer or sales documents. The Unit Owner shall furnish to the Board as part of the notice (i) the name and address of the intended grantee; and (ii) such other information as the Board may reasonably require. This Section shall not be construed to create a right of first refusal in the Association or in any third party.

Within seven (7) days after receiving title to a Unit, the purchaser of the Unit shall give written notice to the Board of Directors of his or her ownership of the Unit. Upon failure of a Owner to give the required notice within the seven (7) day time period provided herein, the Board may levy fines against the Unit and the Owner thereof, and assess the Owner for all costs incurred by the Association in determining his or her identity.

Article VIII

Insurance and Casualty Losses

Section 1. Insurance on Common Property. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain all insurance required by Chapter 47F of the North Carolina General Statutes or any other applicable law. Without limiting the generality of the foregoing, the Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements located on the Common Property or required to be maintained by the Association under Article V, Section 1 hereof (a "Property Insurance Policy"). The Property Insurance Policy shall cover all risks, loss or damage commonly insured against including, without limitation, fire or other hazards, including extended coverage, vandalism and malicious mischief and shall be in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Alternatively, the Board may purchase "all-risk" coverage in like amounts. If a Property Insurance Policy is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid United States mail to all Unit Owners. The Property Insurance Policy shall provide that (a) each Unit Owner is an insured Person under the policy to the extent of the Unit Owner's insurable interest, (b) the insurer waives its rights to subrogate under the Property Insurance Policy against any Unit Owner or member of the Unit Owner's household, and (c) no act or omission by any Unit Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under the Property

Insurance Policy.

If available at reasonable cost, as determined in the sole discretion of the Board, the Board shall obtain a public liability policy applicable to the Common Property insuring the Association and its members covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Property (a "Liability Policy"). The Liability Policy shall have a combined single limit of at least One Million Dollars (\$1,000,000.00). If available at reasonable cost, as determined in the sole discretion of the Board, the Board shall also obtain directors' and officers' liability insurance.

The Board is hereby authorized to contract with or otherwise arrange to obtain the insurance coverage required hereunder through the Declarant or its affiliates and to reimburse the Person so providing or arranging the insurance coverage for the cost thereof, and Declarant or its affiliates shall be authorized, but not obligated, to purchase such insurance coverage for the benefit of the Association and the Owners upon Declarant or its affiliate, as the case may be, and the Association agreeing upon the terms and conditions applicable to reimbursement by the Association for costs incurred by Declarant or its affiliate, as the case may be, in obtaining such coverage.

Premiums for all insurance shall be common expenses of the Association. The policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association, as trustee for the respective parties which may be benefited by such insurance, as their interests may appear. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company authorized to do business in North Carolina.

(b) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto, but insurance proceeds for the loss are payable to any insurance trustee designated for that purpose or otherwise to the Association and not to any Mortgagee.

(c) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, Occupants, or their Mortgagees, and the insurance carried by the Association shall be primary.

(d) All casualty insurance policies shall have an inflation guard endorsement and an agreed amount endorsement, if these are reasonably available, and all insurance policies shall be

reviewed annually by one or more qualified Persons, at least one of whom must be in the real estate industry and familiar with construction in the county or counties where the Community is located.

(e) In addition to the requirements with respect to the Property Insurance Policy set forth above, the Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners and their respective tenants, servants, agents and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(iii) that no policy may be canceled, subjected to nonrenewal, invalidated or suspended on account of any one or more individual Owners;

(iv) that no policy may be canceled, subjected to nonrenewal, invalidated or suspended on account of any defect or the conduct of any director, officer or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect or to cease the conduct and the allowance of a reasonable time thereafter within which a cure may be effected by the Association, its manager, any Owner or Mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration;

(vi) that no policy may be canceled, subjected to nonrenewal, or substantially modified without at least ten (10) days' prior written notice to the Association; and

(vii) that each Unit Owner is an insured Person under the policy to the extent of the Owner's insurable interest.

In addition to other insurance coverage required by this Section, the Board shall obtain workers compensation insurance, if and to the extent necessary to satisfy the requirements of applicable law, and, if available at reasonable cost, as determined in the sole discretion of the Board, a fidelity bond or employees dishonesty coverage covering directors, officers, employees and other Persons handling or responsible for the Association's funds. The amount of fidelity or employees dishonesty coverage, if obtained, shall be determined in the directors' best business judgment. Such coverage, if obtained, shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation and shall not be subject to cancellation, nonrenewal or substantial modification without at least ten (10) days' prior written notice to the Association. The Association shall also obtain construction code endorsements, steam boiler coverage and flood insurance, if and to the extent necessary to satisfy the requirements of The Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association.

Section 2. Damage and Destruction – Property Insured by Association.

(a) In General. Immediately after the damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty, allowing for any changes or improvements necessary to comply with applicable building codes.

(b) Repair and Reconstruction. Any damage or destruction to property required to be covered by insurance written in the name of the Association shall be repaired or reconstructed unless (i) the Community is terminated, (ii) repair or reconstruction would be illegal under any state or local health or safety statute or ordinance, or (iii) within sixty (60) days after the casualty, at least eighty percent (80%) of the Total Association Vote otherwise agree. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Association's members, levy a special assessment against all Owners in proportion to the number of Units owned by such Owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association.

In the event that it should be determined in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the insurance proceeds attributable to the damaged Common Property shall be used to restore it to its natural state and it shall be maintained as an undeveloped portion of the Community by the Association in a neat and attractive condition. The remainder of the insurance proceeds, if any, shall be distributed to all the Unit Owners or lienholders, as their interests may appear, in proportion to the common expense liabilities of all Units.

Section 3. Damage and Destruction – Units. Unless otherwise provided in a Neighborhood Declaration, the damage or destruction by fire or other casualty to all or any portion of any improvement on a Unit shall be repaired by the Owner thereof within seventy-five (75) days after such damage or destruction or, where repairs cannot be completed within

seventy-five (75) days, they shall be commenced within such period and shall be completed within a reasonable time thereafter. Alternatively, the Owner may elect to demolish all improvements on the Unit and remove all debris therefrom within seventy-five (75) days after such damage or destruction. In the event of noncompliance with this provision, the Board of Directors shall have all enforcement powers specified in Article XIII, Section 1 of this Declaration.

Section 4. Insurance Deductible. The deductible for any casualty insurance policy carried by the Association shall, in the event of damage or destruction, be allocated among the Persons who are responsible hereunder, or under any declaration or contract requiring the Association to obtain such insurance, for maintenance of the damaged or destroyed property.

Article IX **Condemnation**

Whenever all or any part of the Common Property shall be taken (or conveyed in lieu of and under threat of condemnation by the Board, acting on behalf of the Association or on the written direction of all Owners of Units subject to the taking, if any) by any authority having the power of condemnation or eminent domain, the Association shall represent the Owners. The award made for such taking shall be payable to the Association as trustee for all Owners. The provisions of Article VIII, Section 2 above, applicable to damage or destruction of property insured by the Association, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

Article X **Annexation and Withdrawal of Property; Special Declarant's Rights**

Section 1. Annexation.

(a) **Annexation by Declarant.** As the owner thereof or, if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege and option from time to time at any time until fifteen (15) years after the recording of this Declaration to subject all or any portion of the real property described in Exhibit "C" attached hereto and by reference made a part hereof to the provisions of this Declaration and the jurisdiction of the Association by filing for record in the land records of the county or counties in which the property to be annexed is located a Supplementary Declaration describing the property being annexed. Any such annexation shall be effective upon the filing for record of such Supplementary Declaration unless a later effective date is provided therein. As long as covenants applicable to the real property previously subjected to this Declaration are not changed and as long as rights of then Owners are not adversely affected, the Declarant may unilaterally amend this Declaration to reflect the different character of any such annexed real property.

(b) **Annexation by Wieland.** As the owner thereof, or if not the owner, with the consent of the owner thereof, Wieland shall have the right, privilege and option from time to time at any time until fifteen (15) years after the recording of this Declaration to subject all or any portion of the real property described in Exhibit "C" attached hereto and by reference made a

part hereof to the provisions of this Declaration and the jurisdiction of the Association by filing for record in the land records of the county or counties in which the property to be annexed is located a Supplementary Declaration describing the property being annexed. Any such annexation shall be effective upon the filing for record of such Supplementary Declaration unless a later effective date is provided therein. As long as covenants applicable to the real property previously subjected to this Declaration are not changed and as long as rights of then Owners are not adversely affected, Wieland may unilaterally amend this Declaration to reflect the different character of any such annexed real property.

(c) **No Implied Obligation to Annex Property.** The rights reserved unto Declarant and Wieland to subject additional land to this Declaration shall not and shall not be implied or construed so as to impose any obligation upon Declarant or Wieland to subject any of such additional land to this Declaration or to the jurisdiction of the Association. If such additional land is not subjected to this Declaration, Declarant's and Wieland's reserved rights shall not impose any obligation on either Declarant or Wieland to impose any covenants and restrictions similar to those contained herein upon such additional land nor shall such rights in any manner limit or restrict the use to which such additional land may be put by Declarant, Wieland or any subsequent owner thereof, whether such uses are consistent with the covenants and restrictions imposed hereby or not.

Section 2. Other Annexation. Subject to the consent of the owner thereof, the consent of the Declarant (so long as the Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community), and the consent of Wieland (so long as the Wieland owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community), upon the affirmative vote or written consent, or any combination thereof, of Owners of at least two-thirds (2/3) of the Units, the Association may annex other real property to the provisions of this Declaration and the jurisdiction of the Association by filing for record in the land records of the county in which the property to be annexed is located a Supplementary Declaration describing the property being annexed. Any such Supplementary Declaration shall be signed by the President and Secretary of the Association, and any such annexation shall be effective upon the filing for record of such Supplementary Declaration, unless a later effective date is provided therein.

Section 3. Withdrawal of Property. Declarant and Wieland each individually reserve the right to amend this Declaration so long as Declarant and Wieland have the right to annex additional property pursuant to this Article for the purpose of removing any portion of the Community then owned by Declarant, Wieland or its affiliates or the Association from the coverage of this Declaration, to the extent originally included in error or as a result of any changes whatsoever in the plans for the Community, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Community and does not remove any property or facilities that material adversely affect the use and enjoyment of the Community by the Owners unless acceptable replacement property or facilities are substituted. Any such withdrawal shall be accomplished by the filing for record of an amendment to this Declaration describing the property removed and shall be effective upon filing for record in the land records of the county or counties where the Community is located

unless a later effective date is provided therein. Any amendment by Declarant to remove any portion of the Community then owned by Declarant or its affiliates or the Association from the coverage of this Declaration shall be executed by the Declarant and the Owner(s) of the property being removed and shall not require the vote or consent of any other Person. Any amendment by Wieland to remove any portion of the Community then owned by Wieland or its affiliates or the Association from the coverage of this Declaration shall be executed by Wieland and the Owner(s) of the property being removed and shall not require the vote or consent of any other Person.

Section 4. Creation of Additional Neighborhoods and Annexation of Property to this Declaration. The Declarant reserves the unilateral right, but not necessarily the obligation, to (a) create additional Neighborhoods on all or any portion of the property owned by Declarant or its affiliates and described in Exhibit "C" attached hereto and incorporated herein, which Neighborhoods may be organized as one or more townhome associations, and (b) to subject said property and Neighborhood(s) to the terms of this Declaration. Wieland, shall also have the right, but not necessarily the obligation, to (a) create additional Neighborhoods on all or any portion of the property owned by Wieland or its affiliates and described in Exhibit "C" attached hereto and incorporated herein, which Neighborhoods may be organized as one or more townhome associations, and (b) to subject said property and Neighborhood(s) to the terms of this Declaration.

Section 5. Special Declarant Rights. In addition to the foregoing rights, and notwithstanding anything to the contrary contained in this Declaration, Declarant shall have the unilateral right, privilege and option from time to time, for so long as Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community, to subject any portion of the Community then owned by Declarant or its affiliates to a separate owners' association or sub-association(s) to govern such portions of the Community, and to grant Approved Developer and Approved Builder rights and status to one or several developers with respect thereto, provided the same is not unequivocally contrary to the overall, uniform scheme of development for the Community and does not affect any property or facilities that materially adversely affect the use and enjoyment of the Community by the Owners, and provided further that such portion of the Community continues to pay its pro-rata share of the cost to operate, maintain and repair the Common Property and recreation facilities, if any, serving such portion of the Community.

Article XI

Mortgagee Provisions

The following provisions are for the benefit of holders of first Mortgages on Units in the Community. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the Unit number) (therefore becoming an "eligible holder") will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Unit on which there is a first Mortgage held, insured or guaranteed by such eligible holder;

(b) any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to the Mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of a Unit of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days;

(c) any lapse, cancellation or material modification of any insurance policy maintained by the Association; or

(d) any proposed action which would require the consent of a specified percentage of Mortgage holders.

Section 2. No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

Section 3. Notice to Association. Upon request, each Unit Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

Section 4. Amendments by Board. Should the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

Section 5. Applicability of Article XI. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or North Carolina law for any of the acts set out in this Article.

Section 6. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

Article XII
Easements

Section 1. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang as between each Unit and such portion or portions of the Common Property adjacent thereto or as between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Unit and the adjacent portion of the Common Property or as between adjacent Units, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, tenant or the Association.

Section 2. Easements for Use and Enjoyment.

(a) Every Owner of a Unit shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property which shall be appurtenant to and shall pass with the title to his Unit, subject to the following provisions:

(i) the right of the Association to charge reasonable admission and other fees for the use of any portion of the Common Property, to limit the number of guests of Unit Owners and tenants who may use the Common Property, and to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by an Owner, his family, tenants, guests and invitees;

(ii) the right of the Association to suspend the voting rights of a Unit Owner and the right of an Owner to use the recreational facilities available for use by the Community, if any, for any period during which any assessment against such Owner's Unit which is hereby provided for remains unpaid; and, for a reasonable period of time, for an infraction of the Declaration, Bylaws, or rules and regulations;

(iii) the right of the Association to borrow money for the purpose of improving the Common Property, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and give as security for the payment of any such loan a Mortgage conveying all or any portion of the Common Property; provided, however, the lien and encumbrance of any such Mortgage given by the Association shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant and/or its affiliates, Approved Developer and/or its affiliates, Approved Builder and/or its affiliates, any Unit or Unit Owner, and/or the holder of any Mortgage, irrespective of when executed, given by Declarant, Approved Developer, Approved Builder or any Unit Owner encumbering any Unit or other property located within the Community (any provision in this Declaration or in any such Mortgage given by the Association to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of a default thereunder shall not cancel or terminate any rights, interests, options, easements or privileges herein reserved or established for the benefit of Declarant and/or its affiliates, Approved

Developer and/or its affiliates, Approved Builder and/or its affiliates, any Unit or Unit Owner, and/or the holder of any Mortgage, irrespective of when executed, given by Declarant, Approved Developer, Approved Builder or any Unit Owner encumbering any Unit or other property located within the Community); no such Mortgage given by the Association shall be effective unless an instrument agreeing to such Mortgage has been approved by Owners representing at least eighty percent (80%) of the Total Association Vote (other than Declarant so long as the consent of Declarant is required) and the consent of Declarant (so long as the Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex property to the Community) and the consent of Approved Developer (so long as the Approved Developer owns any property for development and/or sale in the Community);

(iv) the right of the Association to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the members of the Association; no such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by Declarant (so long as Declarant owns any property for development and/or sale within the Community or has the right unilaterally to annex additional property to the Community) and Owners representing at least eighty percent (80%) of the Total Association Vote;

(v) the right of the Association, acting through the Board of Directors and without a vote of the members, to dedicate or grant licenses, permits, easements and rights-of-way over, under and through the Common Property to government entities, any quasi-governmental agency or to any utility company or cable television company;

(vii) all other rights of the Association, the Declarant, Approved Developer, Approved Builder, Owners and Occupants set forth in this Declaration, in any Supplemental Declaration or in any deed conveying Common Property to the Association; and

(viii) all encumbrances and other matters shown by the public records affecting title to the Common Property.

(b) Any Unit Owner may delegate his or her right of use and enjoyment in and to the Common Property and facilities located thereon to the members of his family, his tenants and guests and shall be deemed to have made a delegation of all such rights to the Occupants of such Owner's Unit if leased.

Section 3. Easements for Utilities. There is hereby granted to the Association blanket easements upon, across, above and under all property within the Community for access to, ingress to, egress from, installation of, repairing, replacing and maintaining all utilities serving the Community or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity utilities, as well as storm drainage and any other service, such as, but not limited to, a master television antenna system, cable television system, or security system, which the Declarant, the Approved Developer, the Approved Builder or the Association might decide to have installed to serve the Community or portions thereof. It shall be expressly permissible for the Declarant, the Approved Developer, the Approved Builder, the Association,

or the designees of either, as the case may be, to install, repair, replace and maintain, or to authorize the installation, repairing, replacing and maintaining, of such wires, conduits, cables and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Board shall have the right to grant such easement.

Section 4. Easements for Association Maintenance. There is hereby expressly granted to the Association a perpetual easement across such portions of the Community, determined in the sole discretion of the Association, as are necessary to allow for the maintenance required under Article V. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment of Owners' property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

Section 5. Easements for Maintenance and Repair. There shall be reciprocal appurtenant easements between adjacent Units for the purpose of maintaining or repairing the improvements, including, without limitation, landscaping, located on each Unit, which easement shall extend to a distance of not more than five (5) feet as measured from any point on the common boundary between the Units and along a line perpendicular to such boundary at such point. The easement shall be used only for such period of time as is reasonably necessary in order to complete the needed maintenance or repair. The Unit Owner exercising this easement right shall be liable for the prompt repair of any damage to the Unit over which this easement is exercised which is caused by the maintenance or repair work. The damaged portions of such Unit shall be restored to substantially the same condition as existed prior to the damage.

Section 6. Easements for Entry. In addition to the right of the Board to exercise self-help as provided in Article XIII, Section 2 hereof, the Board shall have the right, but shall not be obligated, to enter upon any property within the Community for emergency, security and safety reasons, which right may be exercised by the manager and all policemen, firemen, ambulance personnel and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. This right of entry shall include the right of the Board to enter to cure any condition which may increase the possibility of a fire, slope erosion or other hazard in the event an Owner or Occupant fails or refuses to cure the condition upon request by the Board.

Section 7. Easements for Entry Features and Street Signs. There is hereby reserved to the Declarant, the Approved Developer, the Approved Builder, the Association, and the designees of either, an easement over and upon all of the Community for ingress to, egress from, installation, construction, landscaping and maintenance of streetscapes, entry features and street signs for the Community, including without limitation those areas of the Community labeled as a "streetscape" area on any plat for the Community, recorded by Declarant and/or Approved Developer and/or Approved Builder in the land records of the county where the Community is located. The easement and right herein reserved shall include the right to cut, remove and plant trees, shrubbery, flowers and other vegetation around all entry features and/or within any such "streetscape" area and the right to grade the land under and around the entry features or within the "streetscape" areas.

Section 8. Easements for Common Driveways. Declarant hereby creates joint and reciprocal easements in perpetuity for vehicular and pedestrian traffic in, upon, over and across those areas, if any, shown on any plat for the Community, recorded by Declarant and/or Approved Developer and/or Approved Builder in the land records of the county or counties where the Community is located, as a common driveway (or such similar or equivalent language as would indicate that such area is a common driveway among two or more Units) (hereinafter referred to as a "Common Driveway"). These easements shall be for the benefit of any Owner of a Unit upon which a Common Driveway is located and shall be for access to and ingress and egress to and from such Owner's Unit by such Owner, and his or her family members, invitees, and designees in, upon, over and across the Common Driveway. Any Common Driveway shall continue to be used for this purpose by the Owners of the Units upon which such Common Driveway is located and by the subsequent Owners and successors-in-title to such Units. In connection with the reservation of these easements, it is acknowledged and agreed that the Owner of a Unit burdened by these easements will be required to utilize the easements for access to and ingress and egress to and from such Owner's Unit and that such easements are critical to the future use and enjoyment of such Owner's Unit. No Owner shall be allowed to change, alter or diminish the rights of an Owner of a Unit burdened by these easements to the use and enjoyment of the Common Driveway on such Owner's Unit. This Section shall not apply to any alleys in the Community and any common driveways which are not located on a Unit in the Community.

Each Common Driveway shall be cleaned, maintained, repaired and replaced as a joint effort by the Owners of the Units upon which such Common Driveway is located. This responsibility and the cost thereof shall be shared on an equal basis by each of said Owners, notwithstanding the respective use of the Common Driveway by the Owners of the Units upon which such Common Driveway is located. In order to protect the value of the respective Units and to insure the proper use and enjoyment of the respective Units, the owner of a Unit upon which a Common Driveway is located shall have the full and unrestricted right to cause the cleaning, maintenance, repair and replacement of the Common Driveway located on such Owner's Unit as may be necessary to insure that such Common Driveway is maintained in a good, proper and functional condition and appearance. The failure by any Owner of a Unit upon which a Common Driveway is located to pay when due his or her portion of any expense incurred by another Owner of a Unit upon which such Common Driveway is located for cleaning, maintenance, repair and replacement of such Common Driveway shall be a violation of the covenants and restrictions set forth in this Declaration, and such nonpaying Owner shall be liable to the Owner who performed such cleaning, maintenance, repair and replacement for his or her portion of such expense, plus costs and expenses, including reasonable attorney's fees, incurred by such Owner in collecting such amount.

Section 9. Easements for Driveway Turnaround. Each Unit is hereby granted an appurtenant easement for encroachment onto adjacent Units to a distance of not more than five (5) feet from the common boundary or boundaries with the adjacent Units. This easement is for the sole purpose of the placement, existence, use and maintenance of a driveway turnaround as originally constructed on and to serve the Unit. If the driveway turnaround on and serving the Unit is originally constructed so as not to utilize portions of this easement, the portions of this

easement not utilized (which could be all of this easement, as the case may be) shall terminate and be null and void forever and of no further force and effect at any time.

This easement shall be for the benefit of the Owner of the Unit served by a driveway turnaround originally constructed in whole or in part on an adjacent Unit and shall be solely for access to, and ingress and egress to and from, such Owner's Unit by such Owner and his or her family members, invitees and designees in, upon, over and across the driveway turnaround serving such Owner's Unit. No other Person shall be allowed to change, alter or diminish the rights of the Owner of the Unit benefited by this easement to the use and enjoyment of the driveway turnaround serving such Owner's Unit. The driveway turnaround shall be cleaned, maintained, repaired and replaced by the Owner of the Unit served by the driveway turnaround. However, the Owner of the Unit served by the driveway turnaround shall not in any way expand this easement/encroachment after initial construction on the Unit. No fence or other obstructions shall be constructed within said five foot (5') area (except those constructed by Declarant and/or Approved Developer and/or Approved Builder, if any) which would prohibit users of the adjacent Unit from using this easement.

Section 10. Easements for Encroachments. The dwellings located on the Units may have certain eaves, roof overhangs, building materials and other structures attached to the walls and roofs of such dwellings which may encroach over or extend into the air space, improvements and/or real property located on adjoining or continuous Units and/or Common Property. All of the Units and the Common Property shall be subject to easements for encroachments and for the maintenance, repair and replacement thereof as a result of construction, reconstruction, repair, renovation, restoration, shifting, settlement or movement so long as such encroachment exists. If any such Unit, including any dwelling located thereon, is damaged or destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, the Owner of such Unit shall have an easement to reconstruct such encroachments in connection with the reconstruction of such dwelling. Easements shall also exist for encroachment upon the Common Property and/or Units as necessary for the express purpose of maintenance, repair and restoration of any Unit or structure located thereon. The easements shall be used only for such period of time as is reasonably necessary in order to complete the needed maintenance, repair and restoration. The Owner of the Unit exercising the easement right shall be liable for the prompt repair of any damage to the property over which the easement is exercised which is caused by the maintenance, repair or restoration work. The damaged portions of such property shall be restored to substantially the same condition as existed prior to the damage.

Section 11. Easement for Private Street, Sidewalks and Signs. Declarant hereby grants, conveys, declares, creates, imposes and establishes a perpetual, nonexclusive right-of-way easement for vehicular and pedestrian access, ingress and egress over and across the private streets, alleys and drives as depicted on the recorded subdivision plats for the Community. The right-of-way easement herein granted shall permit joint usage of such easement by (a) the Owners and Occupants, (b) the legal representatives, successors and assigns of the Owners, and (c) invitees and licensees of the Owners and Occupants. Declarant hereby expressly reserves for itself, its successors and assigns, all rights and privileges incident to the ownership of the fee simple estate of any such easement area which are not inconsistent with the rights and privileges herein granted, including, without limitation, the right to maintain one or more proprietary signs

on the easement area and the right to grant additional nonexclusive easements to third parties, over, under and across the easement area. Declarant hereby reserves for the benefit of Declarant and grants to Approved Developer, Approved Builder and to the Association as Common Property, the perpetual nonexclusive right and easement upon, over and across the private streets, alleys and drives for the installation, maintenance, and use of such streets, alleys, drives, sidewalks, traffic directional signs, grading for proper drainage, and related activities and improvements.

Section 12. Mailbox and Trash Receptacle Easement. The Declarant hereby declares, creates, imposes and establishes a non-exclusive joint and reciprocal easement in perpetuity over and across an area five (5) feet wide running along and contiguous to the boundary line of the private streets in the Community as shown on the recorded subdivision plats for the Community for the installation of and use and enjoyment of mailboxes and the placement of trash receptacles for pickup. Each mailbox shall be of a standard type as approved under Article VI hereof.

Section 13. Easement for Drainage. There is hereby reserved by the Declarant and granted to Approved Developer, Approved Builder and the Association an easement upon, across, above and under all storm water drainage easement areas as shown on the recorded subdivision plat(s) for the Community for access, ingress, egress, installation, alteration, repairing, replacing, and maintaining the storm water drainage system and related facilities serving the Community or any portion thereof (but without obligation on the part of Declarant, Approved Developer or Approved Builder). This easement shall include the right (but not the obligation on the part of Declarant, Approved Developer or Approved Builder) to construct and maintain catch basins, retention ponds, detention ponds, drainage swales, storm sewers, storm drains, sloping banks, cut or fill. In addition, there is hereby reserved to the Declarant, Approved Developer and granted to Approved Builder and the Association a blanket easement across all Units for creating and maintaining satisfactory drainage in the Community (but without obligation on the part of Declarant, Approved Developer or Approved Builder); provided, however, such easement area shall not include any portion of a Unit within the outer perimeter of the dwelling structure. It is anticipated that increased storm water run-off across downstream Units will result from the construction of impervious surface within the Community. Neither the Declarant, Approved Developer, Approved Builder, the Association, any Neighborhood Association nor any builder or Owner constructing according to plans and specifications approved or deemed approved under Article VI hereof shall have any liability to any Owner due to the increased flow or increased velocity of surface water resulting from such construction.

Section 14. Unit Owner - Easement for Utilities. Declarant hereby establishes for the benefit of each Unit a nonexclusive easement for installation, maintenance, repair, replacement and use of all pipes, wires, cables, conduits, utility lines, flues and ducts serving such Unit and situated in, on or under any other Unit or the Common Property. The Board of Directors, and without a vote of the Owners, shall have the right, power and authority to grant permits, licenses, utility easements, and other easements, permits or licenses necessary or desirable for the proper maintenance or operation of the Community under, through, or over the Units, and the Common Property as may be reasonably necessary to or desirable for the ongoing operation of the Community. In the event that any Owner desires access to the attic or other

areas of another Unit to install, maintain, repair or replace any utility pipe, wire, cable, conduit, utility line, flue or duct, the Owner shall contact the Owners of such Unit(s) at least two (2) days in advance of the date that access is needed and attempt to agree on a convenient date and time for access by the Owner and the Owner's contractors. Access in emergency situations shall be granted immediately upon request. Any Owner of a Unit to which access is needed under this Section shall not unreasonably withhold, condition or delay such access. Rights exercised pursuant to this easement shall be exercised with a minimum of interference to the quiet enjoyment of affected Units, reasonable steps shall be taken to protect such Units and the property the Owners and Occupants thereof, and damage shall be repaired by the Person causing the damage at its sole expense.

Article XIII **General Provisions**

Section 1. Enforcement. Each Owner and every Occupant of a Unit shall comply strictly with the Bylaws, the rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions and restrictions set forth in this Declaration and in the deed to his or her Unit, if any. The Board of Directors may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the Bylaws or the rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors, on behalf of the Association, or, in a proper case, by an aggrieved Owner. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board shall have the right to record in the appropriate land records a notice of violation of the Declaration, Bylaws, rules and regulations or use restrictions and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing.

Section 2. Self-Help. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Unit or any portion of the Common Property to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates this Declaration, the Bylaws, the rules and regulations or the use restrictions. Unless an emergency situation exists, the Board shall give the violating Unit Owner ten (10) days' written notice of its intent to exercise self-help. Notwithstanding the foregoing, vehicles may be towed after reasonable notice. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Unit Owner and shall be collected as provided for herein for the collection of assessments.

Section 3. Duration. The covenants, conditions, restrictions and easements contained in this Declaration shall run with and bind the Community, and shall inure to the benefit of and shall be enforceable by the Association, the Declarant and any Owner, their respective legal representatives, heirs, successors, and assigns, perpetually, until terminated by the agreement of the Owners of at least eighty (80%) percent of the Units as provided in the North Carolina Planned Community Act. Every purchaser or grantee of any interest (including, without

limitation, a security interest) in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that such provisions of this Declaration may be extended and renewed as provided in this Section.

It is the intention of the Declarant that the Declaration exist and continue until terminated as provided herein, and that it constitute an exception to any automatic termination or expiration provision that might be applicable under the Real Property Marketable Title Act as contained in Chapter 47B of the North Carolina General Statutes, or under any successor or replacement statute or any other applicable law that would or could terminate the Declaration other than in the manner provided for termination herein. Accordingly, the Association, in its discretion, may at any time and from time to time, re-record in the land records of the county where any portion of the Community is located the Declaration or some memorandum or other notice hereof in order to continue the Declaration in full force and effect and/or to qualify the Declaration as an exception to any such automatic termination or expiration provision of the Real Property Marketable Title Act or any other applicable law.

Section 4. Amendment. This Declaration may be amended at any time and from time to time by Declarant, with the consent of Wieland so long as Wieland owns any property for development or sale in the Community or has the right unilaterally to annex additional property to the Community, (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Units subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Units subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to guarantee or insure Mortgage loans on the Units subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Unit unless any such Unit Owner shall consent thereto in writing. Further, so long as Declarant has the right unilaterally to subject additional property to this Declaration as provided in Article X hereof, Declarant may, with the consent of Wieland so long as Wieland owns any property for development or sale in the Community or has the right unilaterally to annex additional property to the Community, amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Unit Owner hereunder, nor shall it adversely affect title to any Unit without the consent of the affected Unit Owner.

Further, this Declaration may be amended at any time and from time to time by Wieland, with the consent of Declarant so long as Declarant owns property for development and/or sale within the Community, (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Units subject to this Declaration; (c) if such amendment is required by an institutional or governmental

lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Units subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to guarantee or insure Mortgage loans on the Units subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Unit unless any such Unit Owner shall consent thereto in writing. Further, so long as Wieland has the right unilaterally to subject additional property to this Declaration as provided in Article X hereof, Wieland may amend this Declaration, with the consent of Declarant so long as Declarant owns property for development and/or sale within the Community, for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Unit Owner hereunder, nor shall it adversely affect title to any Unit without the consent of the affected Unit Owner.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of Owners of at least two-thirds (2/3) of the Units, the consent of Declarant (so long as the Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community) and the consent of Wieland (so long as Wieland owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community). Amendments to this Declaration shall become effective upon recordation, unless a later effective date is specified therein. No provision of this Declaration which reserves or grants special rights to the Declarant and/or its affiliates, and/or to Wieland and/or its affiliates, and/or to Approved Developer and/or its affiliates, and/or to Approved Builder and/or its affiliates, shall be amended without the prior written consent of any of the foregoing affected by such amendment, so long as the Declarant and/or Wieland and/or Approved Developer and/or Approved Builder and/or the affiliates of either, as the case may be and as applicable, own any property primarily for development and/or sale in the Community or subject to annexation to the Community.

Any lawsuit challenging any aspect of an amendment to this Declaration must be filed in a court of competent jurisdiction in a county in which the Community is located within one (1) year of the recordation of such amendment.

Section 5. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 6. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any Person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

Section 7. Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

Section 8. Conveyance of Property to Association; No Implied Rights. Declarant and its affiliates and/or Approved Developer and its affiliates and/or Approved Builder and its affiliates may transfer or convey to the Association at any time and from time to time any personal property and any interest in improved or unimproved real property. Such conveyance shall be accepted by the Association, and the property shall thereafter be Common Property to be maintained by the Association for the benefit of all or a part of its members. So long as Declarant owns any property primarily for development and/or sale in the Community or has the right unilaterally to annex additional property to the Declaration, Declarant may, with the consent of Wieland so long as Wieland owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community, and written notice to the Association, require the reconveyance by the Association to Declarant, or its designees, of any portion of Common Property or any portion thereof, improved or unimproved, at no charge to Declarant, or its designees, without a vote of the Owners/members of the Association, if: (i) the Common Property or portion thereof is found by Declarant to have been conveyed in error, or is reasonably determined by Declarant to be needed due to changes in the overall scheme of development for the Community; (ii) such reconveyance is not violation of any local ordinances or applicable zoning regulations; (iii) such reconveyance does not adversely affect title to any Unit without the consent of the affected Unit Owner; and (iv) such reconveyance is not materially inconsistent with the overall scheme of development for the Community. Further, so long as Wieland owns any property primarily for development and/or sale in the Community or has the right unilaterally to annex additional property to the Declaration, Wieland may, with the consent of Declarant so long as Declarant owns any property primarily for development and/or sale in the Community, and written notice to the Association, require the reconveyance by the Association to Wieland, or its designees, of any portion of Common Property or any portion thereof, improved or unimproved, at no charge to Wieland, or its designees, without a vote of the Owners/members of the Association, if: (i) the Common Property or portion thereof is found by Wieland to have been conveyed in error, or is reasonably determined by Wieland to be needed due to changes in the overall scheme of development for the Community; (ii) such reconveyance is not violation of any local ordinances or applicable zoning regulations; (iii) such reconveyance does not adversely affect title to any Unit without the consent of the affected Unit Owner; and (iv) such reconveyance is not materially inconsistent with the overall scheme of development for the Community.

The Association hereby constitutes and appoints Declarant and Wieland and the assigns of either as the Association's agent and attorney-in-fact to accept/make on behalf of the Association any such conveyances and reconveyances and to execute on behalf of the Association any and all documents, including, without limitation, deeds and transfer tax declaration forms, necessary or convenient to effectuate and document any of the foregoing conveyances and reconveyances, and all of the acts of such attorney-in-fact are hereby ratified. The power and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise.

Declarant, Approved Developer, Approved Builder and their affiliates shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section, and Declarant, Approved Developer, Approved Builder and their affiliates shall have no duty or obligation to convey any property or property rights to the Association, regardless of whether or not any such property has been made available for the use of Owners. The Association shall also accept assignment of, and shall assume and agree to perform, any contracts entered into by Declarant, Approved Developer, Approved Builder and their affiliates for the benefit of the Association, its members or the Owners, including, without limitation, detention pond maintenance agreements and all types of utility easements.

Declarant, and/or Approved Developer, and/or Approved Builder may reserve, by condition, restriction, lease, license, easement or otherwise, such rights of use and enjoyment in and to all or any portion of the property conveyed as Declarant and/or Approved Developer and/or Approved Builder may reasonably require, so long as such reservation is not materially inconsistent with the overall scheme of development for the Community. Neither the recordation of any subdivision plat, nor the use by the Owners or maintenance by the Association of any property, shall create any rights, easements or licenses in the Association or the Owners, express or implied, unless and until any such property, rights, easements or licenses are conveyed to the Association or the Owners, as the case may be, by an instrument recorded in the Office of the Register of Deeds of the county or counties where the property is located.

Section 9. Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 10. Indemnification. In accordance with, and to the full extent allowed by, the North Carolina Nonprofit Corporation Act, the Association shall indemnify every Person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association), by reason of the fact that such Person is or was serving as a director or officer of the Association against any and all expenses, including attorney's fees, imposed upon or reasonably incurred in connection with any action, suit or proceeding, if such Person acted in a manner reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Any indemnification hereunder shall be made by the Association only as authorized in a specific case upon a determination that indemnification of the Person is proper under the circumstances.

Section 11. Construction and Sale Period. Notwithstanding any provisions contained in this Declaration, the Bylaws, the Articles of Incorporation of the Association, rules and regulations, use restrictions, and any amendments to any of the foregoing, the Declarant hereby expressly reserves unto itself and its successors and assigns, and grants to Approved Developer and its successors and assigns and Approved Builder and its successors and assigns, a non-exclusive, perpetual right, privilege, and easement with respect to the Community for the

benefit of the Declarant, its successors and assigns, the Approved Developer, its successors and assigns, and Approved Builder, its successors and assigns, over, under, in, and/or on the Community, without obligation and without charge to the Declarant, the Approved Developer or Approved Builder, for the purposes of taking all actions related to or connected with construction, installation, relocation, development, sale, maintenance, repair or replacement on property owned by Declarant or by the Association or by Approved Developer or Approved Builder respectively and any other property now owned or which may in the future be owned by the Declarant or by the Association or by Approved Developer or Approved Builder (such other property is hereinafter referred to as "Additional Property") The reserved easement shall constitute a burden on the title to the Community and specifically includes, but is not limited to:

(a) the right of access, ingress and egress for vehicular and pedestrian traffic over, under, on or in the Community; and the right to tie into any portion of the Community with streets, driveways, parking areas and walkways; and the right to tie into and/or otherwise connect and use (without a tap-on or any other fee payable to the Association or any Owner for so doing), replace, relocate, maintain and repair on property owned by Declarant or the Association or by Approved Developer or Approved Builder respectively any device which provides utility or similar services, including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under and/or over the Community;

(b) the right to use (continually or from time to time) without charge any clubhouse or similar structure and appurtenant recreational facilities, if any, with the consent of the Board, for business purposes or company functions and any similar use, including, but not limited to, sales and marketing meetings, offices for sales or other employees and agents, a design studio and employee parties; and

(c) the right to construct, install, replace, relocate, maintain, repair, use and enjoy signs, model residences, construction trailers and sales offices on any property owned by Declarant or the Association or by Approved Developer and Approved Builder respectively.

No rights, privileges and easements granted or reserved herein shall be merged into the title of any property, including, without limitation, the Community, but shall be held independent of such title, and no such right, privilege or easement shall be surrendered, conveyed or released unless and until and except by delivery of a quitclaim deed from the Declarant, the Approved Developer and Approved Builder releasing such right, privilege or easement by express reference thereto.

If these reserved easements are exercised without annexing any Additional Property to the Community, the owners of the affected Additional Property shall share the costs, if any, of using and maintaining utility and similar facilities, including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities, with the Owners in the Community in the proportion that the number of completed dwellings on the affected Additional Property bears to the sum of the number of completed dwellings on the affected Additional Property plus the number of Units in the Community. The costs of maintenance and repair of Community streets and driveways shall likewise be apportioned to the affected Additional Property if the only means of vehicular access to the affected Additional Property is across the

Community. For the purposes of this provision, a dwelling on the affected Additional Property shall be considered completed when a certificate of occupancy has been granted. The allocation of expenses and the collection therefor may be done on a monthly, quarterly or annual basis as may reasonably be determined by the Association in accordance with this Declaration. If any of the Additional Property is added to the Community, from the time of the annexation, the sharing of costs and expenses and the use of any property so added shall be governed by this Declaration, rather than by these reserved easements.

This Section shall not be amended without the prior written consent of the Declarant, Approved Developer and Approved Builder, so long as the Declarant, Approved Developer or Approved Builder owns any property primarily for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community, as applicable.

Section 12. Books and Records.

(a) Inspection by Members and Mortgagees. This Declaration, the Bylaws, copies of rules and use restrictions, membership register, books of account and minutes of meetings of the members of the Board and of committees shall be made available for inspection and copying by any member of the Association or by his duly appointed representative and by holders, insurers or guarantors of any first Mortgage at any reasonable time and for a purpose reasonably related to his or her interest as a member or holder, insurer or guarantor of a first Mortgage at the office of the Association or at such other reasonable place as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents.

(c) 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 extra copies of documents at the reasonable expense of the Association.

Section 13. Financial Statements. Financial statements for the Association shall be compiled annually in the manner as the Board of Directors may decide; provided, however, after having received the Board's financial statements at the annual meeting, the Owners, by a Majority vote, may require that the financial statements of the Association be audited as a common expense by a certified public accountant. Upon written request of any institutional holder of a first Mortgage and upon payment of all costs associated therewith, such holder shall be entitled to receive a copy of the audited financial statements of the Association within ninety (90) days of the date of the request.

Section 14. Notice of Sale or Lease. In the event an Owner sells or leases his or her Unit, the Owner shall give to the Association, in writing, the name of the purchaser or lessee of the Unit and such other information as the Board may reasonably require.

Section 15. Agreements. Subject to the prior approval of Declarant, so long as the Declarant has an option to unilaterally subject additional property to this Declaration as provided in Article X above, all agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board of Directors shall be binding upon all Owners, their heirs, legal representatives, successors, assigns and others having an interest in the Community or the privilege of possession and enjoyment of any part of the Community.

Section 16. Variances. Notwithstanding anything to the contrary contained herein, the Board of Directors or its designee shall be authorized to grant individual variances from any of the provisions of this Declaration, the Bylaws and any rule, regulation or use restriction promulgated pursuant thereto if it determines that waiver of application or enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development for the Community.

Section 17. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least seventy-five percent (75%) of the Total Association Vote. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided in Article IV hereof, (c) proceedings involving challenges to ad valorem taxation, (d) counterclaims brought by the Association in proceedings instituted against it, or (e) actions brought by the Association against any contractor, vendor, or supplier of goods or services arising out of a contract for goods or services to which the Association is a party. This Section shall not be amended unless such amendment is made by the Declarant pursuant to Article XIII, Section 4 hereof, or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 18. Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration, the Bylaws, the Articles of Incorporation of the Association, any use restriction or rule, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

Section 19. Use of Recreational Facilities by Nonmembers. Until fifty percent (50%) of the Units that are planned by Declarant to be a part of the Community have been conveyed to Owners for occupancy as a residence, Declarant, Approved Developer and Approved Builder shall have the right to grant to persons who are not members of the Association the right to use the Community recreational facilities (if any). The number of persons granted nonmember use rights and the fee to be charged therefor shall be determined by the Board of Directors. Such fees shall be paid in equal annual installments to the Association, unless otherwise determined by the Board. The amount of such installment payments may be increased each year by the Board so

long as the percentage increase (as compared to the previous year's installment) does not exceed the percentage increase in the annual assessment levied against members of the Association (as compared to the previous year's assessment). The nonmember use rights shall terminate on December 31st of the year that fifty percent (50%) of the Units that are planned by Declarant to be a part of the Community have been conveyed to Owners for occupancy as a residence.

Declarant hereby expressly reserves unto itself and its successors and assigns a non-exclusive, perpetual right, privilege and easement with respect to the Community for the benefit of Declarant, its successors, assigns, Approved Developer, its successors, assigns, Approved Builder, its successors, assigns and the above discussed nonmember users, over, under, in and/or on the Community (including, without limitation, the above described recreational facilities), without obligation and without charge to the foregoing, for the purposes of taking all actions related to or connected with the granting of nonmember use and the use by such nonmembers as described above. Such right, privilege and easement shall include, without limitation, the right of access, ingress, use and egress of and to the above described recreational facilities and the right of access, ingress, use and egress for vehicular and pedestrian traffic over, under, on or in the Community roads, parking areas and walkways.

Declarant, its partners and affiliates, Approved Developer, its partners and affiliates, Approved Builder, its partners and affiliates and the officers, directors, shareholders, employees, agents, successors and assigns of any of the foregoing, shall not be liable for and are hereby held harmless by the Association from any failure of any nonmember to pay a nonmember user fee to the Association where required to do so by this Section. In such case, the Association's sole remedy shall be to suspend the use right of the nonmember who has not timely paid until all amounts owed are paid. Declarant, its partners and affiliates, Approved Developer, its partners and affiliates, Approved Builder, its partners and affiliates, and the officers, directors, shareholders, employees, agents, successors and assigns of any of the foregoing, shall also not be liable for and are hereby held harmless by the Association from any personal injury or property damage caused by a nonmember entitled to use the above described recreational facilities.

Section 20. Security.

(a) The Declarant, Approved Developer, Approved Builder and the Association may, but shall not be obligated to, maintain or support certain activities within the Community designed to make the Community and the Units safer than they otherwise might be. HOWEVER, THE ASSOCIATION, THE DECLARANT, ITS PARTNERS AND AFFILIATES, ANY SUCCESSOR DECLARANT, APPROVED DEVELOPER, ITS PARTNERS AND AFFILIATES, APPROVED BUILDER, ITS PARTNERS AND AFFILIATES AND THE OFFICERS, DIRECTORS, COMMITTEES, MEMBERS, SHAREHOLDERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS OF ANY OF THE FOREGOING, SHALL NOT IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE COMMUNITY, NOR SHALL ANY OF THE FOREGOING BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. NO REPRESENTATION OR WARRANTY IS MADE THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM CANNOT BE

COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTANDS AND COVENANTS TO INFORM ITS TENANTS THAT THE ASSOCIATION, THE DECLARANT, ITS PARTNERS AND AFFILIATES, APPROVED DEVELOPER, ITS PARTNERS AND AFFILIATES, APPROVED BUILDER, ITS PARTNERS AND AFFILIATES ANY SUCCESSOR DECLARANT, AND THE OFFICERS, DIRECTORS, COMMITTEES, MEMBERS, SHAREHOLDERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS OF ANY OF THE FOREGOING, ARE NOT INSURERS AND THAT EACH PERSON USING THE COMMUNITY ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO PROPERTY, TO UNITS, AND TO THE CONTENTS OF UNITS AND THE STRUCTURES THEREON RESULTING FROM ACTS OF THIRD PARTIES.

Section 21. No Discrimination. No action shall be taken by the Declarant, Approved Developer, Approved Builder, the Association or the Board of Directors which would discriminate against any person on the basis of race, creed, color, national origin, religion, sex, familial status or disability.

Section 22. Cumulative Effect; Conflict. The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Neighborhood Declaration and the Association may, but shall not be required to, enforce the latter; provided, however, in the event of conflict between or among such covenants and restrictions, and the provisions of any articles of incorporation, bylaws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Neighborhood Declaration or Neighborhood Association shall be subject and subordinate to those of this Declaration and the Association. In the event of a conflict between the provisions of this Declaration and the provisions of North Carolina law, then to the extent that the provisions of North Carolina law cannot be waived by agreement, North Carolina law shall control.

[continued on next page]

BK012453PG00842

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed under seal by their duly authorized officer(s) as of this 20th day of March, 2007.

DECLARANT:

HOLLY SPRINGS RESIDENTIAL
PROPERTIES LLC, a North Carolina limited
liability company

By: Tim Smith

Print Name: Tim Smith

Title: Manager

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I certify that the following person(s) personally appeared before me this day, and

- ☒ I have personal knowledge of the identity of the principal(s)
☐ I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a _____
☐ A credible witness has sworn to the identity of the principal(s);

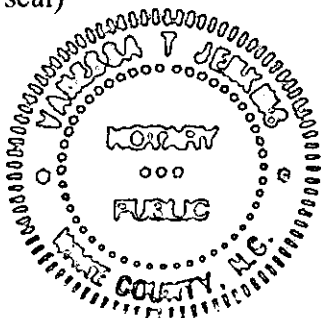
each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Manager Tim Smith

Date: 3.13.07

Larance J. Harris
Larance J. Harris, Notary Public
(print name)

(official seal)

My commission expires: 1-21-2008



ATTEST:

Andrea Lostrand
Assistant Secretary

APPROVED DEVELOPER:

JOHN WIELAND HOMES AND
NEIGHBORHOODS OF THE CAROLINAS
INC., a Georgia corporation

By: Richard A. Ba

Print Name: RICHARD A. BA

Title: EXECUTIVE VICE PRESIDENT

[CORPORATE SEAL]

STATE OF GEORGIA

COUNTY OF CLAYTON

I, MARIA MOLISE, a Notary Public, do hereby certify that ANDREA LOSTRAND personally came before me this day and acknowledged that (s)he is Assistant Secretary of JOHN WIELAND HOMES AND NEIGHBORHOODS OF THE CAROLINAS, INC., a Georgia corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its EXECUTIVE VICE PRESIDENT, sealed with its corporate seal and attested by ANDREA LOSTRAND as its Assistant Secretary.

WITNESS my hand and official stamp or seal this 19th day of MARCH, 2007.

[Signature]
Notary Public

My Commission Expires: 4/21/08

[NOTARIAL SEAL]

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

BK012453PG00844

The Association has executed this instrument and affixed the seal below this 13 day of March, 2007 for the purpose of consenting to all of the terms and provisions of this Declaration.

WOODCREEK NEIGHBORHOOD
ASSOCIATION, INC., a North Carolina
nonprofit corporation

By: *Tim Smith*

Print Name: Tim Smith

Title: President

[CORPORATE SEAL]

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I certify that the following person(s) personally appeared before me this day, and

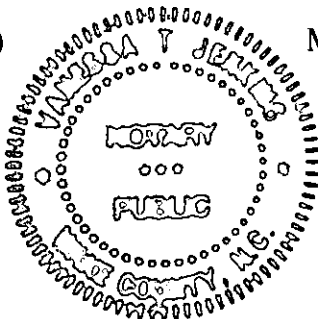
- ☒ I have personal knowledge of the identity of the principal(s)
☐ I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a _____

☐ A credible witness has sworn to the identity of the principal(s);
each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated. Tim Smith, President

Date: 3-13-07

Karen J. Hicks
Karen J. Hicks, Notary Public
(print name)

(official seal)



My commission expires: 1-21-2008

EXHIBIT "A"

Definitions

The following words, when used in this Declaration or in any amendment thereof (unless the context shall prohibit), shall have the following meanings:

(a) "Approved Builder" shall mean a home builder approved by Declarant for the construction of houses on Units which home builder has been granted rights of Approved Builder hereunder by the Declarant in a written instrument. Declarant may grant rights of Approved Builder to one or several home builders. Unless otherwise provided, rights of Approved Builder hereunder shall apply only to the Units within a particular Neighborhood which are acquired by the Approved Builder. After Declarant no longer has the right to appoint the directors and officers of the Association, Approved Developer shall have all authority of the Declarant hereunder to grant rights of Approved Builder. Approved Developer may only grant rights of Approved Builder as to the particular portion of the Community, including, without limitation, a Neighborhood therein, which is acquired by the Approved Developer.

(b) "Approved Developer" shall mean and refer to John Wieland Homes and Neighborhoods of the Carolinas, Inc., a Georgia corporation, and its successors-in-title and assigns approved by Declarant as well as any other developer approved by Declarant for the development of a portion of the Community, including without limitation, a Neighborhood. Declarant may grant rights of Approved Developer to one or several developers; provided, however, there shall be only one holder of the rights of Approved Developer hereunder as to a particular portion of the Community at any one point in time. Unless otherwise provided, rights of Approved Developer hereunder shall apply only to the particular portion of the Community, including, without limitation, a Neighborhood therein, which is acquired by the Approved Developer.

(c) "Association" shall mean and refer to Woodcreek Neighborhood Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

(d) "Board of Directors" or "Board" of the Association shall be the appointed or elected body, as applicable, having its normal meaning under North Carolina corporate law.

(e) "Bylaws" shall refer to the Bylaws of Woodcreek Neighborhood Association, Inc., attached to this Declaration as Exhibit "D" and incorporated herein by this reference.

(f) "Common Property" shall mean any and all real and personal property and easements, leaseholds and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners.

(g) "Community" shall mean and refer to that certain real property and interests therein described in Exhibit "B", attached hereto, and (i) such additions thereto as may be made by Declarant (or its Mortgagee or transferee, as provided in the Declaration) of all or any portion

of the real property described in Exhibit "C", attached hereto; and (ii) such additions thereto as may be made by the Association (as provided in the Declaration) of other real property.

(h) "Community-Wide Standard" shall mean the standard of conduct, maintenance or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board of Directors of the Association. Such determination, however, must be consistent with the Community-Wide Standard originally established by the Declarant.

(i) "Declarant" shall mean and refer to Holly Springs Residential Properties, LLC, a North Carolina limited liability company, and its successors-in-title and assigns, provided any such successor-in-title or assign shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property described in Exhibit "B", attached hereto, or in Exhibit "C", attached hereto, and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as the "Declarant" hereunder by the grantor of such conveyance, which grantor shall be the "Declarant" hereunder at the time of such conveyance; provided, further, upon such designation of such successor Declarant, all rights of the former Declarant in and to such status as "Declarant" hereunder shall cease, it being understood that as to all of the property described in Exhibit "B", attached hereto, and in Exhibit "C", attached hereto, which is now or hereafter subjected to this Declaration, there shall be only one Person or legal entity entitled to exercise the rights and powers of the "Declarant" hereunder at any one point in time.

(j) "Majority" means those eligible votes, Owners or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

(k) "Mortgage" means any mortgage, deed to secure debt, and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

(l) "Mortgagee" shall mean the holder of a Mortgage.

(m) "Neighborhood" means each separately developed and denominated residential area within the Community which has been so designated on Exhibit "B" hereof or in one or more Supplementary Declarations. By way of illustration and not limitation, a townhouse development, cluster home development, or single-family detached housing development might each be designated as a separate Neighborhood. The Declarant and Wieland shall have the right to designate separate Neighborhood status and change the Neighborhood status of any previously designated Neighborhood for any property in the Community. A Neighborhood may (but is not required to) have a separate incorporated mandatory membership Neighborhood Association.

(n) "Neighborhood Association" means a homeowners association or other mandatory membership Community association having concurrent jurisdiction with the Association over any Neighborhood.

(o) "Neighborhood Declaration" shall refer to any declaration of protective covenants or similar instrument recorded in the land records of the county or counties where the

Community is located which subjects all or a portion of the land within such Neighborhood to covenants, restrictions, and easements in addition to those contained in this Declaration.

(p) "Occupant" shall mean any Person occupying all or any portion of a Unit or other property located within the Community for any period of time, regardless of whether such Person is a tenant of the Owner of such property.

(q) "Owner" shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to any Unit located within the Community, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

(r) "Person" means any natural person, as well as a corporation, joint venture, partnership (general or limited), association, trust, or other legal entity.

(s) "Supplementary Declaration" means an amendment or supplement to this Declaration which subjects additional property to this Declaration or imposes, expressly or by reference, additional restrictions and obligations on the land described therein, or both.

(t) "Total Association Vote" means all of the votes attributable to members of the Association (including votes of Declarant and votes of the Voting Delegate, if any, for each Neighborhood), and the consent of Declarant (so long as Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community), and the consent of Approved Developer (if Approved Developer owns any property for development and/or sale in the Community) and the consent of Approved Builder (if Approved Builder owns any property for development and/or sale in the Community).

(u) "Town" means the Town of Holly Springs, North Carolina.

(v) "Unit" means a portion of the Properties, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use, and occupancy as an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. The term shall include within its meaning, by way of illustration but not limitation, townhouse units, cluster homes, patio or zero Unit line homes, and single-family detached houses on separately platted Units, as well as vacant land intended for development as such, but shall not include Common Area, common property owned by any Neighborhood Association, or property dedicated to the public. In the case of a building within a condominium or other structure containing multiple dwellings, each dwelling shall be deemed to be a separate Unit. In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to be a single Unit until such time as a subdivision plat or condominium plat is filed of record on all or a portion of the parcel. Thereafter, the portion not encompassed by such plat shall continue to be treated in accordance with this paragraph. The ownership of each Unit shall include, and there shall automatically pass with the title to each Unit as an appurtenance thereto, all of the right, title and interest of an Owner in the Common Property, if any, which shall include, without limitation, membership in the Association.

(w) "Wieland" shall mean and refer to John Wieland Homes and Neighborhoods of the Carolinas, Inc., a Georgia corporation, and its successors-in-title and assigns, provided any such successor-in-title or assign shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property described in Exhibit "B", attached hereto, or in Exhibit "C", attached hereto, and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is specifically granted all rights and powers of "Wieland" hereunder by the grantor of such conveyance, which grantor shall have all rights and powers of "Wieland" hereunder at the time of such conveyance; provided, further, upon such designation of such successor, all rights of the grantor in and to such status as "Wieland" hereunder shall cease, it being understood that as to all of the property described in Exhibit "B", attached hereto, and in Exhibit "C", attached hereto, which is now or hereafter subjected to this Declaration, there shall be only one Person or legal entity entitled to exercise the rights and powers of the "Wieland" hereunder at any one point in time.

BK012453PG00849

EXHIBIT “B”

Property Submitted

BK012453PG00850

EXHIBIT B

LEGAL DESCRIPTION

TRACT 1:

BEING all of Lots 1 and 3 through 10, inclusive, as shown on plat entitled "Woodcreek Recombination Plat" dated November 28, 2006, and prepared by Michael E. Dickerson, Professional Land Surveyor, of Withers & Ravenel, Cary, North Carolina, and recorded in Book of Maps 2006, Pages 2536-2540, inclusive, Wake County, North Carolina Registry, to which reference is hereby made for a more complete description.

TRACT 2

BEING Lots Nos. 30, 31, 32 and 33 of the subdivision of Old Pierce Place, as per plat recorded in Book of Maps 1959 on Page 167 in the Office of the Register of Deeds of Wake County, to which plat reference is hereby made for greater certainty of description.

LESS & EXCEPT THE FOLLOWING:

Right of Way for Streets:

an interest in fee simple absolute in the lands of the Grantor(s) as described in the Legal Description for the purpose of constructing, maintaining, using, egress and ingress, removal of vegetation, sloping, grading, digging and earthwork, and all other activities incident to roadway construction and usage for a public roadway in perpetuity, said construction and maintenance to be performed in the sole discretion of the Town, according to the standards of the Grantee, as amended from time to time.

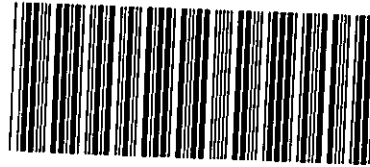
Location: Beginning at a point at the southeastern corner of the property where it meets a lot now or formerly Graham D. Raines, Jr. (DB 4113, Page 474) , thence S56°05'47"W a distance of 8.92 feet to a point; thence S56°05'47"W a distance of 11.64 feet to a point; thence along a circular arc to the left of radius 7050.00 feet whose chord bears N34°06'56"W a distance of 128.96 feet to a point; thence along a circular arc to the left of radius 28.00 feet whose chord bears N56°24'36"W a distance of 39.53 feet to a point; thence S56°36'02"W a distance of 23.32 feet to a point; thence along a circular arc to the left of 54.05 feet in length whose chord bears S61°33'49"W a distance of 53.98 feet to a point; thence S66°31'36"W a distance of 49.42 feet to a point; thence along a circular arc to the left of 49.89 feet in length whose chord bears S61°33'49"W a distance of 49.83 feet to a point; thence S56°36'02"W a distance of 35.21 feet to a point; thence N 3°00'00"E a distance of 55.00 feet to a point; thence N56°36'02"E a distance of 10.50 feet to a point; thence along a circular arc to the right of radius 288.00 feet whose chord bears 53°53'13"E a distance of 27.27 feet to a point; thence N51°10'25"E a distance of 72.01 feet to a point; thence along a circular arc to the left of 29.55 feet in length whose chord bears N53°53'13"E a distance of 29.54 feet to a point; thence N56°36'02"E a distance of 34.78 feet to a point; thence along a circular arc to the left of 43.55 feet in length whose chord bears N12°02'49"E a distance of 39.29 feet to a point; thence along a circular arc to the left of radius 7050.00 feet whose chord bears N32°09'09"W a distance of 87.18 feet to a point; thence N56°00'00"E a distance of 20.00 feet to a point; thence S30°57'10"E a distance of 99.97 feet to a point; thence S32°39'59"E a distance of 89.87 feet to a point; thence S30°11'41"E a distance of 80.01 feet to a point; thence S34°38'20"E a distance of 80.01 feet to the point of beginning. The entire tract containing approximately 0.54 acres, more or less.

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EXHIBIT "C"

Additional Property which can be Unilaterally
Submitted by Declarant or Wieland

ALL THAT TRACT OR PARCEL OF LAND lying and being in the Town of Holly Springs, North Carolina, and located within three (3) miles of that real property described in the foregoing Exhibit "B" to this Declaration of Protective Covenants and Easements for Woodcreek or within three (3) miles of any other real property hereafter subjected to the Declaration of Protective Covenants and Easements for Woodcreek.



BOOK:012453 PAGE:00786 - 00852

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



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

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