WAKE COUNTY, NC 128
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
01/10/2013 AT 12:27:17

BOOK:015097 PAGE:00970 - 00975

STATE OF NORTH CAROLINA	AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS
COUNTY OF WAKE	FOR RENAISSANCE AT REGENCY COTTAGE HOMES

Prepared by and Return to: Alison R. Cayton of Manning, Fulton & Skinner, P.A. (WCR Box 133)

THIS AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR RENAISSANCE AT REGENCY COTTAGE HOMES ("Amendment") is made this 2d day of January, 2013 by CREEDMOOR PARTNERS LLC, a North Carolina limited liability company (the "Declarant"); the RENAISSANCE COTTAGES AT REGENCY OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation (the "Association") and REGENCY INVESTMENT GROUP LLC, a North Carolina limited liability company and CREEDMOOR PARTNERS, L.L.C., a North Carolina limited liability company (together the "Declarant");

WITNESSETH

WHEREAS, Declarant is Declarant under that certain Declaration of Covenants, Conditions, Easements and Restrictions for Renaissance at Regency Cottage Homes recorded in Book 12823, page 2328 Wake County Registry (as amended by this Amendment, the "Declaration"); and

WHEREAS, Declarant and the Association desire to amend the Declaration pursuant to Article XIV, Section 3 of the Declaration; and Regency currently is entitled to cast sixty-seven percent (67%) of the votes of the Association, thus this Amendment has been duly authorized by the Declarant and the requisite votes of the Association.

NOW THEREFORE, in consideration of the benefits to the Property, the parties hereby amend the Declaration as follows:

1. The second full sentence of Article VII, Section 1 is deleted in its entirety and the following is inserted in lieu thereof:

   "Unless otherwise stated in the Architectural Review Committee approval for landscaping for a specific Lot, the Association shall be required to maintain at its expense all plants, trees, shrubs, grass, and walks located within a fenced area of any Lot typically installed in a standard builder landscaping package."

2. All capitalized terms not otherwise defined herein shall have the same meaning as given to them in the Declaration.

3. Except as herein modified, all terms and provisions of the Declaration are hereby ratified and confirmed and shall remain in full force and effect.

[intentionally blank; signatures follow]

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, Regency and the Association, has hereunto set their hands and seals this 2nd day of , 2013.
JANUARY

CREEDMOOR PARTNERS, L.L.C., a North Carolina limited liability company

By: Carlton Midyette
Carlton Midyette, Manager

By: Henry MacNair
Henry MacNair, Manager

STATE OF NORTH CAROLINA

COUNTY OF Wake

I, Mary Ellen Potanovic the undersigned, Notary Public, certify that Carlton Midyette personally appeared before me this 2nd day of January, 2013 and acknowledged that s/he voluntarily signed the foregoing instrument for the purpose stated therein and in his/her capacity as Manager of Creedmoor Partners, L.L.C.

[stamp/seal] MARY ELLEN POTANOVIC NOTARY PUBLIC WAKE COUNTY, N.C.

Notary Public Mary Ellen Potanovic
Printed Name: Mary Ellen Potanovic
My Commission Expires: June 15, 2013

STATE OF NORTH CAROLINA

COUNTY OF Wake

I, Mary Ellen Potanovic the undersigned Notary Public, certify that Henry MacNair personally appeared before me this 2nd day of January, 2013 and acknowledged that s/he voluntarily signed the foregoing instrument for the purpose stated therein and in his/her capacity as Manager of Creedmoor Partners, L.L.C.

[stamp/seal] MARY ELLEN POTANOVIC NOTARY PUBLIC WAKE COUNTY, N.C.

Notary Public Mary Ellen Potanovic
Printed Name: Mary Ellen Potanovic
My Commission Expires: June 15, 2013

BK015097PG00973

RENAISSANCE COTTAGES AT REGENCY OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation

By: _______________, President

STATE OF NORTH CAROLINA :

COUNTY OF WAKE :

I, the undersigned Notary Public of the County and State aforesaid, certify that Henry K. MacNair personally came before me this day and acknowledged that he is the President of Renaissance Cottages at Regency Owners Association, Inc., a North Carolina non-profit corporation and acknowledged the due execution of the foregoing instrument as the act of said corporation.

Witness my hand and official stamp or seal, this 2nd day of January, 2013

MARY ELLEN POTANOVIC NOTARY PUBLIC WAKE COUNTY, N.C.

Notary Public
Type/Print Name: Mary Ellen Potanovic
My Commission Expires: June 15, 2013

REGENCY INVESTMENT GROUP LLC, a North Carolina limited liability company

By: ForeverHome, LLC, a North Carolina limited liability company, its Manager

By: Ward Adams, LLC, a North Carolina limited liability company, Member

By: Judith D. Adams
Name: Judith D. Adams
Member/Manager

STATE OF NORTH CAROLINA

COUNTY OF Wake

I, Jane Andersen the undersigned Notary Public, certify that Judith D. Adams personally appeared before me this 3rd day of January, 2012 and acknowledged that s/he voluntarily signed the foregoing instrument for the purpose stated therein and in his/her capacity as Member/Manager of Ward Adams, LLC, Manager of ForeverHome, LLC, Manager of Regency Investment Group LLC.

[stamp/seal]
Jane Andersen
NOTARY PUBLIC
Wake County, NC

Notary Public: Jane Andersen
Printed Name: Jane Andersen
My Commission Expires: 4-13-2015

BOOK:015097 PAGE:00970 - 00975

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

WAKE COUNTY NORTH CAROLINA

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

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WAKE COUNTY, NC 129
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
01/10/2013 AT 12:27:17

BOOK:015097 PAGE:00976 - 00984

STATE OF NORTH CAROLINA :

COUNTY OF WAKE :

SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RENAISSANCE AT REGENCY COTTAGE HOMES

Prepared by and Return to: Alison R. Cayton of Manning, Fulton & Skinner P.A. (Box 133)

THIS SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RENAISSANCE AT REGENCY COTTAGE HOMES ("Second Amendment") is made this 2d day of January, 2013, by the **RENAISSANCE COTTAGES AT REGENCY OWNERS ASSOCIATION, INC.**, a North Carolina non-profit corporation (the "Association"), **REGENCY INVESTMENT GROUP LLC**, a North Carolina limited liability company and **CREEDMOOR PARTNERS, L.L.C.**, a North Carolina limited liability company (together the "Declarant");

WHEREAS, the Association and Declarant enter into this Second Amendment pursuant to Article XIV, Section 3 of that Declaration for of Covenants, Conditions and Restrictions for Renaissance at Regency Cottage Homes dated November 2, 2007 and recorded in Book 12823, page 2328, Wake County Registry (, the "Declaration"); and

WHEREAS, consent of Owners holding at least sixty-seven percent of the votes in the Association approved this Second Amendment as evidenced by a written acknowledgement signed by the requisite number of Owners and approved by the Declarant, and filed in the minute book of the Association; and

WHEREAS, the Association desires to designate all of Lots 1 - 18 in Renaissance Cottages at Regency Subdivision as shown on that plat recorded in Book of Maps 2007, pages 2765 – 2770 as A Lots (herein together the "A Lots"); and

WHEREAS, the Association desires to designate all remaining Lots in Renaissance Cottages at Regency Subdivision which are developed and shown on Book of Maps 2010, pages 286 – 289 and Book of Maps 2011, pages 197 – 200 and Lots which will be developed on the Property as B Lots (herein together the "B Lots"); and

WHEREAS, the Association desires to establish a scheme of assessments whereby the Owners of the A Lots determine a budget for maintenance and improvements for matters pertaining solely to the A Lots, and such amounts would be paid solely through assessments provided herein against the A Lots in addition to other Common Expenses determined by the Board and paid through assessments against both the A Lots and the B Lots; and

WHEREAS, the Association desires to establish a scheme of assessments whereby the Owners of the B Lots determine a budget for maintenance and improvements for matters pertaining solely to the B Lots, and such amounts would be paid solely through assessments provided herein against the B Lots in addition to other Common Expenses determined by the Board and paid through assessments against both the A Lots and the B Lots; and

WHEREAS, the Association has determined that to accomplish the desired scheme of assessments an amendment to the Declaration and Bylaws of the Association are necessary; and

WHEREAS, the Association acknowledges that the Declarant Development Period is still in effect and the Declarant maintains control of the Board as of the date hereof, however the approval of the Owners has been requested by the Declarant so to provide full notice to the Owners of the scope of this Amendment.

NOW, THEREFORE, Declarant and the Owners hereby amend the Declaration as follows:

1. Article 1 of the Declaration is hereby amended to add the following definitions:

"Section 20. A Lot Committee. "A Lot Committee" shall mean and refer to the representatives of the A Lots which govern certain matters pertaining to the A Lots and is comprised of those A Lot Owners as designated in the Bylaws.

Section 21. A Lot Expenses. "A Lot Expenses" shall mean and refer to any and all expenditures made by or financial liabilities of the Association, together with any allocations to reserves, pursuant to and in accordance with this Declaration and the Bylaws, including but not limited to Article VII of the Declaration, that relate solely to the A Lots and the Living Units thereon.

Section 22. A Lots . "A Lots "shall mean and refer to Lots 1 - 18 in Renaissance Cottages at Regency Subdivision as shown on that plat recorded in Book of Maps 2007, pages 2765 – 2770.

Section 23. B Lot Committee. "B Lot Committee" shall mean and refer to the representatives of the owners of the B Lots which govern matters pertaining to the B Lots and is comprised of those B Lot Owners as designated in the Bylaws.

Section 24. B Lot Expenses. "B Lot Expenses" shall mean and refer to any and all expenditures made by or financial liabilities of the Association, together with any allocations to reserves, pursuant to and in accordance with this Declaration and the Bylaws including but not limited to Article VII of the Declaration, that are relate solely to the B Lots and the Living Units thereon.

Section 25. B Lots. "B Lots" shall mean and refer to those Lots in Renaissance Cottages at Regency Subdivision which are developed and shown on Book of Maps 2010, pages 286 – 289 and Book of Maps 2011, pages 197 – 200 and Lots which will be developed on the Property.

Section 26. Limited Common Expense. "Limited Common Expense" shall mean and refer to (a) expenses related to Limited Common Elements, including but not limited to expenses for maintenance, repair and replacement of Limited Common Elements, which shall be funded by the assessments provided for herein on the Owners of the Lots benefitted thereby; and (b) A Lot Expenses which shall be funded by the assessments provided for herein on the Owners of the A Lots; and (c) B Lot Expenses, which shall be funded by the assessments provided for herein on the Owners of the B Lots.

2. Article IV, Section 3(a) of the Declaration is hereby deleted and the following inserted in lieu thereof:

"The maximum monthly assessment for the A Lots shall be $185.00 per month and the maximum monthly assessment for the B Lots shall be $185.00 per month through and until December 31, 2012. These maximum assessments cover both the Common Expenses and the A Lot Expenses or B Lot Expenses, as the case may be.

3. The first sentence of Article IV, Section 3(b) of the Declaration is hereby deleted and the following language is inserted in lieu thereof:

"From and after January 1, 2013, the monthly assessments imposed by the Association on A Lot owners and B Lot owners for any month may be increased effectively from and after January 1 of the succeeding year by the Board of Directors, without a vote of the membership, by a percentage up to the maximum percentage hereinafter described. The actual percentage increase may be different for owners of A Lots than for owners of B Lots, as appropriate to reflect the differences in the budgets submitted on behalf of such owners; provided that neither percentage increase shall exceed the maximum permitted percentage. The percentage may not exceed the greater of twelve (12%) percent or the percentage increase reflected in the U. S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates, (published by the U.S. Bureau of Labor Statistics, United States Department of Labor, Washington, D.C.), or such other Index as may succeed the Consumer Price Index, for that twelve-month period ending the immediately preceding October 1."

4. Article IV, Section 3(c) of the Declaration is hereby amended to insert the following language after the first sentence:

"Provided, however, that no additional percentage increase in the annual assessment shall be imposed on the owners of A Lots unless and until approved by 67% of the owners of A Lots voting in person or by proxy, at a meeting called for such purpose, and no additional percentage increase in the annual assessment shall be imposed on the owners of B Lots unless and until approved by 67% of the owners of B Lots voting in person or by proxy, at a meeting called for such purpose."

5. Article IV, Section 3(d) of the Declaration is hereby amended to insert the words "in excess of" between the words "amount" and "the" on the fourth line of that section, such that Article IV, Section 3(d) reads as follows:

"Criteria for Establishing Annual Assessment. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount in excess of the amounts provided in Subsection (b) of this Section 3 without the consent of Members required by Subsection (c) of this Section 3."

6. Article IV, Section 4 of the Declaration is hereby deleted in its entirety and the following is inserted in lieu thereof:

"In addition to the annual assessments authorized above, the Association, acting through the Board, may
levy a special assessment during any calendar year for the purpose of defraying, in whole or in part, the cost of any extraordinary maintenance, construction, reconstruction, repair or replacement of any capital improvement comprising or to comprise a portion of the Common Elements including fixtures and personal property related thereto, (except for the Limited Common Elements and except for capital improvements associated with exterior maintenance of the A Lots or the B Lots as provided in Article VII of the Declaration, the special assessments for which, following the Declarant Development Period, shall be established by the A Lot Committee and the B Lot Committee, as provided below), and any property for which the Association is responsible, and the cost to purchase Lots and dwellings at foreclosure sales of the Association liens; provided, however, that any such special assessment must be approved by the vote of at least sixty-seven percent (67%) of the votes entitled to be cast by the Members, cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws. Provided, however, the Board of Directors, at its option may declare that a Special Capital Assessment be levied against all Lots, unless ninety percent (90%) of the total vote of each class of Members vote to reject it. The Special Capital Assessment shall be in an amount not to exceed Five Hundred and no/100 Dollars ($500.00) per Lot and may be levied in emergency situations only, no more than once every five (5) years from the date of the recording of this Declaration. The Special Capital Assessment shall be used to defray the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvement located upon the Common Elements. This assessment may not be used for any other purposes including litigation involving the Association.

The Association, acting through the Board, may levy a special assessment during any calendar year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement associated with exterior maintenance of the A Lots as provided in Article VII of the Declaration or comprising or to comprise a portion of the Limited Common Elements servicing only the A Lots, including fixtures and personal property; provided, however, that any such special assessment must be approved by the vote of at least sixty-seven percent (67%) of the votes entitled to be cast by the owners of the A Lots.

The Association, acting through the Board, may levy a special assessment during any calendar year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement associated with exterior maintenance of the B Lots as provided in Article VII of the Declaration, or comprising or to comprise a portion of the Limited Common Elements servicing only the B Lots, including fixtures and personal property; provided, however, that any such special assessment must be
approved by the vote of at least sixty-seven percent (67%) of the votes entitled to be cast by the owners of the B Lots."

7. Article IV, Section 7 of the Declaration is hereby deleted in its entirety and the following is inserted in lieu thereof:

"Section 7. <u>Rate of Assessment</u>. Both annual and special assessments shall be fixed at a uniform rate for all Lots and Living Units except that the portion of the assessments relating to the Limited Common Expenses shall be fixed as provided in this Declaration and (i) the assessments of the A Lot Owners will reflect the Limited Common Expenses relating to the A Lots and the Living Units thereon; and (ii) the assessments of the B Lot Owners will reflect the Limited Common Expenses relating to the B Lots and the Living Units thereon.

8. Article IV, Section 8 of the Declaration is hereby amended to add the following language after the fifth sentence of Section 8:

"Following the Declarant Development Period, the A Lot Committee shall from time to time, and at least annually, determine the amount of the A Lot Expenses, and submit a budget therefor to the Board prior to the time that the Board sets the Association annual budget. Following the Declarant Development Period, the B Lot Committee shall from time to time, and at least annually, determine the amount of the B Lot Expenses, and submit a budget therefor to the Board
prior to the time that the Board sets the Association annual budget. During and after the Declarant Development Period, based upon the Board's determination of the Common Expenses and the Limited Common Expenses (collectively, the "Expenses"), the Board shall adopt a proposed budget and determine the amounts payable by the Owners to meet the proposed budget of the Association, and allocate and assess such proposed Expenses among the Owners in the manner set forth in Article IV, Section 7 of the Declaration, all in accordance with the procedure set forth in this Article IV, Section 3(b), but subject to the limitations set forth in Article IV, Section 3(b) of the Declaration. Following the Declarant Development Period, in preparing the budget, the Board shall incorporate the budget submitted by the A Lot Committee as to the A Lot Expenses, and shall incorporate the budget submitted by the B Lot Committee as to the B Lot Expenses, unless in the reasonable judgment of the Board such recommendations are patently imprudent or fail to comply with the Declaration or the Act. That portion of the annual assessment attributable to A Lot Expenses shall be maintained in a separate account from that portion of the annual assessment attributable to B Lot Expenses.

9. Article XIV, Section 3 of the Declaration is amended to add the following language at the end thereof:

"Amendments to the provisions of the Declaration added by this Amendment which specifically affect the A Lots shall not be effective until approved by 67% of the owners of the A Lots, and during the Declarant Development Period, the Declarant. Amendments to the provisions of the Declaration added by this Amendment which specifically affect the B Lots shall not be effective until approved by 67% of the owners of the B Lots, and during the Declarant Development Period, the Declarant."

IN WITNESS WHEREOF, the Association has caused this instrument to be signed and sealed the day and year first written above.

[SIGNATURES ON FOLLOWING PAGES]

RENAISSANCE COTTAGES AT REGENCY OWNERS ASSOCIATION, INC., a North Carolina corporation

By: ______
President

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, the undersigned Notary Public of the County of WAKE and State aforesaid, certify that HENRY K. MACNAIR personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this 2nd day of JANUARY, 2013.

______
My Commission Expires: June 15, 2013

[AFFIX SEAL]

MARY ELLEN POTANOVIC
NOTARY PUBLIC
WAKE COUNTY, N.C.

REGENCY INVESTMENT GROUP LLC, a North Carolina limited liability company

By: ForeverHome LLC, a North Carolina limited liability company, Manager

By: Ward Adams LLC, a North Carolina limited liability company, Manager

By: Judith D. Adams
Judith Adams, Manager

STATE OF NORTH CAROLINA

COUNTY OF Wake

I, the undersigned Notary Public of the County of Wake and State aforesaid, certify that Judith D. Adams personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this 3rd day of January, 2013

Jane Andersen
My Commission Expires: 4-13-2015

[AFFIX SEAL

Jane Andersen
NOTARY PUBLIC
Wake County, NC

BK015097PG00983

CREEDMOOR PARTNERS, L.L.C., a North Carolina limited liability company

By: ______________________
Manager

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, the undersigned Notary Public of the County of WAKE and State aforesaid, certify that HENRY K. MACNAIR personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this 2nd day of JANUARY, 2013.

____
My Commission Expires: June 15, 2013

[AFFIX SEAL]

MARY ELLEN POTANOVIC
NOTARY
PUBLIC
WAKE COUNTY, N.C.

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

This Customer Group
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22.004-1/20/06

STATE OF NORTH CAROLINA COUNTY OF WAKE	AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR RENAISSANCE AT REGENCY COTTAGE HOMES

Prepared by and Return to: Alison R. Cayton of Manning, Fulton & Skinner, P.A. (WCR Box 133)

THIS AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR RENAISSANCE AT REGENCY COTTAGE HOMES ("Amendment") is made this ___ day of ________, 2012 by CREEDMOOR PARTNERS LLC, a North Carolina limited liability company (the "Declarant"); the RENAISSANCE COTTAGES AT REGENCY OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation (the "Association") and REGENCY INVESTMENT GROUP LLC, a North Carolina limited liability company and CREEDMOOR PARTNERS, L.L.C., a North Carolina limited liability company (together the "Declarant");

W I T N E S S E T H

WHEREAS, Declarant is Declarant under that certain Declaration of Covenants, Conditions, Easements and Restrictions for Renaissance at Regency Cottage Homes recorded in Book 12823, page 2328 Wake County Registry (as amended by this Amendment, the "Declaration"); and

WHEREAS, Declarant and the Association desire to amend the Declaration pursuant to Article XIV, Section 3 of the Declaration; and Regency currently is entitled to cast sixty-seven percent (67%) of the votes of the Association, thus this Amendment has been duly authorized by the Declarant and the requisite votes of the Association.

NOW THEREFORE, in consideration of the benefits to the Property, the parties hereby amend the Declaration as follows:

1. The second full sentence of Article VII, Section 1 is deleted in its entirety and the following is inserted in lieu thereof:

   "Unless otherwise stated in the Architectural Review Committee approval for landscaping for a specific Lot, the Association shall be required to maintain at its expense all plants, trees, shrubs, grass, and walks located within a fenced area of any Lot typically installed in a standard builder landscaping package."

2. All capitalized terms not otherwise defined herein shall have the same meaning as given to them in the Declaration.

3. Except as herein modified, all terms and provisions of the Declaration are hereby ratified and confirmed and shall remain in full force and effect.

[intentionally blank; signatures follow]

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, Regency and the Association, has hereunto set their hands and seals this ______________day of , 20____.

CREEDMOOR PARTNERS, L.L.C., a North Carolina limited liability company

By:________________________________
Carlton Midyette, Manager

By: _______________________________
Henry MacNair, Manager

STATE OF NORTH CAROLINA

COUNTY OF __________________

I, ______________________________ the undersigned Notary Public, certify that Carlton Midyette personally appeared before me this ____ day of __________, 2011 and acknowledged that s/he voluntarily signed the foregoing instrument for the purpose stated therein and in his/her capacity as Manager of Creedmoor Partners, L.L.C.

[stamp/seal]

Notary Public .____________________________
Printed Name: ________________________
My Commission Expires:___________________

STATE OF NORTH CAROLINA

COUNTY OF __________________

I, ______________________________ the undersigned Notary Public, certify that Henry MacNair personally appeared before me this ____ day of __________, 2012 and acknowledged that s/he voluntarily signed the foregoing instrument for the purpose stated therein and in his/her capacity as Manager of Creedmoor Partners, L.L.C.

[stamp/seal]

Notary Public .____________________________
Printed Name: ________________________
My Commission Expires:___________________

RENAISSANCE COTTAGES AT REGENCY OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation

By: ____________________________
________________, President

STATE OF NORTH CAROLINA :

COUNTY OF WAKE :

I, the undersigned Notary Public of the County and State aforesaid, certify that ___________________ personally came before me this day and acknowledged that he is the President of Renaissance Cottages at Regency Owners Association, Inc., a North Carolina non-profit corporation and acknowledged the due execution of the foregoing instrument as the act of said corporation.

Witness my hand and official stamp or seal, this ______ day of _________, 2012.

____
Notary Public
Type/Print Name: _____________________
My Commission Expires: _______________

REGENCY INVESTMENT GROUP LLC, a North Carolina limited liability company

By: ForeverHome, LLC, a North Carolina limited liability company, its Manager

By: Ward Adams, LLC, a North Carolina limited liability company, Member

By: ______________________________
Name: ____________________
Member/Manager

STATE OF NORTH CAROLINA

COUNTY OF __________________

I, _____________________________ the undersigned Notary Public, certify that ____ personally appeared before me this ____ day of __________, 2012 and acknowledged that s/he voluntarily signed the foregoing instrument for the purpose stated therein and in his/her capacity as Member/Manager of Ward Adams, LLC, Manager of ForeverHome, LLC, Manager of Regency Investment Group LLC.

[stamp/seal]

Notary Public .___________________________
Printed Name: _______________________
My Commission Expires:___________________

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WAKE COUNTY, NC 1166
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
11/05/2007 AT 12:23:26

BOOK:012823 PAGE:02328 - 02356

DECLARATION

OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

RENAISSANCE AT REGENCY COTTAGE HOMES

Prepared by and return to: Alison R. Cayton of Manning, Fulton & Skinner, P.A. (Box 133)

THIS DECLARATION, made on the date hereinafter set forth by REGENCY INVESTMENT GROUP LLC, a North Carolina limited liability company, with its principal office located at 8310 Bandford Way, Raleigh, Wake County, North Carolina, hereinafter referred to as "Declarant";

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in the Town of Cary, County of Wake, State of North Carolina, commonly referred to as "Renaissance at Regency Cottage Homes" which is more particularly described on Exhibit "A" attached hereto;

WHEREAS, it is the desire and intention of Declarant (as defined herein) to impose on that property described in Exhibit "A" attached hereto restrictions, conditions, easements, covenants, charges, liens and agreements under a general plan or scheme of improvement for the benefit of all property herein described and the future owners thereof and to provide for the same to apply to such additions to the property as may hereafter be brought within the jurisdiction of the Association; and,

WHEREAS, the Property shall be comprised of Cottage Lots, and

WHEREAS, the Members of the Renaissance at Regency Cottage Homes Owners Association, Inc., shall be responsible for paying the Common Expenses of the Renaissance at Regency Cottage Homes Owners Association, Inc.

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

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Renaissance Cottages at Regency Owners Association, Inc., a North Carolina corporation, its successors and assigns.

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

Section 3. "Building" shall mean and refer to any structure containing Cottages, constructed or erected on the Property.

Section 4. "Builder" shall mean the person or entity that constructs the initial Living Unit on any Lot.

Section 5. "Bylaws" shall mean the document for governance of the Association as adopted initially by the Board and as amended by the Members.

Section 6. "Consumer-Occupant Lot Owner" referred to herein is a Lot Owner who purchased a Lot from the Declarant or a Builder and occupies the residence on the Lot.

Section 7. "Common Elements" shall mean all real property and any improvements constructed thereon, if any, owned by the Association for the common use and enjoyment of the Owners or Members or designated classes of Members of the Association, including but not limited to Limited Common Elements, private streets, bridges, open space, common areas, retention walls, and Common Elements, as may be designated on any subdivision map of the Property or by the Association. The Common Elements to be owned by the Association is all of that Property other than the Lots, the Common Elements as defined in the Declaration.

Section 8. "Common Expenses" shall mean and include:

(a) All sums lawfully assessed by the Association against its Members;

(b) Expenses for maintenance of the Cottages as provided in this Declaration;

(c) Expenses of administration, maintenance, repair, or replacement of the Common Elements and Limited Common Elements;

(d) Expenses declared to be Common Expenses by the provisions of this Declaration or the Bylaws;

(e) Hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require the Association to purchase, or as the Association may deem appropriate to purchase;

(f) Ad valorem taxes and public assessment charges lawfully levied against Common Elements owned in fee by the Association;

(g) Expenses for maintenance of private roads, private streets, rights-of-way and any amenities as provided in this Declaration, as well as the bridge crossing Angelica Lane;

(h) Expenses for maintenance of security devices or personnel should the Association determine that it is in its best interest to obtain security devices or personnel; and;

(i) Any other expenses determined by the Board or approved by the Members to be Common Expenses of the Association; and

(j) The charges for utilities used in connection with maintenance and use of Common Elements.

(k) Expenses of assessments of any other owners association which by virtue of this Declaration or any agreement between the Association and any other owners association may be imposed on the Association or the Members of the Association for maintenance of any of the Common Elements and the Limited Common Elements within the Property by the other association or for security or maintenance of roads, streets and Common Elements outside the bounds of the Property, including security installations and security personnel, if any, so long as the same benefits the Members of this Association; and,

(l) The expense of the maintenance of private drainage and utility easements and facilities located therein which cross the Property, including the Common Elements and that serve both the Property and lands adjacent thereto.

(m) The expense of maintenance of landscaping located adjacent to or within the Property as determined necessary by the Association;

Section 9. "Limited Common Element" shall mean those portions of the Common Elements that serve only a single Lot or a limited number of Lots, and which may include, but specifically is not limited to, the driveways, walkways, parking areas or areas serving only specified Lots, and such other similar areas as may be designated by a subdivision map of the Property or the Association.

Section 10. "Declarant" shall mean and refer to Regency Investment Group LLC, its successors and assigns, to whom the rights of Declarant hereunder may be expressly transferred, in writing in whole or in part, and subject to such terms and conditions as Declarant may impose or any owner of the Property or Lots or remainder of those resulting from the sale of the Property, Lots or the remainder thereof at foreclosure when held by Declarant or the successor to the rights of Declarant or resulting from the transfer in lieu of foreclosure. In addition to Regency Investment Group LLC, Premiere Homes II, Inc. shall have all rights and powers of the Declarant that are stated herein and for all matters requiring approval of the Declarant both the approval of Regency Investment Group LLC and Premiere Homes II, Inc. are required.

Section 11. "Declarant Development Period" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Office of the Register of Deeds, Wake County, North Carolina, and continuing until the later of (i) such time as Declarant shall no longer have the right to annex any additional property pursuant to the provisions of Article VII, Section 2 hereof; or (ii) such time as Declarant shall no longer own any portion of the Property for the purpose of Development or sale.

Section 12. "Living Unit" or "Cottage" shall mean and refer to any Lot on which a dwelling unit has been fully constructed and made ready for occupancy as a residence, including without limitation, completion of the final floor covering, interior paint and wallpaper and all appliances, for which a Certificate of Occupancy or Compliance has been issued, and owned by anyone other than the original builder thereof unless occupied as a residence or model home.

Section 13. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property, as such maps may be from time to time amended, for Cottage single-family residential use designed for residential use and for separate ownership and occupancy. Declarant hereby reserves the right to reconfigure, from time to time and without the consent of any other Owner or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant or an affiliate of Declarant, as the case may be, and to thereby create additional Lots, eliminate existing Lots or Common Elements or create additional Common Elements; provided, however, in no event shall the Property contain a greater number of Lots than the number from time to time permitted by the appropriate local governmental authority. Upon the recording by Declarant of a revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a "Lot" as defined in this Declaration and each newly configured lot shown on the revised plat shall be a "Lot" as defined in this Declaration.

Section 14. "Master Plan" shall mean and refer to the plan(s) for the Property and any additional property now or hereafter approved by the appropriate local governmental authority, as such plan(s) may be from time to time amended and approved.

Section 15. "Master Plan Lot" shall mean and refer to any separately numbered portion of the Property shown from time to time on the Master Plan intended for use or used as a site for any single-family attached or detached dwelling, patio (zero lot line) home, Cottage or condominium unit and shall include any improvements constructed thereon and "Master Plan Lots" shall refer to all such lots collectively.

Section 16. "Member" shall mean and refer to every person or entity which holds membership in the Association.

Section 17. "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 18. "Person" shall mean and refer to any individual, corporation, partnership, limited liability company, association, trustee or other legal entity.

Section 19. "Property" shall mean and refer to that certain real property hereinbefore described on Exhibit "A", and such additions thereto as may hereafter be brought within the jurisdiction of the Association as this Declaration may provide.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of use and enjoyment in and to the Common Elements together with and including the right of access, ingress and egress, both pedestrian and vehicular, on and over the private streets, drives, walkways and parking areas of the Common Elements, all of which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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

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

(c) the right of the Association pursuant to Section 47F-3-112 of the Planned Community Act and with the consent of Members entitled to cast at least eighty percent (80%) of the votes of each class of Members of the Association, to dedicate or transfer fee title to all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer; provided, however, during Declarant's Development Period, Declarant must also consent to such action and, further provided that no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances;

On any instrument of dedication, or transfer of real property, the Secretary of the Association shall certify that eighty percent (80%) of the votes of each class of members have approved the action evidenced by the instrument, and that certificate shall be conclusive that the execution and delivery of such instrument was properly authorized by the Association and its members and shall be relied upon and binding as to any third party or as to any grantee, its successor and assigns; provided, however, conveyances for general service utility purposes as specified in the Declaration may be made without consent of the members, and the Association may execute an instrument of conveyance therefore without such certification;

(d) the right of the Association, to participate in an equal exchange of land, as permitted by local government ordinances;

(e) the right of the Association to limit the number of guests of Members;

(f) the right of the Association, with the assent of the members entitled to cast two-thirds (2/3) of the votes of each class of Members, to borrow money for the purpose of improving the Common Elements and facilities and in aid thereof to mortgage the Common Elements, provided that the rights of such mortgagee in the Common Elements shall be subordinate to the rights of the homeowners and Association hereunder;

(g) the right of the individual Members to the use of parking spaces as provided in this Article;

(h) the right of the Association in accordance with its Articles of Incorporation or Bylaws to impose rules and regulations for the use and enjoyment of the Common Elements and improvements thereon, which rules and regulations may further restrict the use of the Common Elements and to create Limited Common Elements.

(i) the right of Owners of Lots on additional lands annexed to the Property initially, or subsequently, to the easements of enjoyment and rights of ingress, egress and access, as specified above, to the initial Property and all lands included in subsequent phases.

(j) the right of the Association to dedicate or transfer non-exclusive easements on, over and upon all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Association's Board; provided, however, no such dedication or transfer shall interfere with or obstruct drainage rights in favor of, utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances and no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of use and enjoyment to the Common Elements and facilities to the Members of his family, his tenants, or contract purchasers who reside on the Property.

Section 3. Title to the Common Elements. While reserving the right to build and own facilities on the Common Elements and to charge reasonable fees for use of said facilities, the Declarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the Common Elements located within the Property to the Association, free and clear of all encumbrances and liens, except for encumbrances of utility, service, access, storm drainage and other similar service or utility easements. The Association shall be deemed to accept such Common Elements for ownership and maintenance as necessary.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every record Owner of a Lot which is subject to assessment shall be a Class A Member of the Association. Class A Membership shall be appurtenant to, and may not be separated from, ownership of any Lot which is subject to assessment.

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

Class A. Class A Members shall be every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, except for Declarant or any Affiliate, prior to the conversion of Class B membership to Class A membership. The foregoing is not intended to include persons or entities that hold an interest in a Lot merely as security for the performance of an obligation. Class A Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment by the Association. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members.

Class B. The Class B Member shall be the Declarant and shall be entitled to six (6) votes for each Master Plan Lot that is owned by Declarant and/or any Affiliate or for which Declarant or any Affiliate holds a contract right to purchase. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in Class A membership equal or exceed the total votes outstanding in Class B membership; but provided, that the Class B membership shall be reinstated if thereafter, and before the time stated in Sub-paragraph (b) below, the Master Plan is amended to add additional Master Plan Lots sufficient to give the Class B membership a total number of votes (with the Class B membership entitled to six (6) votes for each Master Plan Lot that is owned by

Declarant and/or any Affiliate or for which Declarant or any Affiliate holds a contract right to purchase) greater than those of the Class A membership, or

(b) ten (10) years from the date of recordation of this Declaration

Section 3. Prior to the conversion of Class B membership to Class A membership, Declarant shall have the right to designate and select all of the Members of the Board of Directors of the Association. Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Board of Directors of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any members or members of the Board of Directors so removed for the remainder of the unexpired term of any member or members of the Board of Directors so removed. Any Board of Directors member designated and selected by Declarant need not be a resident of the Property. Except as otherwise provided in the Bylaws with respect to the filling of vacancies, any members of the Board of Directors which Declarant is not entitled to designate or select shall be elected by the Members of the Association.

Section 4. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and the Articles and Bylaws of the Association and according to the provisions of Article II, Section l(b) herein.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges which are Common Expenses and can be charged on an annual, quarterly or monthly basis, and (2) special assessments for extraordinary maintenance and capital improvements, (3) special assessments for purchase and reconstruction of Cottages as hereinafter defined, and (4) refurbishment, enhancing or repairing portions of the Common Elements, all as hereinafter provided. The annual, individual, refurbishment and special assessments, together with interest and costs, late payment charges, and reasonable attorney's fees for collection, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs, late payment charges, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

The Association shall also have the authority, through the Board of Directors to establish, fix and levy an individual assessment on any Lot or Living Unit to secure the liability of the Owner thereof to the Association arising from breach by such Owner of any of the provisions of this Declaration which breach shall require the expenditure of time and money or both, by the Association for repair or remedy.

Each Owner covenants for himself, his heirs, successors and assigns, to pay each assessment levied by the Association on the Lot described in such conveyance to him within ten (10) days of the due date as established by the Board, and further covenants that if said assessment shall not be paid within thirty (30) days of the due date, the amount of such assessment shall be in default and become a lien upon said Owner's Lot as provided herein and shall continue to be such lien until fully paid.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the paying of Common Expenses to promote the recreation, health, safety, and welfare of the residents of the Property and in particular, but not limited to, for the acquisition of property, the improvement and maintenance of the Property, services, amenities and facilities, for the exterior maintenance of the Buildings and for the use and enjoyment of the Common Elements, including but not limited to, the cost of repairs, replacements and additions, the cost of maintenance of bridges, private streets and lighting on private streets, lawn maintenance, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Elements owned in fee by the Association, the procurement and maintenance of insurance in accordance with the Declaration and Bylaws or as deemed appropriate by the Board, the employment of counsel, accountants and other professionals for the Association when necessary, and such other needs as may arise.

Section 3. Amount of Assessment.

(a) Initial Maximum Assessment. To and including December 31, 2007, the maximum monthly assessment shall not exceed Two Hundred and Twenty and 00/100 Dollars ($220.00), which is equivalent to a maximum annual assessment of Two Thousand Six Hundred Forty and no/100 ($2,640.00) per Living Unit plus that amount, if any, that may be imposed on each Lot through the Association for the assessment imposed by any other association to which the Association has contracted maintenance of its Common Elements..

(b) Increase by Association. From and after January 1, 2008, the monthly assessment imposed by the Association initially $220.00 effective for any month (including 2007), may be increased effectively from and after January 1 of the succeeding year by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the greater of twelve (12%) percent or the percentage increase reflected in the U. S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates, (published by the U.S. Bureau of Labor Statistics, United States Department of Labor, Washington, D.C.), or such other Index as may succeed the Consumer Price Index, for that twelve-month period ending the immediately preceding October 1. The percentage increase shall be based on the maximum annual assessment for the prior year, or if the Association has not chosen to implement an increase for one or more years, the increase provided in this Section 3 (b) may, at the option of the Association, be based on the annual assessment that would be effective had the increase been implemented each year prior to the year of the actual increase. Any budget providing for an increase not requiring a vote pursuant to subsection (c) below, is ratified unless ninety percent (90%) of the total vote of each class of Members vote to reject the budget at a duly called meeting. The Board of Directors, at its option may declare that a special "Refurbishment Assessment" be levied against all Lots, unless ninety percent (90%) of the total vote of each class of Members vote to reject it. The Refurbishment Assessment shall be in an amount not to exceed Five Hundred and no/100 Dollars ($500.00) per Lot and may be levied no more than once every five (5) years from the date of the recording of this Declaration. The Refurbishment Assessment shall be used to pay for the cost of enhancing, refurbishing or repairing portions of the Common Elements.

(c) Increase by Members. From and after January 1, 2008, the annual assessment may be increased by a percentage greater than permitted by this Article by an affirmative vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for such purpose. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(d) Criteria for Establishing Annual Assessment. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount the amounts provided in Subsection (b) of this Section 3 without the consent of Members required by Subsection (c) of this Section 3.

(e) Board Authority. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

(f) Declarant Expenses. Until such time as Declarant shall no longer control the Board, in its sole discretion, Declarant may either make a loan to the Association for funds to cover the expenses not otherwise covered by the assessment hereunder, or may pay any Association expenses not otherwise covered by the assessment hereunder.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvement upon the Common Elements, any extraordinary maintenance, and in connection with exterior maintenance, including fixtures and personal property related thereto and any property for which the Association is responsible and the cost to purchase Lots and dwellings at foreclosure sales of Association liens, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. Provided, however, the Board of Directors, at its option may declare that a Special Capital Assessment be levied against all Lots, unless ninety percent (90%) of the total vote of each class of Members vote to reject it. The Special Capital Assessment shall be in an amount not to exceed Five Hundred and no/100 Dollars ($500.00) per Lot and may be levied in emergency situations only, no more than once every five (5) years from the date of the recording of this Declaration. The Special Capital Assessment shall be used to defray the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvement located upon the Common Elements. This assessment may not be used for any other purposes including litigation involving the Association.

Section 5. Replacement Reserve. Out of the Common Expenses assessment, the Board shall create and maintain a reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Elements and any Limited Common Elements which the Association may be obligated to maintain.

Section 6. Notice and Quorum for Any Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all Members not less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast forty percent (40%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (l/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and Living Units.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The monthly assessments provided for herein shall commence as to all Lots or Living Units on the day following the sale or lease of the Lot or Living Unit from the Declarant to Builder or to a Consumer-Occupant Lot Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge if it deems appropriate, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of issuance.

Section 9. Two Months Initial Working Capital. In addition to the regular assessments to be charged and paid hereunder, upon the closing of (a) the closing of the initial sale of a Lot from Declarant or a Builder to a Consumer-Occupant Lot Owner, and (b) upon the closing of the sale of a Lot from any Owner in a resale transaction, the purchaser of the Lot shall, pay to the Association a sum equal to two (2) months assessment on that Lot as additional working capital of the Association. These amounts need not be segregated but may be commingled with regular assessment funds. This working capital amount shall be paid by the Lot Owner notwithstanding the fact that Declarant may have made prior regular assessment payments to the Association on the Lot being sold pursuant to the provisions of the first sentence hereunder.

Section 10. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be delinquent, in default and shall bear interest from the due date at the rate of twelve (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same plus interest, costs, late payment charges and reasonable attorneys' fees, or foreclose the lien against the Lot. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his Lot.

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

Section 11. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any institutional first mortgage and ad valorem taxes and public assessments levied on said Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to such mortgage or tax foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 12. Exempt Property. Any portion of the Property dedicated to, and accepted by, a local public authority and any portion of the Property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 13. Foreclosure of liens for unpaid Common Expenses. In any action brought by the Board to foreclose on a Lot because of unpaid Assessments, the Lot Owner shall be required to pay a reasonable rental for the use of his Lot, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board, acting on behalf of all Lot Owners, or on behalf of any one or more individual Lot Owners, if so instructed, shall have the power to purchase such Lot at the foreclosure sale and to acquire, hold, lease, mortgage, convey, or otherwise deal with the same, subject, however, to applicable restrictions of record. A suit to recover money judgment for unpaid Common Expenses may be maintainable without foreclosing or waiving the lien securing the same.

Section 14. Unpaid Assessments. No Lot Owner shall be liable for the payment of any part of the Common Expenses assessed against his Lot subsequent to a consummated sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Lot. A purchaser of a Lot shall be jointly and severally liable with the seller for the payment of the Common Expenses assessed against such Lot prior to the acquisition by the purchaser of such Lot, without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser therefor. Provided, that a first-lien mortgagee or other purchaser of a Lot at a foreclosure sale of such Lot shall not be liable for, and such Lot shall not be subject to, a lien for the payment of Common Expenses assessed prior to such foreclosure sale, and such unpaid assessed Common Expenses shall be deemed to be Common Expenses collectible from all of the Lot Owners, including such purchaser, his successors and assigns.

ARTICLE V

ARCHITECTURAL CONTROL

No improvements, alteration, repair, change in paint color, excavation, change in grade, planting, landscaping, exterior decoration or interior decoration visible from the exterior (including without limitation yard ornaments, figurines, statues, bird baths, houses and feeders, flags, decals, window treatments and similar items) or other work which in any way alters the exterior of any portion of the Property or the improvements located thereon from their natural or improved state existing on the date such property was first conveyed in fee by the Declarant to an Owner other than Declarant shall be commenced, erected, or maintained and no building, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered or removed until the plans and specifications showing the nature, shape, height, materials and location the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by an architectural review committee (the "Architectural Review Committee") composed of Declarant during Declarant's Development Period, and thereafter composed of the Executive Board of the Association or three (3) or more representatives appointed by the Executive Board to serve in such capacity.

Upon request the Board shall provide any Owner with a letter stating that any such work plans and specifications, landscaping or plantings have been approved and the letter may be relied upon by third parties.

Refusal of approval of such plans, location or specifications may be based upon any grounds, including purely aesthetic and environmental, that in the sole discretion of the Board or Committee, it shall deem sufficient. The Association, Board or Architectural Committee shall not be responsible for any defects in the plans and specifications submitted to it or in any structure erected according to such plans and specifications.

The Board and the Architectural Committee, or their appointed agents shall have the right, at its election, but shall not be required, to enter upon any of the Property during site preparation or construction, erection, or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications.

The Architectural Committee shall have the power to grant, and may allow, variances of, and adjustments of, the restrictions established herein in order to overcome practical difficulties and prevent unnecessary hardships in application of the restrictions contained herein; provided, however, that variances or adjustments are done in conformity with the intent and purposes hereof; and, provided also, that in every instance such variance or adjustment will not be materially detrimental or injurious to other Lots in the immediate neighborhood. Variances and adjustments may be of the height, size, and setback requirements, but shall not be limited thereto. No variance shall be permitted if it violates governmental minimum standards.

In the event of the grant of any variance in the restrictions established herein, the Association on behalf of the Architectural Committee shall execute a document acceptable in substance to the Association attesting to such grant and the specific nature thereof in form suitable for recording, so that the Lot Owner may record the document in the Registry of the County in which the Lot is located. Such document shall be prepared at the cost of the Lot Owner and shall be binding upon the Association, its successors and assigns, and other Lot Owners and may be relied upon by third parties to evidence the variance approval.

Any reference to "Association" in this Article shall mean the Board or the Architectural Committee, if vested with approval by the Board.

ARTICLE VI

ANNEXATION OF ADDITIONAL PROPERTY

Section 1. Approval of Annexation. Annexation of additional property, except as provided in Section 2 of this Article VII, shall require the assent of two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, present in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purposes of the meeting. The presence of Members or of proxies entitled to cast forty percent (40%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that two-thirds (2/3) of the votes of the Class A membership or two-thirds (2/3) of the votes of the Class B membership are not present in person or by proxy, Members not present may give their written assent to the action taken thereat.

Section 2. Annexation by Declarant. If within twenty (20) years of the date of recordation of this Declaration in the office of the Wake County Register of Deeds, the Declarant should develop such other lands as Declarant or Affiliate or member of Declarant may hereafter acquire contiguous to the additional land, which additional land has been subjected to this Declaration, such land may be annexed by the Declarant without the consent of Members; and, in doing so, Declarant may file and record such amendments to this Declaration as are necessary without the consent of the Members in order to subject such additional lands to the terms of this Declaration and the jurisdiction of the Association. For purposes of determining contiguity of property, the rights-of-way of public or private roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise contiguous property.

Declarant may amend this Declaration at the time of annexation of additional lands as pursuant to the provisions of this Article VII, Section 2. Declarant shall have the right to make such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgement of the Declarant, to and reflect the different character, if any, of the added Property and as are not inconsistent with the plan of this Declaration but such additions and/or modifications shall have no effect upon the Property previously subjected to this Declaration.

Section 3. Recording Annexation Documents. Annexation of additional lands shall be accomplished by recording in the Office of the Register of Deeds in the county in which the Property is located, a Declaration of Annexation, duly executed by the Declarant if the Declarant has the right to annex pursuant to Section 2 above (and by the Association and the land owner of the annexed tract if pursuant to Section l above), describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Property on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except any local governmental authority if required by its ordinances.

Section 4. Annexed Common Elements. Subsequent to recordation of the Declaration of Annexation by the Declarant or any other persons annexing land in accordance with this Article, the Declarant or any other person annexing land in accordance with this Article shall in accordance with Article II, Section 3, deliver to the Association one or more deeds conveying any Common Elements within the lands annexed as such Common Elements are developed.

ARTICLE VII

EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance by Association. In addition to maintenance of the Common Elements, the Association shall provide exterior maintenance upon each Living Unit which is subject to assessment hereunder, as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, mailboxes, fences installed by Declarant or approved by the Association, exterior post lights (excluding electricity therefor), and other exterior improvements. Each Owner shall be required to maintain at its expense all plants, trees, shrubs, grass, and walks located within a fenced area of any Lot. Such exterior maintenance also shall not include glass surfaces, or screens for windows and doors, or any improvements contained within courtyards or areas secured by the owner or the repair or reconstruction of any improvements on any lot, the cost of which repair or reconstruction would be covered by casualty insurance, whether or not a policy of casualty insurance is in effect. The Association shall not be responsible for damage to vegetation planted by a Lot Owner. The Owner shall not plant any vegetation in the front or rear yard except with the prior written approval of the Association. In the event a Lot Owner selects unusual or exotic vegetation for his Lot, which vegetation necessitates extraordinary maintenance and care by the Association, the Association reserves the right to impose an individual assessment upon the individual Lot Owner for any costs attributable to said extraordinary maintenance and care of his vegetation.

As a matter of information to future Members of this Association, the Declarant wishes to make it known that it is a part of the original plan of development to construct a variety of dwellings with a variety of exteriors for the good of the entire subdivision. Some dwellings will require far more maintenance than others because of the types of exterior exposures. Nevertheless, in order to avoid monotony and in order to achieve a harmony of design and textures, all of those connected with the conception, design, construction and financing of this subdivision as originally planned, are in accord in their belief that all Members of the Association will be benefited by the variety of exteriors and, therefore, the Association should provide exterior maintenance and make a uniform rate of charge without regard to the actual cost of maintenance of each dwelling.

Section 2. Damage by Owner. In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, or tenants, guests, contractors, or invitees, or contract purchasers the cost of such maintenance or repairs shall be added to, and become a part of, the assessment to which such Lot is subject.

Section 3. Inspection Rights Reserved. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association, its agents, employees or contractors, the right to unobstructed access over and upon each Lot or Living Unit at all reasonable times for inspection and to perform maintenance as provided in this Article.

Section 4. Casualty Loss Not Included. Maintenance and repairs under this Article arise from normal usage and weathering and do not include maintenance and repairs made necessary by fire or other casualty or damage.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the yard space of each Lot and the Common Elements. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section 2. Use of Property. No portion of the Property (except for temporary office of the Declarant and/or model townhouses used by Declarant) shall be used except for single-family residential purposes and for purposes incidental or accessory thereto.

No trade or business of any kind shall be conducted upon any Lot or part thereof, except (a) Declarant or its agents may use any unsold Lots for sales or display purposes, (b) Declarant may maintain a sales or rental office on the Property, and (c) as may be approved by the Board of Directors in its sole discretion, on a case-by-case basis after petition by an Owner. Provided however, that any such business by an Owner, and approved pursuant to (c) above must be conducted entirely within the confines of the house or garage of an Owner and must not create, among other things, a nuisance to the neighbors, or create among other things, excessive noise, traffic, odors or unpleasant appearances. Once permission is granted by the Board of Directors for such a business, the Board of Directors automatically retains the right to terminate approval of such business for violation of the above conditions or any other conditions stated in the Board's initial approval and the Owner shall terminate such business within thirty (30) days after receipt of notice from the Board. In addition to any other criteria considered by the Board of Directors in making a decision of whether to approve the petition, the Board shall also utilize the following criteria: (i) such office of home business is operated by the Owner or a member of the Owner's household or other occupant residing on a Lot; (ii) there are no displays or signs indicating that the Lot or improvement is being used other than as a residence; (iii) such office or business does not generate significant traffic or parking usage by clients, customers or other persons; (iv) no equipment or other items related to the office or business are stored, parked or otherwise kept on such Lot outside of the dwelling or other enclosure approved by the Architectural Control Committee; (v) such Owner has obtained from all applicable local governmental authorities, and maintains in effect, all required approvals for such use; (vi) the activity is consistent with the residential nature of the Property and complies with all applicable federal, state, and local laws and ordinances; and (vii) no person is employed in such office or home business except for the Owner or the members of the Owner's household or other occupant residing on the Lot.

Section 3. Restrictions on Rentals. Leasing of dwellings for any of the following purposes is hereby prohibited:

(a) by an Owner who has not regularly occupied the Dwelling as the Owner's primary residence and had no future intent to do so;

(b) by an Owner who has not regularly occupied the Dwelling as the Owner's primary residence and who enters into a lease with a tenant that gives the tenant the option to purchase the Dwelling during, or at the end of the term of the lease;

(c) by an Owner where the primary purpose of the ownership of the Dwelling is for commercial purposes in that the Dwelling is intended primarily for lease to tenants and not for occupancy by the Owner as the Owner's primary residence

Notwithstanding the foregoing, the Declarant, or Affiliate may lease any Dwelling owned by Declarant for a period not to exceed one (1) year in connection with the sale of a Lot.

Section 4. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be, or may become, a nuisance or annoyance to the neighborhood.

Section 5. Animals. No animals, birds, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats, pet birds or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and are controlled in accordance with applicable governmental ordinances and are not a nuisance to other Owners. No pet shall be allowed to make an unreasonable amount of noise. Pets shall be under leash at all times when walked or exercised in any portion of the Common Elements, and the owner of such pet shall clean up after such pet. Upon the written request of any Owner, the Board may conclusively determine, in its sole and absolute discretion, whether for purposes of this Section 5, a particular pet is a generally recognized house pet or such pet is a nuisance, and the Board shall have the right to require the owner of a particular pet to remove such pet from the Property if such pet is found to be a nuisance or to be in violation of these restrictions. The Board of Directors shall have the further right to fine any Owner for the violation of these pet restrictions by such Owner, and the Owner shall be liable to the Association for the cost of repair of any damage to the Common Elements caused by the Owner's pet. Any such fine or cost of repair shall be added to and become a part of that portion of any Assessment next coming due to which such Dwelling and its Owner are subject.

Section 6. Insurance. Nothing shall be kept, and no activity shall be conducted, on the Property which will increase the rate of insurance, applicable to residential use, for the Property or the contents thereof. No Owner shall do or keep anything, nor cause or allow anything to be done or kept, in his Cottage or on the Common Elements which will result in the cancellation of insurance on any portion of the Property, or the contents thereof, or which will be in violation of any law, ordinance, or regulation. No waste shall be committed on any portion of the Common Elements.

Section 7. Offensive Behavior. No immoral, improper, offensive, or unlawful use shall be made of the Property, or any part thereof, and all valid laws, ordinances, and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, order, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with, by and at the sole expense of the Owner or the Association, whichever shall have the obligation to maintain or repair such portion of the Property.

Section 8. Structural Integrity. Nothing shall be done in or to any Building or in, to, or upon any of the Common Elements which will impair the structural integrity of any building, or portion of the Common Elements or which would impair or alter the exterior of any Building or portion thereof, except in the manner provided in this Declaration.

Section 9. Signs. No owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard, or identifying name or number upon any Building, or any portion of the Common Elements, except as allowed by the Association pursuant to its Bylaws or regulations or as required by local governmental authority; provided, however, that the Declarant, Owner and any mortgagee who may become the Owner of any Lot, or their respective agents, may place "For Sale" or "For Rent" signs on any unsold or unoccupied Cottages and in suitable places on the Common Elements provided, however, that during the development of the Property and the marketing of Cottages, the Declarant may maintain a sales office and may erect and display such signs as the Declarant deems appropriate as aids to such development and marketing, provided that such signs do not violate any applicable laws.

Section 10. Alterations. No Person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Elements except at the direction or with the express written consent of the Association.

Section 11. Common Elements Use. The Common Elements shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the Cottages, subject to any rules or regulations that may be adopted by the Association pursuant to its Bylaws.

Section 12. Intentionally Deleted.

Section 13. Parking. No boats, trailers, campers, motorhomes, trucks, commercial vehicles or tractors shall be parked on any Lot, on the Common Elements, or on any right of way of any roads or streets within the Property or adjoining the Property by any Lot Owner, its family members, tenants or contract purchasers, except inside an enclosed garage located on a Lot or in a specified storage area established by the Association or except as otherwise may be permitted by Rules and Regulations of the Association. Delivery and maintenance vehicles which are not owned by a Lot Owner are permitted. Notwithstanding the foregoing, this prohibition shall not apply to contractor's trucks and vehicles during the construction of any dwelling, garage or accessory building, it being clearly understood that contractor's trucks and vehicles shall be permitted to park on the roads and streets within the Property until completion of any dwelling, garage or accessory building.

Section 14. Trailers, etc. No trailer, tent, mobile home, modular home or other structure of a temporary character shall be placed upon any Lot at any time, provided, however, that this prohibition shall not apply to shelters or storage units used by the contractor during the construction of a dwelling, garage or accessory building, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on the Lot after completion of construction.

Section 15. Maintenance. Subject to any other applicable terms of this Declaration and unless otherwise maintained by the Association pursuant to any other provision of this Declaration, the Owner of each portion of the Property, at such Owner's sole cost and expense, shall maintain its portion of the Property, including improvements thereon, in a safe, clean and attractive condition at all times, including but not limited to the following thereon:

(a) Prompt removal of all litter, trash, refuse and wastes;

(b) Lawn Maintenance on a regular basis, including Landscape Easements, Sign Easements and Landscaped Rights-of-Way if requested by the Association or according to the terms of any recorded easement agreements should they exist;

(c) Tree and shrub pruning and removal of dead or diseased trees, shrubs and other plant material;

(d) Maintenance of flower and plant gardens;

(e) Maintenance of exterior lighting and mechanical facilities;

(f) Maintenance of parking areas and driveways;

(g) Maintenance of all Improvements thereon;

(h) Maintaining adequate soil erosion controls;

(i) Maintenance of storm water drainage easements and portions of the Property served by storm water drainage easements, as required by this Declaration; and

(j) To the extent not adequately maintained by the applicable governmental authority, the Association or a public utility provider, maintenance of the sidewalk, driveway, driveway apron and utility laterals serving each Owner's portion of the Property, even if located in the Common Elements. Each Owner also shall provide snow and ice removal for any sidewalks located adjacent to such Owner's portion of The Property.

Each Owner shall perform the foregoing responsibilities in a manner that does not reasonably disturb or interfere with the reasonable enjoyment by the other Owners of their portions of the Property.

If any Owner fails to perform any of the foregoing Maintenance Responsibilities, then the Association may give such Owner written notice of the failure and such Owner must, within ten (10) days after such notice is given by the Association, perform the required maintenance. If any such Owner fails to perform the required maintenance within the allotted time period, then the Association, acting through its authorized agent or agents, shall have the right and power, but not the obligation, to enter such Owner's portion of The Property and perform such maintenance without any liability to any Person for damages for wrongful entry or trespass. Such Owner shall be liable to the Association for the expenses incurred by the Association in performing the required maintenance, and shall reimburse the Association for such expenses within thirty (30) days after the Association mails or delivers to such Owner an invoice therefor. If the Owner fails to reimburse the Association as required, the Association shall have the same rights and remedies for collection of the amount as provided in Article IV, Section 9 herein for collection of Assessments.

Section 16. Fuel Tanks. No fuel tanks or similar storage receptacles may be exposed to view. Any such receptacles may be installed only within an accessory building or within a screened area, or buried underground; provided, however, that nothing contained herein shall prevent the Declarant or Association from erecting, placing or permitting the placing of tanks, or other apparatus, on the Property for uses related to the provision of utility or other service

Section 17. Firearms; Hunting Prohibited. There shall be no discharging of firearms, guns or pistols of any kind, caliber, type, or method of propulsion; and no hunting of any type shall be carried on or conducted on the Property.

Section 18. Drying Areas. Clotheslines or drying yards shall not be located upon any Lot without the prior written consent of the Board, which consent may be conditioned or withheld in the sole discretion of the Board, or as set forth in Regulations established for that purpose

Section 19. Independent Covenants. Each and every covenant and restriction contained herein shall be considered to be an independent and separate covenant and agreement, and in the event any one or more of said covenants or restrictions shall, for any reason, be held to be invalid, or unenforceable, all remaining covenants and restrictions shall nevertheless remain in full force and effect.

Section 20. Additional Restrictions. Declarant may include in any contract or deed hereafter made any additional covenants and restrictions that are not inconsistent with and which do not diminish the covenants and restrictions set forth herein.

Section 21. Subdividing. No Lot shall be subdivided, or its boundary lines changed except with the prior written consent of the Declarant during the period of Class B Membership and thereafter by the Board. However, the Declarant, hereby expressly reserves unto itself, and to any successor to which Declarant makes a specific assignment of this right, the right to replat any two (2) or more Lots and/or Common Elements (so long as replatting of the Common Elements conforms with applicable governmental regulations and upon approval by the appropriate governmental authority) shown on the plat of any subdivision of the Property in order to create one or more modified Lots and/or Common Elements; to recombine one or more Lots and/or Common Elements to create a larger Lot; to eliminate from this Declaration Lots that are not otherwise buildable or Lots and/or Common Elements that are needed for access to any area of the Property or are needed for use as private roads or access areas, and to take such steps as are reasonably necessary to make such replatted Lots suitable and fit as a building site or access area or roadway, said steps to include, but not to be limited to the relocation of easements, walkways, and rights-of-way to conform to the new boundaries of the said replatted Lots. If any of the Common Elements is recombined with a Lot, the Association shall execute all necessary documents to effect the recombination.

Section 22. Noise Easement. The Property is subject to that certain Noise Easement Agreement dated August 15, 2006 and recorded in Book 12154, Page 885, Wake County Registry (the "Noise Easement"). As provided in the Noise Easement, the Property may be subjected to conditions resulting from activities conducted at the Koka Booth Amphitheatre, including noise, vehicular and pedestrian traffic, and other conditions that may conflict with the use of the real property for residential purposes. The noise to which the Property may be subjected includes noise from concerts, performances, festivals, celebrations and movie showings and the setting off of pyrotechnics ("fireworks"). All such conducted activities are permitted by the Noise Easement, which contains specific provisions relating to such activities.

ARTICLE IX

BUILDING RESTRICTIONS

Section 1. Square Footage. Any dwelling erected on a Lot shall contain a minimum enclosed dwelling area of 2,550 square feet. In addition thereto, and unless a variance is granted therefor as provided herein, all dwellings shall have an enclosed two car garage attached to the main dwelling. The term "enclosed dwelling area" as used in this Section 1 shall mean the total enclosed area within a dwelling subject to heating and cooling; provided, that the term specifically does not include garages, terraces, open porches, decks, stoops and like areas regardless of heating or cooling. A variance of these square footage requirements up to fifteen percent (15%) of the requirement may be granted by Declarant or the Board of Directors of the Association pursuant to Article V hereof, but in no case will the size be less than that required by the governmental agency having jurisdiction over the Property. In the event a variance is required for a dwelling constructed by Premiere Homes II, Inc., the variance shall be approved by Regency Investment Group LLC.

Section 2. Setback Lines. Dwellings erected on a detached single-family residential Lot (including garage) shall comply with the front, rear and side yard setbacks set out in the zoning ordinance of the applicable governmental authority having jurisdiction over the Lot.

Section 3. Height and Accessory Building. No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any detached single-family residential Lot other than a detached single family dwelling not to exceed two (2) stories in height, unless the Board approves in writing a variance permitting a structure of more than two stories, and a garage and small accessory building (which may include a pool house, servants' quarters, or guest facilities), provided, the use of such dwelling or accessory building does not in the opinion of the Board or Architectural Committee overcrowd the site. Such accessory building may not be constructed prior to the construction of the primary dwelling. All garages must be attached to the main dwelling, unless the Association approves in writing a variance permitting a detached garage.

Section 4. Multi-Family Use Prohibited. No multiplex residence, or rooming house or apartment house shall be erected or placed on, or allowed to occupy, any detached single-family residential Lots, and no dwelling once approved and constructed shall be altered or converted into a multiplex residence, or apartment house or rooming house.

Section 5. Remedies. If the finished dwelling, garage, accessory building or other structure does not comply with the submitted and approved plans and specifications, the Board retains the right to make the necessary changes at owner's expense to comply with the approved plans and specifications, the right to treat such charge or cost as an assessment, the right to file under the North Carolina lien laws a notice of liens for any costs incurred, and the further right to resort to all remedies provided under the laws of North Carolina for the recovery of such costs and the expenses of collection, including without limitation, reasonable attorneys' fees. Any changes in plans or specifications must first be reapproved by the Architectural Committee in accordance with the procedure herein specified for architectural control.

Section 6. Trash Receptacles. Each Lot Owner shall provide receptacles for garbage in a screened area not generally visible from the road or similar facilities in accordance with standards established by the Association.

Section 7. Parking Spaces. Each Lot Owner shall provide space for parking two automobiles off the street prior to the occupancy of any dwelling constructed on said Lot in accordance with standards established by the Association.

Section 8. Trees and Shrubs. The Declarant encourages the planting of flowering shrubs and trees; however, no trees, bushes, shrubs, grasses or other vegetation whatever, may be removed, planted or installed from or on any Lot without prior written approval of the Architectural Committee, based upon a site plan, landscaping plan or planting plan submitted to the Architectural Committee.

ARTICLE X

EASEMENTS

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

Section 2. Adjoining Areas. Each Owner is hereby declared to have an easement, and the same is hereby granted by the Declarant, over all adjoining Lots and Common Elements for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, or additional settlement or shifting of the building, or any other cause. There shall be valid easements for the maintenance of said encroachment, which include any encroachments created during the original construction of the Building and related structures on a Lot, settlement or shifting; provided however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot and the Common Elements agree that minor encroachments over adjoining Lots and the Cottages Common Elements shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Section 3. Easements Reserved by Declarant. Declarant hereby reserves such easements on, across and over the Common Elements as shall be reasonably necessary for (i) the exercise by Declarant or any Affiliate of any right herein reserved, including, without limitation, Declarant's right, should Declarant elect, to annex additional property, as hereinafter defined and (ii) the development by Declarant or any Affiliate, their respective successors and assigns, of any portion of the additional property, should Declarant elect not to annex such property, including without limitation easements for ingress, egress and regress over private roads and streets now or hereafter erected on the Property and easements for drainage and for the use of all utility lines, fixtures and/or their connections located within the Common Elements for the purpose of providing drainage, water, light, power, telephone, sewage and sanitary service to such Property.

Section 4. Unintentional Encroachments. In the event that any building on a Lot shall encroach upon any Common Elements or upon any other Lot for any reason not caused by the purposeful or negligent act of the Owner or agents or such Owner, then an easement appurtenant to such Lot shall exist for the continuance and maintenance of such encroachment upon the Common Elements or other Lot for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Elements shall encroach upon any Lot, then an easement shall exist for the continuance and maintenance of such encroachment of the Common Elements onto any such Lot for so long as such encroachment shall naturally exist.

Section 5. Overhanging Roofs and Eaves. Each Lot and its Owner within the Property is hereby declared to have an easement, and the same is hereby granted by the Declarant, over each adjoining Lot and/or the Common Elements, as the case may be, for over-hanging roofs and eaves and the maintenance thereof.

Section 6. Easement for the Benefit of Governmental Authorities. An easement is hereby established for the benefit of the Town of Cary, or other governmental agency, over all Common Elements for the setting, removing and reading of water meters (which shall be separate for each Living Unit), maintaining and replacing water, and sanitary sewer facilities owned by the City, for police protection, fire fighting and garbage collection, postal services, and the rendering of such other services as are appropriate and necessary for the use and enjoyment of the Property. In no case shall the Town of Cary or other responsible agency, be responsible for failing to provide any emergency or regular fire, police, or other public service to the Property or to any of its occupants when such failure is due to the lack of access to such area due to inadequate design or construction, blocking of access routes, or any other factor within the control of the Declarant, the Association, the Owners or occupants. All conveyances of any portion of the Property shall be subject to these limitations on the City's or other agency's responsibilities.

Section 7. Easement for Benefit of Utility Company. The Declarant reserves the right to subject the Property, including the Common Elements, to a contract with Carolina Power and Light Company for the installation of underground electric lines, cables and connector posts or for the installation of street lighting, either or both of which, may require an initial payment or a continuing annual payment to the utility by the owner of each Lot.

Section 8. Priority of Easements. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Lots, and the Common Elements, as the case may be, superior to all other encumbrances which may hereafter be applied against or in favor of the Property or any portion thereof.

Section 9. Declarant Easement. Every Lot shall be subject to an easement for entry and encroachment by the Declarant for a period not to exceed eighteen (18) months following conveyance of a Lot to an Owner for the purpose of correcting any problems that may arise regarding grading and drainage. The Declarant, upon making entry for such purpose, shall restore the affected Lot or Lots to as near the original condition as practicable.

Section 10. Structural Support. Every portion of a Cottage which contributes to the structural support of the Building shall be burdened with an easement of structural support for the benefit of all other Cottages within the Building.

Section 11. Emergencies. Every Lot and Cottage shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot or within any Cottage and that endangers any building or portion of the common area.

Section 12. Maintenance and Drainage Easement. The Association reserves an easement over and across every Lot for the purpose of performing the maintenance requirements of the Association as prescribed herein. The Declarant so long as it has Class B Membership, and thereafter the Association, may cut and create drains and drainways both above ground and underground for the purpose of facilitating the removal of surface water whenever such action may appear to be necessary in order to maintain reasonable standards of health, safety and appearance along, over or across any Lot. Each Lot Owner shall maintain the drainage devices on its Lot at its own expense. Furthermore, each Lot Owner shall not allow the diversion or concentration of stormwater runoff, without the prior written approval of the Architectural Committee, and no drainage diversion or structure may be constructed in violation of any North Carolina Department of Transportation regulation.

Section 13. Easements for Repairs. Each lot owner shall have a perpetual access easement over the adjoining lot and Common Elements to the extent reasonably necessary to perform repair, maintenance, or reconstruction of his Cottage. Such repair, maintenance, or reconstruction shall be done expeditiously, and, upon completion of the work, the owner shall restore the adjoining lot and Common Elements to as near the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable.

Section 14. Fenceline and Landscape Easement. There is installed on each Lot a fence extending from the rear corner of the dwelling to a point perpendicular with the rear lot line ("Fenceline"). To the extent that a Lot is located adjacent to other Lots on both sides, the Owners of adjacent Lots are hereby declared to have an easement, and the same is hereby granted by the Declarant, over the adjoining Lots for the purpose of utilizing that portion of the adjoining owner's Lot located between the Fenceline and the common Lot line for purposes of installation, maintenance and replacement of landscaping. In the event a fence on any Lot is partially or totally destroyed, or is relocated for any reason, it may be repaired or rebuilt by the Association in the location approved by the Association, and the location of the easement shall be considered to be varied in relation to the location of the new Fenceline. For purposes of illustration only, that map attached to this Declaration as Exhibit B illustrates the approximate location of the landscape easement on each lot.

ARTICLE XI

INSURANCE

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

(a) Public liability and property damage insurance in such amounts and in such forms as shall be required by the Association, but public liability shall be an amount of at least One Million and no/100 DOLLARS ($1,000,000.00) for each occurrence.

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

(c) Fidelity bond coverage covering those that shall be responsible or shall handle funds of the Association.

(d) Such other insurance coverage as it may determine to be desirable and necessary, including fire and hazard insurance covering all buildings located on the Property as specified in Section 4, if determined to be better served by the Association procuring such insurance.

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

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

Section 4. Insurance to be Maintained by the Owner. Each Owner shall maintain in full force and effect at all times fire and hazard insurance in an amount equal to the full replacement value on all buildings, improvements and Living Units, including the value of excavations and foundations.

Casualty coverage shall afford protection against:

(A) Loss or damage to property by fire or other hazards covered by a standard extended coverage endorsement; and

(B) Such other risks as from time to time shall be customarily covered with respect to buildings and improvements similar in construction, location and use as the buildings and improvements to be insured, including, but not limited to, vandalism and malicious mischief.

Such insurance shall be issued with an insurer licensed to do business in North Carolina and holding a rating of "A" or better by Best's Insurance Reports, and such policy must provide that the insurer will not cancel, reduce or substitute coverage without first giving the Association and any mortgagee named in the policy thirty (30) days prior written notice thereof.

If an increase in annual assessments are required due to an increase of insurance premium required to be paid pursuant to the terms of this Section 4, such increase in the annual assessment may be levied upon the approval of a majority of the members of the Board of Directors of the Association and not pursuant to the terms of Article IV of the Declaration.

ARTICLE XII

REPAIR, RESTORATION OR RECONSTRUCTION OF CASUALTY DAMAGE

Section 1. Repair and Restoration. Except as otherwise herein provided, damage to or destruction of Living Units or Lots shall be repaired, restored or reconstructed by the affected Owners within one hundred and eighty (180) days from damage, such repair and restoration or reconstruction, insofar as possible, to be in accordance with the original plans and specifications of the original building. In the event that the Owners of damaged Living Units and Lots default in the obligation to repair and restore or reconstruct as herein provided, the Association, after thirty days prior notice, may (but shall be under no obligation to) repair and restore or reconstruct the damaged Living Unit or Lot. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association and its agents the right to unobstructed access over and upon each Lot at all reasonable times to perform repair and restoration or reconstruction as provided in this Article. In the event of action by the Association as herein permitted, the Owners of damaged Living Units and Lots shall be liable for assessment for the entire cost of such repair and restoration or reconstruction and subject to exercise of the enforcement remedies herein provided in the event of failure of timely payment of the assessment.

ARTICLE XIII

RIGHTS OF INSTITUTIONAL LENDERS

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

A. To be furnished with at least one copy of the Annual Financial Statement and Report of the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and Report to be furnished within 120 days of the end of each calendar year.

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

C. To be given notice of default in the payment of assessments by any Owner of a Lot of sixty (60) days or more encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principal office of such Institutional Lender or Institutional Lenders, or to the place which it or they may designate in writing to the Association.

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

E. To be given notice by the Association of any substantial damage to any part of the Common Elements.

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

G. To be given notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

H. Any proposal requiring consent of the mortgage holders.

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

ARTICLE XIV

GENERAL PROVISIONS

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

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

Section 3. General Amendments. The covenants and restrictions of this Declaration shall run and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated as hereinafter provided. This Declaration may be terminated only with the consent of the Owners entitled to cast at least eighty percent (80%) of the votes of the Association. This Declaration may be amended with the consent of the Owners entitled to cast at least sixty-seven percent (67%) of the votes of the Association. In addition, no alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of Declarant or of the obligations imposed herein on Declarant shall be made without the written consent of Declarant being first had and obtained and no alteration, amendment or modification of any easement rights established in favor of any property not a part of the Property shall be effective without the written consent of the owner(s) of such property. Any notice of termination or amendment must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by the officers executing the instrument on behalf of the Association that the requisite Owner and Declarant approval has been obtained and is evidenced by written acknowledgment(s) signed by the Owners approving the termination or amendment and, as the case may be, if required, Declarant, and that such acknowledgments have been made a part of the Minute Book of the Association; and (3) be properly recorded in the Office of the Register of Deeds, Wake County, North Carolina. For the purpose of this section, additions to existing property by Declarant pursuant to Section 4 of this Article shall not constitute an "amendment." In the event this Declaration is terminated in accordance with the provisions hereinabove provided, Declarant, for each Lot owned within the Property, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of all permanent retention or detention ponds. Notwithstanding the foregoing, Declarant may at any time unilaterally amend this Declaration to terminate or restrict any right reserved hereunder by Declarant and Declarant, during Declarant's Development Period, and thereafter, the Board of Directors of the Association, may amend this Declaration as shall be necessary, in its opinion, to correct obvious errors and omissions herein

Section 4. Gender. Where required for proper interpretation, words in the singular shall include the plural; the masculine gender shall include the neuter and the feminine, and vice versa. The terms "heirs, executors, administrators and assigns" shall include "successors, legal representatives and assigns".

Section 5. Captions. Captions are solely for the purpose of facilitating reference, and terms such as "herein", "hereof" and "hereunder", or other terms of similar import, shall be deemed to refer to this Contract as a whole and not to any particular section.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 2d day of November, 2007.

REGENCY INVESTMENT GROUP LLC, a
North Carolina limited liability company

By: Creedmoor Holdings LLC, Manager

By: [signature]
Name:
Its:

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I certify that the following person personally appeared before me this day acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Henry K. McNair as Manager of Creedmoor Holdings LLC as Manager of Regency Investment Group LLC.

Witness my hand and notarial stamp or seal this 2nd day of Nov., 2007.

[NOTARIAL STAMP/SEAL]

MARY ELLEN POTANOVIC
NOTARY
* * *
PUBLIC
WAKE COUNTY N.C.

Mary Ellen Potanovic
Notary Public MARY ELLEN POTANOVIC
My commission expires - 6-15-08

{521788.RC.09652.521407 }

Typed or Printed Name: MARY ELLEN POTANOVIC
My Commission Expires: 6-15-08

EXHIBIT A

BEING that entire 23.24 acre tract shown on those maps entitled "Renaissance Cottages at Regency" dated March 12, 2007 by Withers & Ravenel and recorded in Book of Maps 2007, pages 2069, 2070, 2071, 2072, 2073 and 2074 Wake County Registry.