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LAURA M RIDDICK
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAGE SQUARE AT AMBERLY

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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
VILLAGE SQUARE AT AMBERLY**

TABLE OF CONTENTS

**DECLARATION OF COVENANTS,
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OF
VILLAGE SQUARE AT AMBERLY**

THIS DECLARATION, made this 29th day of November, 2006 by Amberly Builder Group, LLC, a North Carolina limited liability company, (hereinafter called "Declarant"), with its principal office in Wake County, North Carolina;

W I T N E S S E T H :

WHEREAS, in order to provide a coordination and continuity among the various phased communities and the owners of dwelling units in those communities, it is deemed appropriate to have an association in which all owners in Village Square at Amberly Subdivision are members; and,

WHEREAS, Declarant desires to have certain areas of the Development owned by this Association and benefit all owners within the Development; and,

WHEREAS, Declarant has deemed it desirable for the efficient preservation, protection and enhancement of the values and amenities in Village Square at Amberly Subdivision, and to insure the residents' enjoyment of the specific rights, privileges and easements in the Community Common Property and facilities to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Community Common Property, facilities, and administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter created; and,

WHEREAS, Declarant has incorporated under the laws of the State of North Carolina, as a non-profit corporation, Village Square at Amberly Homeowners Association, Inc. for the purpose of exercising the functions aforesaid within the community known as Village Square at Amberly Subdivision; and,

WHEREAS, Declarant desires to subject the real property described in Exhibit "A' hereof to the provisions of this Declaration to create a residential community and to provide for the subjecting of other real property to the provisions of this Declaration and to be and constitute a parcel Declaration under the Master Declaration; and ,

WHEREAS, the Board of Directors of the Master Association and the Master Declarant have given their approval and consent to this Declaration, respectfully, as provided in Articles IV and XI of the Master Declaration;

NOW THEREFORE, the Declarant declares that the real property described in Article II, and such additions thereto, and annexation thereto, as may hereafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens (sometimes referred to as "covenants and restrictions") hereinafter set forth.

ARTICLE I

DEFINITIONS

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

(a) "Access Area" shall mean and refer to the areas designated as such on the various maps of Village Square at Amberly.

(b) "Association" shall mean and refer to Village Square at Amberly Homeowners Association, Inc., its successors and assigns.

(c) "Community Common Property" or "Common Area" or "Common Property" shall mean and refer singularly or collectively, as applicable, to all real property and improvements thereon or associated therewith, which is/are owned or leased by, or located in an easement granted to or reserved by, the Association and which has/have been designated by Declarant or the association as "Community Common Property", "Common Area", "Open Space", "Landscape Buffer", or some other, similarly descriptive term, on a recorded plat, in a Supplemental Declaration, or in a deed or other written instrument, and also shall refer to all personal property owned or leased by the Association and designated as Common Property by the Declarant or the Association.

(d) "Declarant" shall mean and refer to Amberly Building Group, LLC, (a North Carolina Limited Liability Company), its successors and assigns, to whom the rights of Declarant hereunder are expressly transferred in whole or in part, and subject to such conditions as Declarant may impose, if such successors or assigns should acquire more than one undeveloped Lot or Living Unit location for the purpose of development. The development of a Lot or Living Unit site shall mean and refer to the construction of a residence thereon, including a condominium unit.

(e) "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions applicable to the Properties, and amendments thereto which are recorded in the Office of the Register of Deeds, Wake County, North Carolina.

(f) "Limited Common Expenses" is defined as all expenses of the type included within the term Common Expenses, but that are related solely and specifically to Limited Common Property. Limited Common Expenses shall be paid by assessments against Members who own, or who own property within, the particular phase, section or subdivision, or Lot for or on which the associated Limited Common Property has been established.

(g) "Limited Common Property" and "Limited Common Area" are defined as Common Property that is established by the Declarant or the Association for the benefit of a particular phase, section, subdivision, or Lot within the Community and which has been designated as such by the Declarant or the Association. Limited Common Property is separate and distinct from Sub-Association Common Property,. Examples of Limited Common Property include landscaped medians and alleys behind Dwellings in particular sections of the Community.

(h) "Living Unit" shall mean and refer to any structure, or part of a structure designed and built for occupancy as a single family residence and shall include single family residences, townhouses, villas, and any other single family dwelling unit located on the Properties, including attached or detached units.

(i) "Lot" shall mean and refer to any numbered or lettered plot of land shown on any plot including exact metes and bounds descriptions and recorded in the Office of the Register of Deeds, Wake County, North Carolina, which is made subject to this Declaration as it may be amended.

(j) "Master Association" shall mean Amberly Master Property Owners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

(k) "Master By-Laws" shall mean the By-Laws of the Master Association as may be amended from time to time.

(l) "Master Declaration" shall mean that certain Master Declaration of Covenants, Conditions, and Restrictions for Amberly, recorded in Book 10748, Page 347, *et seq.*, in the Office of the Wake County, North Carolina Register of Deeds, as may be supplemented and amended from time to time, which document subjects the real property described in Exhibit "A" thereto and any Additional Property annexed thereto, including the

Neighborhood Property, to the provisions of that Declaration, which property shall be held, sold, transferred, conveyed, used, occupied and encumbered subject to the covenants, conditions, restrictions and easements, therein set forth.

(m) "Member" shall mean and refer to an "Owner" subject to assessment as provided in this Declaration.

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

(o) "Properties" shall mean and refer to that certain real property described in Exhibit A hereto, and any annexation thereto.

(p) "Single Family Detached Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties upon which a single family detached Living Unit is to be situated.

(q) "Attached Townhome Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties, upon which an attached townhome Living Unit is to be situated.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Property Made Subject To Declaration. The Properties described in Exhibit A hereto and any annexation are hereby made subject to this Declaration and the Properties shall be owned, held, leased, transferred, sold, mortgaged and/or conveyed by Declarant, the Association and each Owner subject to this Declaration and the terms, covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration.

Section 2. Existing Property. The real property which hereby is, and shall be, held, transferred, sold, conveyed, and occupied subject to this Declaration is located in Wake County, North Carolina, and is more particularly described in Exhibit A hereto.

Section 3. Mergers. Upon a merger or consolidation of the Association with another organization as provided by its By-Laws, its properties, rights and obligations may be transferred to another surviving or consolidated homeowner's association or, alternatively, the properties, rights and obligations of another homeowner's corporation may, by operation of law, be added to the properties, rights and obligations of this Association as a surviving corporation pursuant to a merger. The surviving or consolidated homeowner's corporation may administer the covenants and restrictions established by this Declaration within the Properties, together with the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall affect any revocation, change or addition to the covenants established by this Declaration within the Properties except as hereinafter provided.

ARTICLE III

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation by Members: Except as provided in Section 2 of this Article, additional lands may be added and annexed to the Property only if two-thirds (2/3) of the votes entitled to be cast in each class of Members are cast in favor of annexation. A meeting duly called for this purpose, written notice of which shall be sent to all members not less than ten (10) days in advance of the meeting.

For the purpose of such meeting, the presence of members or authorizing proxies entitled to cast sixty percent (60%) of the votes of each class of members , shall constitute a quorum.

If the required quorum is not forthcoming at any meeting, another meeting may be called within sixty (60) days thereafter, subject to the notice requirement set forth above, and the required quorum of such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting.

If a quorum is present and a majority of the votes are cast in favor of the annexation, but the majority is less than the two-thirds (2/3) majority of each class required for approval of the annexation, and it appears that the required two-thirds (2/3) of each class may be achieved if the Members not present or voting by proxy assent to the annexation, then and in that event, the Members not present or voting by proxy may assent to or dissent from the proposed annexation in writing within one hundred twenty (120) days following the date of the meeting at which he is entitled to vote either in favor of or against the annexation. If the number of votes cast at the meeting in favor of the annexation, together with the votes deemed to have been cast by the Members assenting to the annexation, shall constitute the requisite two-thirds (2/3) majority of each class of all votes entitled to be cast, the annexation shall stand approved.

Section 2. Annexation by Declarant. If within ten (10) years from the date of incorporation of the Association, the Declarant should acquire additional land for the purpose of development in Village Square at Amberly, such land may be annexed by the Declarant without the consent of members by the recordation of a Declaration of Annexation for such purpose.

Section 3. Conveyance of Community Common Properties. The Declarant will convey any Community Common Properties in annexed areas in the same manner and is provided in Article VI Section 3, hereinbelow.

Section 4. Reserved Declarant Rights. The Declarant reserves the following development rights: (i) to add real estate to the properties in accordance with this Article III; (ii) to create Living Units; (iii) to add Community Common Property; (iv) to modify or change Living Unit types; (v) to reallocate Living Units or Lots within the property; (vi) to withdraw undeveloped real estate from the Properties.

ARTICLE IV

MEMBERSHIP

Every person or entity which is a record owner of a fee or undivided interest in any Living Unit which is subject to this Declaration to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Living Unit which is subject to assessment by the Association. Ownership of such Living Unit shall be the sole qualification for membership.

ARTICLE V

VOTING RIGHTS

Section 1. Classes of Voting Membership. The Association shall have two (2) classes of voting membership.

Class A. Class A members shall be all those Owners of Lots and Living Units with the exception of the Declarant (as defined in this Declaration). Class A members shall be entitled to one vote for each Lot, or Living Unit in which they hold the interest required for membership by ARTICLE IV. When more than one person holds such interest in any Lot, or Living Unit, all such persons shall be members, and the vote for such Lot, or Living Unit shall be exercised as the majority of such persons among themselves determine; however, in no event may more than one vote be cast with respect to any one Lot. Fractional voting shall be prohibited. At any meeting of the members, a representation by any of such persons that a majority of such persons have agreed as to the vote for such Lot or Living Unit shall be conclusive unless another of such persons contests such representation at such meeting prior to the casting of such vote.

Class B. The Class B member(s) shall be the Declarant (as defined in the Declaration). The Class B member(s) shall be entitled to three (3) votes for each Lot or Living Unit owned. 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 equals 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, such additional lands are annexed to the Property without the assent of Class A members because of development of such additional lands by the Declarant, as provided for in Article III herein; or

(b) ten (10) years following the date of incorporation of the Association.

Section 2. Voting – Master Association. Voting with regard to the Master Association shall be carried out as is provided in the Master Declaration and the Master By-Laws. The Board of Directors of the Association may, without a vote of the Association, appoint the Association delegate(s) as that term is defined in the Master Declaration (as provided in the Master Declaration and Master By-Laws). Pursuant to Article IV, Section 2(i) of the Master Declaration, each Parcel (as defined in the Master Declaration) must appoint a representative or delegate (the "Parcel Delegate") to represent the interests of the Owners within the Parcel to the Master Association. As of the date hereof, the Community comprises one (1) Parcel (as defined in the Master Declaration) and has one (1) Parcel Delegate. Until such time as Class B membership expires, Declarant, in its sole discretion, shall name such Parcel Delegate to represent the interests of the Community. Upon the expiration of Class B membership, the Parcel Delegate shall be chosen by the Association as may be provided in the Bylaws or in an authorized action of the Board. Pursuant to the Master Declaration, the Parcel Delegate will represent the Community in the Master Association, but none of Declarant, the Association or the Parcel Delegate has, or purports to have, control over the Master Association, or the ability to cause amendments to be made to the Master Declaration or to any other documents governing the Master Community. The Parcel Delegate shall exercise the vote for the Community within the Master Association in accordance with the goals, values and initiatives of the Association and shall take all reasonable steps to ensure that the Board is kept well informed of matters of interest within the Master Association. A Parcel Delegate may be removed at any time by action of Declarant (if Declarant still has the power to appoint and replace the Parcel Delegate) or of the Association otherwise, acting through the Board, if Declarant or the Association, as applicable, reasonably believes that the Parcel Delegate is not fulfilling the duties set forth in this Section.

ARTICLE VI

PROPERTY RIGHTS IN THE COMMUNITY COMMON PROPERTY

Section 1. Owners' Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Community Common Property, together with and including the right of access, ingress and egress, both pedestrian and vehicular, on and over the drives, walkways and parking areas of the Community Common Property, all of which shall be appurtenant to and shall pass with the title to every Lot and Living Unit and 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 facility situated upon the Community Common Property;

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

(c) the right of the Association to dedicate, sell or transfer all or any part of the Community Common Property, to any public agency, authority, or utility for such purposes, and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless it has been approved by two-thirds (2/3) of each class of members and an instrument properly executed by the Association has been recorded. On such instrument the Secretary of the Association shall certify that two-thirds (2/3) of each class of members have approved the dedication, sale or transfer and that certificate shall be conclusive as to any grantee or its assigns; provided, however, conveyances for general utility purposes as specified herein may be made without consent of the members;

(d) the Association, acting through its Board of Directors, from time to time may exchange with Declarant or any member a portion of the Community Common Property for real property owned by the Declarant or such member, provided that the exchange is approved by the vote of fifty-one percent (51%) of each class of members at a meeting of the members of the Association duly held in accordance with its By-Laws; the property received by the Association shall be of approximately the same size as the portion of Community Common Property exchanged; the property conveyed to the Association is free and clear of all encumbrances except the Declaration and easements for greenway, drainage, utility, and sewer; the transaction must comply with requirements of the Ordinances of the County of Wake and the exchange must be approved, if necessary, by the Planning Director of the County of Wake. Provided, however, where the exchange is done to eliminate an encroachment of a structure into the Community Common Property or to allow the necessary setback between the structure and the property line, the notice and consent provisions hereinabove shall not be required and only the approval of the Board of Directors of the Association shall be necessary. The real property so acquired by the Association shall be a part of the Community Common Property. The portion of the Community Common Property so acquired by Declarant or a member, shall cease to be Community Common Property and shall be subject to those provisions of the Declaration that were applicable to the properties conveyed to the Association by the Declarant or member.

(e) the right of the Association, in accordance with its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the Community Common Property and facilities and in aid thereof to mortgage said properties, and the rights of such mortgages in said properties shall be subordinate to the rights of the Members hereunder;

(f) the right of the individual members the use of parking spaces as may be provided by the Board of Directors;

(g) the right of the Association in accordance with its Articles of Incorporation or By-Laws to impose rules and regulations for the use and enjoyment of the Community Common Property and improvements thereon, which rules and regulations may further restrict the use of the Community Common Property.

Section 2. Delegation of Use. Except as specifically limited hereinbelow, any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Community Common

Property and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to the Community Common Properties. Declarant shall dedicate and convey to the Association (by deed without warranty at Declarant's option) fee simple title to all real property portions of the Community Common Property to the Association, free and clear of all encumbrances and liens other than the lien of current taxes and assessments not in default and utility easements, other easements and encumbrances (not constituting a lien to secure the payment of money) and mineral interests outstanding and of record in Wake County, North Carolina, and the terms and conditions of this Declaration and any applicable supplemental Declaration, prior to the conveyance of the first Lot, Living Unit, in that Phase.

Section 4. Bodies of Water. All bodies of water, including, without limitation, lakes, ponds, storm water detention ponds, wetlands, and streams within the Properties shall be accepted by the Association in their original condition and shall serve the Association as aesthetic and recreational amenities. Neither the Association nor the Declarant shall be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of any such bodies of water. For this purpose, "wetlands" means any area labeled as wetlands on a recorded plat for the Properties or otherwise designated as wetlands by the Declarant. No Owner, except Declarant, shall have any right to pump or otherwise remove water from, nor to place rocks, stones, trash, garbage, sewage, waste water, rubbish, debris, ashes or other refuse in, any wetlands, ponds, storm water retention ponds and streams within the Properties. Applicable governmental agencies and the Declarant, so long as the Declarant owns any property subject to the Declaration or has the unexpired right to annex additional property to the Declaration, and thereafter the Association, shall have the sole right to control the water level of any body of water located within the Properties and to control the growth and eradication of plants, fowls, reptiles, animals, fish and fungi in and around any wetlands, ponds, storm water retention ponds and streams within the Properties. The Declarant may install a fountain in any proposed lake, pond, or body of water, and the cost of maintenance and of utilities for the use of any such fountain shall be the responsibility of the Association.

Section 5. Utility Lines. Each Owner, occupant, guest, and invitee acknowledges that neither the Association, if any, nor the Declarant, nor a builder shall in any way be considered insurers or guarantors of health within the Properties and neither the Association, if formed, nor the Declarant, nor a builder shall be held liable for any personal injury, illness or other loss or damage caused by the presence or malfunction of utility lines adjacent to, near, over or on the Properties. Each Owner, occupant, guest and invitee assumes all risk of personal injury, illness or other loss or damage arising from the presence of utility lines and further acknowledges that neither Declarant, nor the Association, if formed, nor a builder have made any representations or warranties, nor has any Owner, occupant, guest or invitee relied upon any representations or warranties, expressed or implied, relative to the condition or impact of utility lines.

ARTICLE VII

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot or Living Unit owned within the Properties, hereby covenants, and each Owner of any Lot or Living Unit by acceptance of a deed therefore, 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; and (2) special assessments for extraordinary maintenance and capital improvements; (3) Master Declaration assessments, as established by the Master Declaration; and (4) to the appropriate governmental taxing authority, a pro rata share of assessments against the Community Common Property and for improvement and maintenance of public roads if the

Association shall default in payment thereof, all as hereinafter provided. The annual and special assessments, together with interest, late fees, and costs, and reasonable attorney's fees for collection, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, late fees and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal 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 a special assessment on any Lot and 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 parcel described in such conveyance to him within then ten (10) days after receipt of an invoice for the same, and further covenants that if said charge shall not be paid within thirty (30) days from the date that said invoice is deposited, postage prepaid in the United States mail, in an envelope addressed to such Owner at the address of the parcel or to such other address as said Owner shall have designated, the amount of such charge shall become a lien upon said Owner's parcel 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 to promote the recreation, health, safety, and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, including the maintenance, repair and reconstruction of all private streets, water and sewer lines situated outside public streets and public easements; or other services and facilities, including area lighting devoted to this purpose and related to the exterior maintenance of the residents as situated upon the "Attached Townhome Lots" within the properties; for the use and enjoyment of the Community Common Property, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision; the procurement of private garbage and trash collection services; the maintenance of any private water and sewer distribution systems; the payment of taxes and public assessments assessed against the Community Common Property; the procurement and maintenance of insurance in accordance with this Declaration and the By-Laws; the employment of counsel, accountants and other professionals for the Association when necessary; and such other needs as may arise.

Section 3. Maximum Annual Assessment - Single Family Detached Lots. Through and including December 31, 2007, the maximum annual assessment for Single Family Detached Lots shall be Four Hundred Twenty Dollars ($420.00) per Lot.

(a) The maximum annual assessment for Single Family Detached Lots for the calendar year beginning January 1, 2008, and for successive calendar years thereafter, shall be established by the Board and may be increased by the Board without approval by the membership of the Association by an amount per year not to exceed ten percent (10%) of the amount of the maximum annual assessment of the immediately preceding calendar year.

(b) The maximum annual assessment for Single Family Detached Lots for the calendar year beginning January 1, 2008, and for each successive calendar year thereafter, may be increased without limit by the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a duly called meeting of the Association at which a quorum is present. The provisions of this subsection shall not apply to nor be a limitation upon any change in the maximum annual assessment undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under this Declaration or its Articles or By-Laws.

(c) Subject to the provisions of this Article VII, the Board may fix the annual assessment at any amount not in excess of the maximum annual assessment allowed for the applicable calendar year.

Section 4. Maximum Annual Assessment - Attached Townhome Lots. Through and including December 31, 2007, the maximum annual assessment for Attached Townhome Lots shall be One Thousand Five Hundred Dollars ($1,500.00) per Lot.

(a) The maximum annual assessment for Attached Townhome Lots for the calendar year beginning January 1, 2008, and for successive calendar years thereafter, shall be established by the Board and may be increased by the Board without approval by the membership of the Association by an amount per year not to exceed ten percent (10%) of the amount of the maximum annual assessment of the immediately preceding calendar year.

(b) The maximum annual assessment for Attached Townhome Lots for the calendar year beginning January 1, 2008, and for each successive calendar year thereafter, may be increased without limit by the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a duly called meeting of the Association at which a quorum is present. The provisions of this subsection shall not apply to nor be a limitation upon any change in the maximum annual assessment undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under this Declaration or its Articles or By-Laws.

(c) Subject to the provisions of this Article VII, the Board may fix the annual assessment at any amount not in excess of the maximum annual assessment allowed for the applicable calendar year.

Section 5. Special Assessments. 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 costs of any construction, reconstruction, restoration, repair or replacement of a capital improvement upon the Community Common Property, or any extraordinary maintenance of any property for which the Association is responsible, or any other extraordinary expense for which the Association is responsible, provided that any such assessment shall have the assent of sixty-seven percent (67%) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Additional Assessments For Limited Common Property. Owners of portions of the Properties located in one or more phases, sections or subdivisions in the Properties may be required to pay additional annual assessments and special assessments to the Association for the maintenance of, and addition to, Limited Common Property, including any one or more of the following: (i) private streets; (ii) alleys; and (iii) landscaping, signs and decorative features.

All of the provisions of this Declaration relating to annual and special assessments shall apply to the additional annual and special assessments for Limited Common Property, with the following exceptions: (i) the additional assessments with respect to any particular Limited Common Property are assessed only against those Owners of portion of the Properties associated with such Limited Common Property; (ii) the initial additional maximum annual assessment and additional annual assessment for each Limited Common Property shall be Seventy-Two Dollars ($72.00); (iii) the actual additional annual and special assessments may vary from phase to phase, section to section or subdivision to subdivision; and (iv) the additional annual and special assessments for portions of the Properties in any particular phase, section or subdivision of the Properties shall be used exclusively in connection with the Limited Common Property associated with that phase, section or subdivision.

Section 7. Notice and Quorum for Any Action Authorized Under Sections 3, 4 and 5. 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 thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 8. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Single Family Detached Lots, and at a uniform rate for all Attached Townhome Lots (which may not be the same rate for both Single Family Detached Lots and Attached Townhome Lots), and may be collected on a monthly basis. Provided, however, that the assessment for Lots or Living Units owned by Declarant or any builder who has purchased an undeveloped lot for the primary purpose of constructing a Living Unit thereon, which Living Unit is not and has never been occupied as a residence shall be twenty-five percent (25%) of the regular assessments for Lots or Living Units.

Section 9. Date of Commencement of Annual Assessments: Due Dates.

(a) The annual assessments provided for herein shall commence as to all Lots and Living Units in phase one on January 1, 2007. Thereafter, annual assessments shall commence as to all Lots and Living Units in each subsequent phase on the first day of the month following the conveyance of the first Lot in that respective phase from the Declarant to another Owner.

(b) 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 and Living Unit 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, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Living Unit have been paid. A properly executed certificate of the Association as to the status of assessments on a Living Unit is binding upon the corporation as of the date of issuance.

Section 10. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate then permitted by North Carolina law. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the property. No owner may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Community Common Property or abandonment of his Lot or Living Unit.

Section 11. Master Declaration Assessment. Owners are hereby reminded that Assessments described hereunder are different from and in addition to any and all assessments established in the Master Declaration, and the levying and payment of Assessments pursuant to this Declaration does not diminish, replace, or alter the levying and payment of assessments by and to the Master Association as described in the Master Declaration. The Association described in this Declaration and the Master Association described in the Master Declaration are two separate entities. The Master Declaration assessment shall be allocated equally among all similarly situated Lots and Living Units. Notwithstanding the above, the Master Declaration assessment charged to the Association shall be a line item in the Association budget to be collected from Owners in the same manner as general assessments pursuant to this Article VII and shall be paid to the Master Association and the Master Declarant, as the case may be. This assessment obligation shall be enforceable by the Master Association or the Master Declarant, as the case may be, against the Association and Owners as provided in the Master Declaration. The Association shall pay to the Master Association or the Master Declarant, as the case may be, its share of the Master Declaration assessment as provided in the Master Declaration.

Section 12. 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 first mortgage (or deed of trust) and ad valorem taxes. Sale or transfer of any Lot or Living Unit shall not affect the assessment lien. However, the sale or transfer of any Lot or Living Unit 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 or Living Unit from liability for any assessments thereafter becoming due or from the lien thereof.

Section 13. Exempt Property. All properties dedicated to and accepted by, a local public authority and all properties 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 14. Responsibility for Maintenance of Private Streets and Driveways. The maintenance responsibility of any private streets and driveways as shown on the aforesaid recorded map shall rest with the Association.

Section 15. Separate Books. The Association may maintain separate books for the Attached Townhome and Single Family Detached sections, or maintain one set in such a manner that separate expenses for each section can be readily determined.

Section 16. Working Capital Assessment. At the closing of the initial sale to an end-user buyer of each Lot subject to assessments hereunder, a sum equal to one-sixth (1/6th) of the annual assessment for such Lot in effect at the time of such sale shall be collected and paid to the Association as a part of its working capital. The purpose of the working capital fund is to ensure that the Association will have adequate cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed by the Board of Directors to be necessary or desirable. Such payments shall not be considered advance payment of regular assessments.

Section 17. Further Rights and Responsibilities of Association.. In addition to the foregoing, as a convenience to Owners in the Association, the Association shall have the right to collect from Owners and submit to the Master Association any Base Assessments, Parcel Assessments, Special Assessments and/or Specific Assessments (all as defined in the Master

Declaration) and any other fees, charges and fines levied by the Master Association. Notwithstanding anything to the contrary or apparently to the contrary herein, or the fact that the Association has assumed responsibility for the collection and submittal of such assessments and other charges, each Owner shall be responsible for the non-payment of the same in the event such Owner does not timely submit such assessments and other charges to the Association.

ARTICLE VIII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the attached townhomes Living Unit upon the Properties and placed on the dividing line between the Lots and all reconstruction or extensions of such walls shall constitute party walls, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support in below-ground construction and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party will shall be shared by the Owners who make use of the wall in proportion of such use.

Section 3. Destruction By Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Construction, Reconstruction, Repair or Extension of Party Wall. The owner of any Attached Townhome Lot may construct, reconstruct, repair, or extend a party wall in any direction (subject to and within the limitations of architectural control and other limitations of these Covenants) with the right to go upon the adjoining Lot to the extent reasonably necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7. Certification by Adjoining Property Owner That No Contribution is Due. If any Owner desires to sell his property, he may, in order to assure a prospective purchaser that no adjoining property owner has right of contribution as provided in this Article VIII, request of the adjoining property owner or property owners a certificate that no contribution exits, whereupon it shall be the duty of each adjoining property owner to make such certification immediately upon request without charge; provided, however, that where the adjoining property owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section 8. Arbitration. In he event of any dispute arising concerning party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided by the laws of North Carolina, relating to arbitration as then existing.

ARTICLE IX

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 the Community Common Property. 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. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and an Owner determined by judicial action to have violated said rules and regulations shall be liable to the Association and/or the Declarant for all damages and costs, including attorney's fees. No rule or action by the Association or Board shall unreasonably impede the Declarant's right to develop the Properties.

Section 2. Square Footage. Any single family home erected on a Lot shall contain a minimum enclosed dwelling area of 1200 square feet and any attached townhome will contain a minimum enclosed dwelling area of 1100 square feet. The term "enclosed dwelling area" as used herein shall mean the total enclosed area within a Living Unit 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. The Declarant or the Board of Directors may approve, in their discretion, in writing, a variance not in excess of twenty percent (20%) from the requirements set out in this section.

Section 3. Building Setbacks. No dwelling, including garages, shall be erected or maintained on any Lot outside of the building envelope as established by the zoning ordinance of the County of Wake as amended from time to time (hereinafter the "Zoning Ordinance"). For purposes of these building setback requirements, decks, porches, eaves, carports and other similar projections shall be deemed to be a part of the dwelling only to the extent that the same are deemed to be a part of the dwelling only to the extent that the same are deemed to be a part of the dwelling by the Zoning Ordinance. Any dwelling erected on a Lot other than a corner Lot shall face the street on which the Lot abuts. On corner Lots, a dwelling may be erected as to face either the street or the intersection of the two streets on which the Lot abuts.

Section 4. Use of Properties. No portion of the Properties (except for the temporary offices of the Declarant and other builders and/or model units used by the Declarant and other builders and construction materials, storage, equipment, signs and parking of Declarant and other builders) shall be used, except for residential purposes and for purposes incidental or accessory thereto.

Section 5. Garbage; Unsightly Storage. All trash and rubbish shall be kept in garbage cans stored in the garage or other enclosure approved pursuant to Article XIII hereof. No trash, rubbish, stored materials, wrecked or inoperable vehicles, or similar unsightly items shall be allowed to remain on any Lot. In the event of curbside trash and/or garbage pickup, trash and/or garbage cans may be moved to the street on the night before the scheduled pickup, but all garbage cans must be returned to approved enclosure the night of the scheduled pickup.

Section 6. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Properties, nor shall anything be done which may be, or may become, a nuisance or annoyance to the neighborhood.

Section 7. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats 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.

Section 8. Obstructions, etc. There shall be no obstruction of the Common Area, nor shall anything be kept, stored, altered, constructed or planted in or on the Common Area, or removed therefrom, without the prior consent of Declarant or the Association. Provided, however, Declarant and the Association shall have the right to install, place, repair, replace and maintain signs in the Common Area and to install, maintain, repair and replace in the Common Area such materials, equipment and other apparatus as may be necessary to enable the Association to carry out its powers and duties under this Declaration.

Section 9. Signs. No sign of any kind shall be displayed to the public view on any Lot except for signs which are allowed by the Wake County Ordinances, and are approved by Declarant, and which are for one or more of the following purposes: (i) advertising the Lot for sale or rent, (ii) advertising the building contractor constructing improvements on the Lot during the initial construction and sales period, (iii) identifying the rental or sales office and/or model home of a building contractor who owns the Lot, (iv) identifying the subdivision or phase name and/or identifying the Lot number of a Lot; and (v) any other purpose approved by the Declarant (or by the Architectural Control Committee after the Class B membership terminates); provided however, the foregoing limitations shall not act to restrict or prohibit Declarant or the Association or any applicable governmental entity from erecting, maintaining, repairing and replacing (and Declarant hereby reserves for itself, the Association and such governmental entities the right to erect, maintain, repair and replace) on a Lot or on the Common Area, Landscaped Rights-of-Way, Roadway Medians and in any easements reserved or granted for such purposes, signs and billboards advertising the Property, the Properties or portions of either, or signs identifying various subdivisions or phases of the project, or regulatory, street and directional signs. Notwithstanding the foregoing, all signs erected and maintained on any Lot must conform with all applicable governmental requirements.

Section 10. TV Antennas and Dishes. No satellite dishes of greater than one (1) meter in diameter shall be installed or permitted to remain on any of the Properties without the prior written approval of the Declarant, Board of Directors or Architectural Committee as provided in Article XIII herein.

Section 11. Lakes, Water Bodies and Wetlands. All lakes, ponds, and streams within the properties, if any, shall be aesthetic amenities only, and no other use thereof, including, without limitation, swimming, motorized boating, playing, or use of personal flotation devices, shall be permitted. Other than those installed by the Declarant, no piers, docks or gazebos shall be constructed on any portion of lakes, streams, ponds, nor attached to the shoreline or banks thereof. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams within the properties.

Section 12. Religious and Holiday Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations inside their Living Units of the kinds normally displayed in residences located in single-family residential neighborhoods shall not be abridged; provided however, that the Association may adopt and enforce time, location, esthetic and manner regulations governing exterior displays.

Section 13. Mailboxes. All mailboxes, unless affixed to the residence on a Lot (which either must be approved by the Architectural Committee or otherwise required by applicable governmental law or regulation or United States Postal Service (or successor agency) regulation), shall be affixed to a substantial pole or stand permanently placed in the ground and shall not be located within a sidewalk. Architectural guidelines with respect to mailboxes may require, prohibit, restrict or specify one or more of the following: method and type of support; style; material; color; size; height; and one or more of the foregoing with respect to the numbering and/or lettering to be placed on a mailbox or affixed thereto.

Section 14. Additional Use Restrictions. Furthermore, each Lot is subject to any use restrictions applicable to such Lot pursuant to Article XII of the Master Declaration.

ARTICLE X

EASEMENTS

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

Section 2. Easement for Related Maintenance. The Declarant reserves for itself and its successors, assigns, and designees the nonexclusive right and easement, but not the obligation, to enter upon the stream located upon the Properties in order to remove trash and other debris therefrom and fulfill maintenance responsibilities as elsewhere provided for in this Declaration. The Declarant's rights and easements provided in this Section shall be transferred to the Association at such time as the Declarant may elect, in its sole discretion, to transfer such rights by a written instrument.

Section 3. Adjoining Areas. Each Owner is hereby declared to have an easement and the same is hereby granted by the Declarant over all adjoining parcels for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of a building, or any other cause. There shall be valid easements for the maintenance of said encroachment, settlement or shifting; provided however, that in no event shall a valid easement for encroachment be created in favor of an Owner if said encroachment occurred due to the willful misconduct of said Owner.

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

Section 5. Overhanging Roofs and Eaves. Each Lot and Living Unit within the Properties and the Owner thereof, is hereby declared to have an easement and the same is hereby granted by the Declarant, over each joining Lot and Living Unit and/or Community Common Property, as the case may be, for overhanging roofs and eaves and the maintenance thereof.

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

ARTICLE XI

INSURANCE

(a) The Association shall maintain, to the extent available:

(1) Property insurance on the common property insuring against all risks of direct physical loss commonly insured against including fire and extended coverage perils. The total amount of insurance after application of any deductibles shall be not less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, evacuations, foundations and other items normally excluded from property policies; and

(2) Liability insurance in reasonable amounts, covering all occurrences commonly insured against death, bodily injury and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements.

(b) The insurance maintained under subdivision (a)(1), to the extent reasonably available, shall include the structures, but need not include improvements and betterments installed by the Lot Owners.

(c) If the insurance described in subsection (1) or (b) of this section is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepared by United States mail to all Lot Owners. The Declaration may require the Association to carry any other insurance, and the Association in any event may carry any other insurance it deems appropriate to protect the Association or the Lot Owners.

(d) Insurance policies carried pursuant to subsection (a) must provide that:

(1) Each Lot Owner is an insured person under the policy with respect to liability arising out of his interest in the common elements or membership in the Association;

(2) The insurer waives its right to subrogation under the policy against any Lot Owner or members of his household;

(3) No act or omission by any Lot Owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery under the policy; and

(4) If, at the time of a loss under the policy, there is other insurance in the name of a Lot Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

(e) Any loss covered by the property policy under subsections (a)(1) and (b) shall be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any mortgage or beneficiary under a deed of trust. The insurance trustee or the Association shall hold any insurance proceeds in trust for Lot Owners and lienholders as their interests may appear. Subject to the provisions of subsection (h), the proceeds shall be disbursed first for the repair or restoration of the damaged property, and Lot Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the properties is terminated.

(f) An insurance policy issued to the Association does not prevent a Lot Owner from obtaining insurance for his own benefit.

(g) An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Lot

Owner, mortgage, or beneficiary under a deed of trust. The insurer issuing the policy may not cancel or refuse to renew it until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Lot Owner and each mortgage or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

(h) Any portion of the properties for which insurance is required under this section which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (1) the properties is terminated, (2) repair or replacement would be illegal under any State of local health or safety statute or ordinance, or (3) the Lot Owners decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) approval of Owners of Lots not to be rebuilt or Owners assigned to limited common elements to be rebuilt. The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense. If the entire properties is not repaired or replaced, (1) the insurance proceeds attributable to the damaged common property shall be used to restore the damaged area to a condition compatible with the remainder of the properties, (2) the insurance proceeds attributable to Lots and Limited Common property which are not rebuilt shall be distributed to the Owners of those Lots and the Owners of the Lots to which those limited common properties were allocated or to lienholders, as their interest may appear, and (3) the remainder of the proceeds shall be distributed to all the Lot Owners or lienholders, as their interest may appear.

ARTICLE XII

ELECTRICAL SERVICE

Declarant reserves the right to subject the Properties to a contract for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment by the Owner of each lot within the Properties.

ARTICLE XIII

ARCHITECTURAL CONTROL AND INSPECTION

Section 1. General Provisions. No site preparation or initial construction, erection, or installation of any improvements, including, but not limited to, residences, buildings, outbuildings, fences, walls and other structures, shall be undertaken upon the Properties, unless plans and specifications therefore, showing the nature, kind, shape, height, materials, and location of the proposed improvements shall have been submitted to Declarant and expressly approved in writing by it.

This Article shall not apply to the activities of the Declarant, nor to the improvements to the Common Area by or on behalf of the Association. This Article may not be amended without the Declarant's written consent so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

No subsequent alteration or modification of improvements may be undertaken on any of the Properties which shall not be subject to the foregoing requirement, without prior review and express written approval by the Declarant, or the Board of Directors of the Association, (after such approval rights have been assigned to the Association), (the Declarant reserves the right to assign all or any portion of its approval rights to the Association at any time), or by an "Architectural Committee" composed of three (3) or more representatives appointed by the Board.

Refusal or approval of Plans, location, exterior color or finish, or specifications may be based by Declarant, Board of Directors or Architectural Committee, as the case may be, upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Declarant, Board of Directors or Architectural Committee, as the case may be, shall seem sufficient.

In the event that the Declarant, or the Board of Directors or Architectural Committee, as the case may be, fails to approve or disapprove the site or design of any proposed improvements within thirty (30) days after plans and specifications therefore have been submitted and received, approval of the submitted items will be deemed granted, and the requirements of this Article will be deemed to have been fully met; provided, however, that the plans and specifications required to be submitted shall not be deemed to have been received by the Declarant, Association, or Architectural Committee, as the case may be, if they contain inaccurate or erroneous information or fail to present adequate information upon which the Declarant or the Board of Directors or Architectural Committee, as the case may be, can arrive at a decision.

Provided however that in addition to approval by the Committee as provided herein, all of the foregoing may also require the prior written approval of the Master Declarant or the Master Association pursuant to the Master Declaration. In the event of a conflict between the terms of this Article and any provisions relating to architectural control under the Master Declaration, the more restrictive terms shall control.

The Declarant shall have the right, at its election, but shall not be required to, enter upon any of the Properties 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 and in a good and workmanlike manner, utilizing approved methods and good quality materials.

Section 2. No Waiver of Future Approvals. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

Section 3. Limitation of Liability. Plans and specifications are not approved for engineering or structural design or quality of materials, and by approving such plans and specifications neither the Declarant, the Architectural Committee, the members thereof, nor the Association assumes liability or responsibility therefor, nor for any defect in any structure constructed from such plans and specifications. Neither Declarant, the Association, the Architectural Committee, the Board, nor the officers, directors, members, employees, and agents of any of them shall be liable in damages to anyone submitting plans and specifications to any of them for approval, or to any Owner of property affected by these restrictions by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications and every Owner agrees that such person or Owner will not bring any action or suit against Declarant, the Association, the Architectural Committee, the Board, or the officers, directors, members, employees, and agents of any of them to recover any damages and hereby releases, remises, quitclaims, and covenants not to sue for all claims, demands, and causes of action arising out of or in connection with any judgment, negligence, or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands, and causes of action not known at the time the release is given.

ARTICLE XIV

EXTERIOR MAINTENANCE

Section 1. Attached Townhome Lots. In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Attached Townhome 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 the Association, exterior post lights (excluding electricity therefor), and other exterior improvements. Such exterior maintenance shall not include glass surfaces, screens, awnings, and if permitted, approved additions to dwellings made after completion of the initial dwelling (unless maintaining of such addition is affirmatively assumed by the Association) 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. Further, the owner of any lot may at his election plant trees, shrubs, flowers and grass in his rear yard and may also maintain portions of all of his rear yard provided that such maintenance by the owner does not hinder the Association in performing its maintenance of the exterior of the house and the remaining yard spaces. No such maintenance by a lot owner shall reduce the assessment payable by him to the Association. If, in the opinion of the Association any such owner fails to maintain his rear yard in a neat and orderly manner, the Association may revoke the owner's maintenance rights for a period not to exceed one year. The Owner shall not plant any vegetation in the front yard except with the prior written approval of the Association.

(As a matter of information to future members of this Association, the developers wish 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 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.)

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, tenants, contract purchases, or guests, or invitees, 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 2. Single Family Detached Lots. The Association shall have no obligation or responsibility for any maintenance of Single Family Detached Lots or any dwellings located thereon.

(a) It shall be the duty of each Owner to properly maintain his Lot or his Living Unit and all improvements constructed on such Lot or his Living Unit.

(b) Remedies of Association. If, in the opinion of the Association, the owner of a Lot shall fail to maintain his Lot owned by him in a manner which is reasonably neat and orderly, or shall fail to keep the improvements constructed thereon in a state of repair so as not to be unsightly, the Association in its discretion, by the affirmative vote of two-thirds (2/3) of the members of the Board of Directors, and following ten (10) days written notice to the Owner, may enter upon and make, or cause to be made, repairs to such improvements and perform such maintenance on such Lot as the removal of trash, cutting of grass, pruning of shrubbery, and seeding and correction of items of erosion control. The Association shall have an easement for the purpose of accomplishing the foregoing. All costs incurred by the Association in rendering all such services, plus a service charge of fifteen percent (15%) of such costs, shall be added to and become a part of the assessment to which such Lot is subject.

ARTICLE XV

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 hereby contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of this Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses and phrases of this Declaration shall continue in full force and effect and shall not be affected thereby. It is hereby declared that said remaining paragraphs, sections, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses or phrases shall become or be illegal, null or void.

Section 3. Relationship with Master Association. There has heretofore been recorded a Master Declaration which provides for the creation of the Master Association with certain rights and duties. For the purpose of bringing the Properties herein described under the general jurisdiction of the Master Association and for the use and maintenance and financial responsibility of the areas which have been or may in the future be turned over to this Association, the Declarant hereby declares that this Declaration shall be filed. Owners become members of the Master Association upon conveyance to them of the Lot by the Declarant. In the event of conflict between this Declaration and the Master Declaration, the Master Declaration shall take precedence.

Section 4. Duration and Amendments.

(a) The covenants and restrictions of this Declaration shall run with the land, and shall inure to the benefit of, and be enforceable by, the Association or any Owner, its and their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years; provided however, that in no event shall this Declaration expire prior to the expiration of the Master Declaration. This Declaration may be amended at any time if (90%) of the vote of each class of members at a duly called meeting of the Association at which a quorum is present approves the change; provided that prior to the sale of the first Lot or Living Unit, the Declaration may be amended by Declarant without consent of the members. Amendments made in conformity with that Article may alter any portion of the Declaration hereof, including but not limited to the duration and amendment provisions hereof; provided however that no amendment to this Section may be made in violation of the Master Declaration.

The termination of this Declaration shall require the assent of at least eighty percent (80%) of the votes in the Association, taken at a meeting duly called and held for this purpose, and shall be evidenced by a termination agreement recorded in the Wake County Registry and otherwise complying with the terms of North Carolina General Statutes Section 47F-2-118.

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

(c) No amendment which would change or delete any provision herein required by any governmental authority shall become effective until submitted to and approved by that authority; provided, however, if that authority fails to approve or disapprove such amendment within thirty (30) days after the same has been submitted to it, such approval shall not be required and this covenant shall be deemed to have been fully complied with.

(d) As long as there is a Class B membership, and if Declarant determines to quality this Property for Federal Housing Administration or Veterans Administration approval the following actions will require the prior written approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional property, dedication of Community Common Property, and amendment of this Declaration.

(e) As long as there is a Class B membership, the Declarant may unilaterally amend this Declaration for any other purpose.

Section 5. Availability of Documents. The Association will have current copies of the Declaration, By-Laws, and other rules concerning Village Square at Amberly Subdivision as well as the Association's own books, records and financial statements available for inspection during normal business hours by owners and by holders, insurers and guarantors of first mortgages that are secured by living units in Village Square at Amberly Subdivision.

Section 6. Rights of Eligible Mortgage Holders. Eligible Mortgage Holders are those holders of a first mortgage or deed of trust on a living unit ("Eligible Mortgages") who have requested the Association to notify them of any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders. Amendments of a material nature to this Declaration or the By-Laws of the Association require the approval of Eligible Mortgage Holders representing at least fifty-one percent (51%) of the holders of Eligible Mortgages. Any action to terminate this Declaration or the legal status of the Association for reasons other than substantial destruction or condemnation of the Property, shall require the approval of Eligible Mortgage Holders representing at least sixty-seven percent (67%) of the holders of Eligible Mortgages.

The holder, insurer, or guarantor of a mortgage or deed of trust on any living unit in Village Square at Amberly Subdivision is entitled to timely written notice of:

(a) Any condemnation or casualty loss that affects a material portion of Village Square at Amberly Subdivision;

(b) A lapse, cancellation or material modification of an insurance policy or fidelity bond maintained by the Association; and

(c) Any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders. To obtain this information, the mortgage holder, insurer, or guarantor should send a written request to the Association, stating both its name and address and the unit number or address of the unit covered by its mortgage or deed of trust.

Section 7. Condemnation. If any part of the Community Common Property shall be taken (or conveyed in lieu of or under threat of condemnation) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceed shall be payable to the Association for the benefit of the Owners.

Section 8. Titles. The titles, headings and captions which have been used throughout this Declaration are for convenience only and are not to be used in construing this Declaration or any part thereof.

Section 9. Number and Gender. Whenever the context of this Declaration requires, the singular shall include the plural and one gender shall include all.

Section 10. No Exemption. No Owner or other party may exempt himself from the coverage hereof or obligations imposed hereby by non-use or abandonment of such Owner's Lots or the Common Area.

Section 11. Conflict Between Declaration and Articles of Incorporation, By-Laws. Whenever there exists a conflict between the provisions of this Declaration and the Articles of Incorporation or By-Laws, the provisions of this Declaration shall control, and whenever there is a conflict between the provisions of the Articles of Incorporation and By-Laws, the provisions of the Articles of Incorporation shall control.

Section 12. Laws of North Carolina. This Declaration shall be subject to and construed in accordance with the laws of the State of North Carolina and all applicable laws and regulations of the United States of America.

Section 13. Assignment. Declarant specifically reserves the right, in its sole discretion, at any time and from time to time, to assign (temporarily or permanently) any or all of its rights, privileges and powers under this Declaration or under any Supplemental Declaration.

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THE REST OF THIS PAGE LEFT BLANK INTENTIONALLY.

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IN WITNESS WHEREOF, the undersigned, being the Declarant, has caused this instrument to be executed as of the 30 day of November, 2006.

AMBERLY BUILDER GROUP, LLC

By: ______________________(SEAL)
Richard Barrett, Member/Manager

State of North Carolina

County of Wake

I, Greg L. Hinshaw, a Notary Public for the state and county aforesaid, certify that Richard Barrett personally appeared before me and acknowledged that s/he is Manager of Amberly Builder Group, LLC, a North Carolina limited liability company, and that s/he, being authorized to do so, voluntarily executed the foregoing instrument on behalf of the limited liability company for the purpose and in the capacity stated therein.

Greg L. Hinshaw
Notary Public

My Commission Expires: 8-1-10

GREG L. HINSHAW
NOTARY PUBLIC
WAKE COUNTY, N.C.
My Commission Expires 8-1-2010.

CONSENT OF DECLARANT OF MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR AMBERLY TO ANNEXATION OF PROPERTY BY VILLAGE SQUARE AT AMBERLY PURSUANT TO ARTICLE XI

WHEREAS the undersigned is the Declarant of the Master Declaration of Covenants, Conditions and Restrictions for Amberly, as recorded in Book 10748, Page 347, Wake County Registry, and

WHEREAS a portion of property described in Exhibits "A" and "B" ("Additional Property") of the said Master Declaration is to be conveyed to and developed by Amberly Builder Group, LLC, and

WHEREAS Amberly Builder Group LLC contemplates annexing Additional Property subject to the said Master Declaration into Village Square at Amberly, and

WHEREAS Article XI of said Master Declaration states that the consent of Declarant is required in order for any transferee or assignee of Declarant to annex Additional Property as therein described.

NOW THEREFORE, Nathan D. Benson, as Manager and on behalf of Sandler at Amberly, LLC, hereby consents to the transfer to Amberly Builder Group, LLC of the right, privilege and option to annex Additional Property which is reserved for Declarant pursuant to Article XI of the Master Declaration of Covenants, Conditions and Restrictions for Amberly.

WITNEES my hand and/or seal, this 29 day of November 2006.

BY: Sandler at Amberly, LLC

Separate signature page attached

BK012289PG00069

IN WITNESS WHEREOF, the undersigned has executed this Consent this the 29 day of November, 2006.

SANDLER AT AMBERLY, LLC
a Virginia limited liability company

By: [signature]
Name: Nathan D. Benson
Title: Manager

CONSENT OF THE MASTER ASSOCIATION

IN WITNESS WHEREOF, pursuant to a resolution or action without meeting, as the case may be, duly adopted by the Board of Directors of the Amberly Master Property Owners Association, Inc., the undersigned, being an authorized officer of the Master Association under the Master Declaration, hereby (i) consents to the foregoing Declaration of Covenants, Conditions and Restrictions for Village Square at Amberly and executes this instrument, this 30 day of November, 2006 to indicate that such Declaration complies with the requirements set forth in the Master Declaration for a Parcel Declaration.

AMBERLY MASTER PROPERTY OWNERS ASSOCIATION, INC.:

By: Robert B Jones
Name: Robert B Jones
Title: President

NORTH CAROLINA

Wake COUNTY

I, a Notary Public of the County and State aforesaid, certify that Robert B Jones personally appeared before me this day and acknowledges that he is President of **AMBERLY MASTER PROPERTY OWNERS ASSOCIATION, INC.**, a North Carolina nonprofit corporation, and that by authority duly given and as the act of the company, the foregoing instrument was signed in its name by its director.

Witness my hand and official stamp or seal, the 30 day of November, 2006.

[STAMP/SEAL] NANCY KNOERNSCHILD NOTARY PUBLIC WAKE COUNTY, N.C.

Nancy Knoernschild
Notary Public Nancy Knoernschild

My Commission Expires: 11/08/2011

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

AMBERLY BUILDER GROUP, LLC
VILLAGE SQUARE AT AMBERLY
PHASE A AND C
TOWN OF CARY, WAKE COUNTY
PREPARED FOR SANDLER AT AMBERLY, LLC
Lots 27-32 (inclusive); Block A and B (10 units) [PHASE A]

Lots 22, 23 & 25 (inclusive); Lots 34, 35, 36, 37, 38 & 40 (inclusive);
Lots 41, 43, 44 & 45 (inclusive); Lots 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 58 & 59 (inclusive); and
Lots 90, 91, 92, 94, 95 & 96 (inclusive) [PHASE C]

Those certain lots or parcels of land lying and being in the Town of Cary, Wake County, North Carolina and being more particularly described as follows:

PHASE A:

BEING Lots 27-32 (inclusive) and all of Block A and B (10 units) as shown on that certain plat entitled, "Village Square at Amberly, Phase A, Town of Cary, Wake County, N.C., Prepared for Sandler at Amberly, LLC," dated July 21, 2006, prepared by Chas H. Sells, Inc., and recorded in Book of Maps 2006, Page(s) 2304-2307, of the Wake County Public Registry, AND

PHASE C:

BEING Lots 22, 23, & 25 (inclusive); Lots 34, 35, 36, 37, 38 & 40 (inclusive); Lots 41, 43, 44 & 45 (inclusive); Lots 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 58 & 59 (inclusive); and Lots 90, 91, 92, 94, 95 & 96 (inclusive) as shown on that certain plat entitled, "Village Square at Amberly, Phase C, Town of Cary, Wake County, N.C., Prepared for Sandler at Amberly, LLC," dated September 21, 2006, prepared by Chas H. Sells, Inc., and recorded in Book of Maps 2006, Page(s) 2332-2336, of the Wake County Public Registry.

BOOK:012289 PAGE:00019 - 00072

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

This Customer Group
__________ # of Time Stamps Needed

This Document
__________ New Time Stamp
54 # of Pages

22.004-1/20/06