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MASTER DECLARATION OF COVENANTS AND RESTRICTIONS OF THE PARKWAY COMMUNITY ASSOCIATION, INC.

THIS DECLARATION, made this 30th day of November, 1987, by Parkway Associates, a North Carolina General Partnership, Richland Properties, Inc., a North Carolina corporation, and The New Fortis Corporation, a North Carolina corporation, (hereinafter referred to as "Declarants").

W I T N E S S E T H

WHEREAS, Parkway Associates and Pulte Home Corporation are the owners of the property described on Exhibit "A" to this Declaration; and

WHEREAS, Richland Properties, Inc. is the owner of the property described on Exhibit "B" to this Declaration; and

WHEREAS, The New Fortis Corporation is the owner of the property described on Exhibit "C" to this Declaration; and

WHEREAS, Charles V. Moseley and wife, Carolyn Moseley, William K. Gobble and wife, Patricia B. Gobble, and William R. Owens and wife, Lynn Owens (the "Owens Group") is the owner of the property described on Exhibit "D" to this Declaration; and

WHEREAS, Pulte Home Corporation and the Owens Group have agreed to subject their portion of the Property to the provisions hereof subsequent to the recording of this Declaration; and

WHEREAS, the Declarants desire to create on that portion of the above properties described in Article II hereof a planned development community to be known as Parkway PUD, and to provide for the preservation of values, for the maintenance of common facilities and services, and for a vehicle for the administration and enforcement of covenants and restrictions; and

WHEREAS, Declarants have caused or will cause to be incorporated under the laws of the State of North Carolina, a non-profit corporation, Parkway Community Association, Inc., for the purpose of exercising the functions aforesaid, and which are hereinafter more fully set forth;

NOW, THEREFORE, Declarants declare that the real property described in Article II, and such additions thereto as may hereinafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments ("Assessments"), affirmative obligations, and liens (all hereinafter sometimes referred to as "the Covenants" or the "Covenants and Restrictions") hereinafter set forth.

ARTICLE I
DEFINITIONS

The following words and terms when used in this Declaration or any supplemental declaration (unless the context shall clearly indicate otherwise) shall have the following meanings:

(a) "Association" shall mean and refer to Parkway Community Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

(b) "Parkway PUD" shall mean and refer to the lands in Cary, North Carolina, which are shown as a part of Parkway PUD on the Declarants' Master Plan as revised from time to time.

(c) "Declarant" shall mean Parkway Associates, a North Carolina general partnership, Richland Properties, Inc., a North Carolina corporation, and The New Fortis Corporation, a North Carolina corporation, their successors and assigns.

(d) "Developer" shall mean, Parkway Associates, a North Carolina general partnership, Richland Properties, Inc., a North Carolina corporation, and The New Fortis Corporation, a North Carolina corporation, their successors and assigns.

(e) "Affiliate" shall mean any corporation owning more than fifty percent (50%) of the voting stock of a Declarant, or which is owned or controlled by the Declarant or the Developer, and any partnership or joint venture in which a Declarant or a Developer has fifty percent (50%) or more of the cash flow from such partnership or joint venture.

(f) The "Properties" shall mean and refer to the Existing property described in Article II hereof, and additions thereto, as are subjected to this Declaration or any Supplementary Declaration under the provisions of Article II hereof.

(g) "Owner" shall mean and refer to the Owner as shown by the Real Estate Records in the Register of Deeds Office of Wake County, North Carolina, whether it be one (1) or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Residential Lot situated upon the Properties but, notwithstanding any applicable theory of a deed of trust, shall not mean or refer to the mortgagee or holder of a deed of trust, its successors or assigns, unless and pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or Tenant of an Owner. In the event that there is recorded in the Office of the Register of Deeds of Wake County, North Carolina, a long-term contract of sale covering any Lot or Parcel of land within the Properties, the Owner of such Lot or Parcel of land shall be the Purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one where the Purchaser is required to make payments for the Property for a period extending beyond nine (9) months from the date of the contract and where the Purchaser does not receive title to the Property until all such payments are made, although the Purchaser is given the use of said Property.

(h) "Tenant" shall mean and refer to the lessee under a written agreement for the rent and hire of a Residential Unit in Parkway PUD.

(i) "Resident" shall mean and refer to each Owner and Tenant of a Residential Unit who resides in Parkway PUD.

(j) "Member" shall mean and refer to all those Owners and Tenants who are Members of the Association as defined in Section 1 of Article III.

(k) "Master Plan" shall mean and refer to the drawing which represents the conceptual plan for the future development of Parkway PUD. Since the concept of the future development of Parkway PUD is subject to continuing revision and change by the Declarants, present and future references to the "Master Plan" shall be references to the latest revision thereof.

(l) "Common Properties" shall mean and refer to those tracts of land designated as "Common Open Space" - "C.O.S." on recorded maps of the Properties with all improvements thereon which are deeded or leased to the Association. The term "Common Properties" shall also include any personal property acquired or leased by the Association if said property is designated a "Common Property." All Common Properties are to be devoted to and intended for the common use and enjoyment of the Members of the Association, their guests, and visiting members of the general public (to the extent permitted by the Board of Directors of the Association) subject to the fee schedules and operating rules adopted by the Association.

(m) "Restricted Common Properties" shall mean and refer to those tracts of land with all improvements thereon which are designated as "Common Properties" or "Common Area" on any map of a portion of the Property which is under the control and jurisdiction of a "Sub-Association", as hereinafter defined, and which is reserved or restricted for the use of members of such Sub-Association.

(n) "Sub-Associations" shall be North Carolina non-profit corporations established by developers of places or portions of the Properties requiring an association to manage the affairs of its members and properties owned by or under the control of such Sub-Association, which definition shall also include each Association established in connection with any Sub-Master Declaration defined in (v) below.

(o) "Neighborhood Areas" shall mean various areas within Parkway PUD, each of which have been subjected to Additional Restrictive Covenants applied only to such area.

(p) "Neighborhood Covenants" shall mean the additional Restrictive Covenants applied only to a particular Neighborhood Area.

(q) "Board of Directors" shall mean those persons elected or appointed to act collectively as the directors of the Association.

(r) "Bylaws" shall mean the bylaws of the Association as they now or hereafter exist.

(s) "Institutional Lender" shall mean any bank, insurance company, trust company, real estate investment trust, savings and loan association, pension fund, or other first mortgage lender holding a first mortgage or deed of trust on any of the Property.

(t) "Residential Lot" shall mean all residential lots or units approved from time to time by the Town of Cary to be included within Parkway PUD for use as a site for a single-family detached dwelling, single-family duplex unit, single-family patio home (or zero lot line), single-family condominium unit, single-family townhouse unit, single-family cooperative apartment unit or single family-apartment unit.

(u) "Residential Units". The residential lots may herein be referred to from time to time as "Residential Units".

(v) "Sub-Master Declaration of Covenants and Restrictions" shall mean additional Declaration of Covenants and Restrictions placed on all or a portion of its respective property by each Declarant and which shall be applicable only to such Property.

(w) "Exempt Property" shall mean and refer to the following classifications of property within the Properties, which property shall be exempt only from the payment of dues.

(1) All land designated on the Master Plan for intended use, or by actual use if applicable, for indoor and outdoor recreational and community facilities owned and operated by the Declarants, the Declarants Affiliates, the Developer, the Developer's Affiliates, and the Association.

(2) All lands and any improvements thereon designated in any way as Common Properties; or Restricted Common Properties;

(3) All lands designated on the Master Plan as "Neighborhood Rec." areas.

(4) All lands designated on the Master Plan or on recorded plats as Dedicated Open Space, Common Open Space, Public Greenways, Greenways, Public Roads, and Open Space and any improvements thereon which are defined in subparagraph (1) of this paragraph (w);

(5) Property which is used for the maintenance, operation and service of facilities within Common Properties and Restricted Common Properties and facilities within Open Space Areas which are defined in subparagraph (1) of this paragraph (w);

(6) Property which is used for the maintenance, operation, and service of utilities within the Properties;

(7) All land utilized for church purposes.

ARTICLE II
EXISTING PROPERTY AND ADDITIONS

<u>Section 1</u>. <u>Existing Property</u>. The real property which is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied, and used subject to this Declaration is described as follows:

All that tract or parcel of land, situate, lying and being in Wake County, North Carolina, which is more particularly described in Exhibits "A" (except that portion thereof owned by Pulte Home Corporation), "B", and "C," attached hereto and by specific reference made a part hereof.

All of the real property hereinabove described shall sometimes be referred to herein as the "Existing Property". The Declarants intend to develop the Existing Property in accordance with a Master Plan prepared in its Planning Department and placed on display in its Reception and Sales Office, and other areas. The Declarants reserve the right to review and modify the Master Plan at its sole option from time to time based upon its continuing research and design program. The Master Plan shall not bind the Declarants, their successors and assigns, to adhere to the Master Plan in the development of the land shown thereon. Subject to its right to modify the Master Plan as stated herein, the Declarants shall convey to the Association certain properties designated on the Master Plan as properties which may be transferred to the Association, as, in the reasonable exercise of its discretion, it so chooses without regard to the relative location of such portions or sections within the overall plan. Once conveyed to the Association, these properties shall become Common Properties. The Declarants shall not be required to follow any predetermined sequence or order of improvements and development; and, it may bring within the plan of these Covenants additional lands, and develop the same before completing the development of the Existing Property. Other than as stated in this paragraph, the Declarants shall have full power to add to, subtract from, or make changes in the Master Plan regardless of the fact that such actions may alter the relative maximum potential voting strength of the various types of membership of the Association.

Section 2. Additions to Existing Property. Additional lands may become subject to, but not limited to, this Declaration in the following manner;

(a) Additions. During the period of development, which shall by definition extend from date of this Declaration to January 1, 1995, the Declarants, their successors and assigns (and the Owens Group and Pulte Home Corporation with respect to that portion of the Property described herein owned by them) shall have the right, without further consent of the Association, by Supplementary Declaration, to bring within the plan and operation of this Declaration additional property. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times.

The additions authorized under this and the succeeding subsection shall be made by recording a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of this Declaration to such additional property. The Supplementary Declaration may contain such complementary additions and/or modifications of the Covenants and Restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarants, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect upon the Property described in Section 1, Article II above, or upon any other additions to the Properties.

(b) Other Additions. Upon approval in writing of the Association pursuant to a simple majority of the vote of those present at a duly called meeting, the owner of any property who desires to add such property to the plan and operation of this Declaration and to subject it to the jurisdiction of the Association, shall record a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of this Declaration to such additional property.

The Supplementary Declaration may contain such complementary additions and/or modifications of the Covenants and Restrictions contained in this Declaration as may be necessary or convenient which are not inconsistent with the plan or this Declaration, but such modifications shall have no effect upon the Property described in Section 1, Article II above, or upon any other additions to the Properties.

(c) Merger. Upon merger or consolidation of the Association with another association, as provided for in the By-Laws of the Association, its property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Existing Property, together with the Covenants and Restrictions established upon any other properties, as one plan. No merger or consolidation shall effect any revocation, within the Existing Property, including, without limitation, the maximum limits on Assessments and dues of the Association, or any other matter substantially affecting the interests of Members of the Association, or Institutional Lender.

(d) Additional lands which become subject to this Declaration under the provisions of this Section 2 may in the future be referred to as a part of Parkway PUD. Also, the name Parkway PUD may be used by the Declarants to refer to other nearby properties not subject to this Declaration.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Each Declarant (so long as it owns a Residential Unit within Parkway PUD) shall be a Member of the Association, and any creditor of an Owner of a Residential

Unit who acquires title to the Properties or any portion thereof pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure shall be a Member of the Association. Every Owner of a Residential Unit shall be a Member of the Association. The Association may issue to each Member a membership card which shall expire upon sale by such Owner of his property in Parkway PUD. Owners who are exempt from the payment of Assessments shall not be Members of the Association unless otherwise specified herein.

Section 2. Voting Rights. The Association shall have four (4) types of regular voting membership.

TYPE "A": Type "A" Members shall be all Owners of Residential Units, excluding Parkway Associates, their successors and assigns, of Property situated within the bounds of the property described on Exhibits "A" and "D," and each Type "A" Member shall be entitled to one (1) vote for each Residential Unit owned by such Member.

TYPE "B": Type "B" Members shall be all Owners of Residential Units, excluding Richland Properties, Inc., their successors and assigns, of Property situated within the bounds of the property described on Exhibit "B," and each Type "B" Member shall be entitled to one (1) vote for each Residential Unit owned by such Member.

TYPE "C": Type "C" Members shall be all Owners of Residential Units, excluding The New Fortis Corporation, their successors and assigns, of Property situated within the bounds of the property described on Exhibit "C," and each Type "C" Member shall be entitled to one (1) vote for each Residential Unit owned by such Member.

TYPE "D": Type "D" Members shall be the Declarant (Developer) and shall be entitled to three (3) votes for each Residential Unit owned by it.

Section 3. Governance. The Association shall be governed by a Board of Directors consisting of three (3) Members.

Section 4. Election of The Board of Directors. (a) The Type "A" Members together with the Type "D" Member Developer of the Property described on Exhibit "A" and "D" shall elect one (1) Director (Type "A" Director);

(b) The Type "B" Members together with the Type "D" Member Developer of the Property described on Exhibit "B" shall elect one (1) Director (Type "B" Director); and

(c) The Type "C" Members together with the Type "D" Member Developer of the Property described on Exhibit "C" shall elect one (1) Director (Type "C" Director).

(d) The method of electing directors shall be as determined by the respective Developers of the Properties described on Exhibits "A," "B," and "C"; provided, however, when any property entitling the Owner to membership in the Association is owned of record in the name of two (2) or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and it or a copy thereof is filed with the Secretary of the Association, all such Owners shall be Members of the Association. The vote for such Property shall be exercised as the Owners thereof determine, but in no event shall more than the number of votes specified in Section 2 of this Article III be cast for any Property, and no fractional vote shall be cast.

(e) The voting rights of any Owner may be assigned by said Owner to his lessee; provided, however, that the Owner may not assign to such lessee any vote or votes not attributable to the property actually leased by such lessee.

(f) Notwithstanding any provision in this Section 4, or in Section 8 of this Article III to the contrary, the right of the "Type D" Member to control the Board of Directors shall terminate not later than five (5) years after the conveyance of the first residential lot.

Section 5. Quorum Required for Any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the members at an open meeting of the Association shall be as provided in Article III, Section 4 of the By-Laws.

Section 6. Proxies. All Members of the Association may vote and transact business at any meeting of the Association by proxy as provided in Article III, Section 5 of the By-Laws.

Section 7. Ballots by Mail. When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association, a statement of certain motions to be introduced for vote for the Members and a ballot on which each Member may vote for or against each such motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements set out in Section 5 of this Article III. Provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

Section 8. Voting Power - Board of Directors. The total voting power of the Board of Directors shall be 100%, and shall be distributed as follows:

(a) Type "A" Director - 63%

(b) Type "B" Director - 19%

(c) Type "C" Director - 18%

ARTICLE IV
PROPERTY RIGHTS IN THE COMMON PROPERTIES:

Section 1. Members' Easements of Enjoyment in Common Properties. Subject to the provisions of these Covenants, the rules and regulations of the Association and any fees or charges established by the Association, and the provisions of Covenants, rules and regulations of "Sub-Associations" established within the Properties, every Member, and every guest and tenant of such Member, shall have a right of easement of enjoyment in and to the Common Properties, and such easement shall be appurtenant to and shall pass with the title of every parcel within the Properties.

As determined in the sole and uncontrolled discretion of the Board of Directors, certain Owners of Exempt Properties, and certain Tenants and guests, may have access to and enjoyment of the Common Properties subject to rules and regulations and user fees established by the Board of Directors.

Section 2. Title to Common Properties. The Declarants covenant for themselves, their successors and assigns, that they shall convey by deed to the Association, at no cost to the Association, and subject to (i) this Declaration of Covenants and Restrictions, (ii) all other restrictions and limitations of record at the time of conveyance, (iii) any restrictions, limitations conditions, or determinations as to the purposes and uses of the conveyed properties as stipulated in said deed, and (iv) any commitments by the Declarants to construct certain improvements thereon as stipulated in said deed, those Common Properties described in Section 4 of this Article IV hereof; except such Common Properties as are required to be deeded to the Town of Cary as designated in the Master Plan. Notwithstanding the foregoing, each Developer agrees to convey to the Town of Cary that portion of the Common Properties located on its portion of Parkway PUD as is required to be deeded to the Town of Cary on the Master Plan in a manner and sequence consistent with the development schedule of all Developers.

Section 3. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, in accordance with its By-Laws, to borrow money from the Declarants or any lender for the purpose of improving and/or maintaining the Common Properties, and providing services authorized herein and in aid thereof to mortgage said properties provided, however, that any such mortgage is with the prior consent of two-thirds of the votes entitled to be voted by the Members of the Association, which consent may be evidenced by petition or by an affirmative vote of such two-thirds by Members voting in person or by proxy at a duly called meeting of the Association; and Amend 12/14/87

(b) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosures;

(c) The right of the Association to suspend the rights and easements of enjoyment of any Member or Tenant or guest of any Member for any period during which the payment of any Assessment against property owned by such Member remains delinquent, and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any Assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the Assessment, and, provided that the Association shall not suspend the right to use any roads belonging to the Association subject to the rules, regulations and fees, if any, established by the Association for such use. Amend 12/14/87

(d) The right of Declarants or the Association by its Board of Directors to dedicate or transfer to any public or private utility, utility or drainage easements on any part of the Common Properties; and

(e) The right of the Association to give or sell all or any part of the Common Properties, including lease-hold interests, subject to (i) the provisions of this Declaration of Covenants and Restrictions and (ii) all other restrictions and limitations of record at the time of conveyance, to any public agency, authority, public service district, utility, or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided, however, that no such gift or sale of any parcel of land and improvements thereon, or determination as to the purposes or as to the conditions thereof, shall be effective unless such dedication, transfers, and determinations as to purposes and conditions shall be authorized by the affirmative vote of three-fourths (3/4) of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 5, and unless written notice of the meeting and of the proposed agreement and action thereunder is sent to every Member of the Association at least thirty (30) days prior to such meeting. A true copy of such resolution together with a certificate of the results of the vote taken thereon shall be made and acknowledged by the President or Vice President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer of any parcel of land and improvements thereon affecting the Common Properties prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership. The gift or sale of any personal property owned by the Association shall be determined by the Board of Directors in its sole and uncontrolled discretion.

(f) The right of the Declarants or the Association to convey all or part of the Common Properties to the Town of Cary.

Section 4. The Declarants covenant for themselves, their successors and assigns, that it will convey to the Association the Common Property shown on each recorded "phase" or "section" map of the Properties prior to the conveyance of any Residential Lot or Unit shown on such map, and that, prior to January 1, 1995, they shall convey to the Association, at no cost to the Association, and subject to all the restrictions and limitations of the various Articles of this Declaration and any other restrictions and limitations of record, all properties designated as Common Properties on recorded maps of the Property.

ARTICLE V
COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarants covenant, and each Owner of each Residential Unit within the Properties, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Association: (a) Annual Assessments or charges; and (b) Special Assessments or charges for the purposes set forth in this Article, such Assessments to be fixed, established and collected from time to time as hereinafter provided. The Annual and Special Assessments, together with such interest thereon and costs of collection thereof including a reasonable attorney's fee as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such Assessment is made, and shall also be the personal obligation of the Owner of such property at the time when the Assessment first became due and payable. Co-owners shall be jointly and severally liable for the entire amount of the Assessment.

Section 2. Purpose of Assessments. The Annual Assessments levied by the Association shall be used exclusively for the purposes outlined in Article VI hereof.

Section 3. Application of "Maximum" Assessment. The Maximum Regular Annual Assessment, as set forth in subparagraph (a) of this Section 3 and as is automatically increased annually pursuant to the provisions of subparagraph (d) below, shall be levied by the Association. If, however, the Board of Directors of the Association, by majority vote, determines that the important and essential functions of the Association may be properly funded by an Assessment less than the Maximum Regular Annual Assessment, it may levy such lesser Assessment.

If the Board of Directors shall levy less than the Maximum Regular Annual Assessment for any Assessment year and thereafter, during such Assessment year, determine that the important and essential functions of the Association cannot be funded by such lesser Assessment, the Board may, by a majority of voting power, levy a Supplemental Assessment. In no event shall the sum of the initial and Supplemental Assessments for that year exceed the applicable Maximum Regular Annual Assessment.

If the Board of Directors, by a majority of voting power, determines that the important and essential functions of the Association will not be properly funded in any one (1) year, or in any one (1) year and all subsequent years, it may request approval of a specified increase in the Maximum Regular Annual Assessment for either one (1) year only, or for that one (1) year and all subsequent years, by the vote of the Members at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 5. Should the Members vote in favor of such proposed increase, it shall be deemed approved and may be levied by the Board. An increase in the Maximum Regular Annual Assessment for one (1) year only pursuant to the provisions hereof shall in no way affect the Maximum Regular Annual Assessment for subsequent years or increases thereof in subsequent years.

(a) From and after October 1, 1987, the Maximum Regular Annual Assessment shall be $108.00 for each Residential Unit as shall be automatically increased in each instance by percentage as set forth in Section 3(d) of this Article, and as may be increased pursuant to the provisions set forth immediately above.

(b) Assessments shall be payable monthly, on the first day of each month.

(c) The Board of Directors may authorize a billing agent to collect the Assessments provided for herein.

(d) From and after December 31, 1987, the Maximum Regular Annual Assessment shall be automatically increased each year by an amount of ten (10%) percent per year over the previous year.

(e) The dues for each Residential Unit shall be one-fourth (1/4) of the regular assessment until; (i) a Certificate of Occupancy for such Unit has been issued by the Town of Cary, or (ii) six months after a building permit has been issued for such Unit by the Town of Cary, which ever shall first occur. Commencing on the first day of the next month following the earlier happening of (i) or (ii) above, the full assessment then in effect shall commence for such Unit.

<u>Section 4</u>. <u>Special Assessments for Improvements and Additions</u>. In addition to the Maximum Regular Annual Assessments authorized by Section 3 hereof, the Association may levy Special Assessments for the following purposes:

(a) Construction, reconstruction, repair, or replacement of capital improvements upon the Common Properties, including the necessary fixtures and personal property related thereto;

(b) For additions to the Common Properties;

(c) To provide for the necessary facilities and equipment to offer the services authorized herein;

(d) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein;

(e) Such Special Assessment, before being charged, must have received the approval of the Members of the Association by the favorable vote of seventy-five (75%) percent of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 5. The notice of such meeting shall include one (1) statement from those Directors favoring the Special Assessment and one (1) statement from those Directors opposing the Special Assessment, containing the reasons for those Directors' support and opposition for the Assessment. Neither statement shall exceed five (5) pages in length.

This provision shall be interpreted to mean that the Association may make in any one (1) year an Annual Assessment up to the maximum set forth in Section 3 of this Article V, plus an additional Special Assessment. Such Special Assessment in any one (1) year may not exceed a sum equal to the amount of the Maximum Regular Annual Assessment for such year except for emergency or repairs required as a result of storm, fire, natural disaster, or other casualty loss. The fact that the Association has made an Annual Assessment for an amount up to the Maximum Regular Annual Assessment shall not affect its right to make a Special Assessment during the year.

Section 5. Reserve Funds. The Association shall establish reserve funds from its Annual Assessments to be held in reserve in an interest drawing account or investments as a reserve for:

(a) Major rehabilitation or major repairs;

(b) For emergency and other repairs required as a result of storm, fire, natural disaster, or other casualty loss;

(c) Initial costs of any new service to be performed by the Association; and

(d) For the periodic maintenance, repair, and replacement of improvements to the Common Properties and any Restricted Common Properties that it is obligated to maintain.

Section 6. Date of Commencement of Annual Assessments, Due Date, Initial Units Subject to Assessment.

(a) Notwithstanding anything in the foregoing to the contrary, the Annual Assessments provided for herein shall commence no earlier than October 1, 1987, but not later than January 1, 1988.

(b) Developers agree among themselves, and with every other Owner of portions of the Parkway PUD Property, that beginning with the date Annual Assessments commence herein and continuing to the date such assessment becomes the obligation of the other Owners, they will pay to the Association the applicable Assessment for each Residential Unit based on the following number of Units:

(i) Parkway Associates and the Owens Group - 1230 Units
(ii) Richland Properties, Inc. - 370 Units
(iii) The New Fortis Corporation - 341 Units

(iv) The number of Units referred to above is predicated on the number within each Property described on Exhibits A, B, C and D permitted by the Town of Cary under the Parkway PUD Master Plan as of the date of this Declaration, and should such numbers increase or decrease, Declarant's obligation shall increase or decrease accordingly.

<u>Section 7</u>. <u>Duties of the Board of Directors</u>. The Board of Directors of the Association shall fix the amount of the Annual Assessment. Written notice of Assessment shall thereupon be sent to every Member subject thereto.

<u>Section 8</u>. <u>Effect of Non-Payment of Assessment: The Personal Obligation of the Owner; the Lien; Remedies of Association</u>. If the Annual Assessment or any Special Assessment is not paid on or before five (5) days after the due date specified in Section 3(b) hereof, then such Assessment shall be deemed delinquent and shall (together with interest thereon at the maximum annual rate of 10% from the due date and cost of collection thereof including a reasonable attorney's fee as hereinafter provided) become a charge and continuing lien on the land and all improvements thereon against which such Assessment is made.

If the Assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owners personally and there shall be added to the amount of such Assessment the costs of preparing the filing of the Complaint in such action and a reasonable attorney's fee, and in the event a judgment is obtained, such judgment shall include interest on the Assessment as above provided and a reasonable attorney's fee together with the costs of the action. Such personal obligation shall not pass to the successor in title to the land unless assumed by such successor, or is required by applicable law.

If the Board of Directors of the Association elects to utilize a Billing Agent to collect Assessments, interest which shall accrue on past-due sums will be the maximum interest rate which such agent may lawfully charge.

Amend [illegible] deletes

<u>Section 9</u>. <u>Subordination of the Lien</u>. The Lien of the Assessments provided for herein shall be subordinate to the lien of any first deed of trust now or hereafter placed upon any properties subject to Assessment. In the event a creditor acquires title to any property subject to Assessment pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure, said creditor shall be subject only to Assessments accruing after such acquisition.

Section 10. Exempt Property. All Properties defined as "Exempt Property" in Article I(w) shall be exempt from the Assessment, charge and lien created herein.

Section 11. Annual Statements. The President, Treasurer, or such other Officer as may have custody of the funds of the Association shall annually, within ninety (90) days after the close of the fiscal year of the Association, prepare and execute under oath a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues, costs and expenses. It shall be necessary to set out in the statement the name of any creditor of the Association, provided, however, that this requirement shall be construed to apply only to creditors of more than One Thousand and no/100 ($1,000.00) dollars. Such Officer shall furnish to each Member of the Association who may make request therefor in writing, a copy of such statement, within thirty (30) days after receipt of such request. Such copy may be furnished to such Member either in person or by mail. Any holder of a first mortgage on a lot(s) or unit(s) (and any Insurers or Guarantors of such first mortgage) shall be entitled upon written request to a financial statement for the immediately preceding fiscal year.

Section 12. Annual Budget. The Board of Directors shall prepare and make available to each Member of the Association, at least sixty (60) days prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for the following fiscal year. The fiscal books of the Association shall be available for inspection at all reasonable times.

Section 13. Working Capital Fund. (a) Within ninety (90) days after the recording of this Declaration, each Declarant and the Owens Group shall remit to the Association one-sixth (1/6) of its portion of the Annual Assessment set out in Section 3(e) of this Article V, and (b) simultaneously with the closing of the sale of each Residential Unit by Declarants and the Owens Group, the purchaser shall remit to the Association one-sixth (1/6) of the full annual assessment then in effect to be held as a working capital fund. The purpose of said fund is to insure that the Association Board will have adequate cash available to meet unforeseen expenses, and to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments.

ARTICLE VI
FUNCTIONS OF ASSOCIATION

Section 1. Maintenance of Properties. The Association shall be authorized to perform the following functions:

(a) Cleaning, landscaping and maintenance of the Cary Parkway and its associated bridges, pedestrian underpass(es) and medians, entrances to the Parkway PUD on Cary Parkway, its intersections with other roads within the PUD, and all dedicated Greenway and Open Space areas lying within fifty (50') feet of either side of the Cary Parkway right-of-way;

(b) Maintenance of Common Properties deeded to the Association;

(c) For providing any of the services which the Association is authorized to offer under Section 2 of this Article VI;

(d) For purposes set out in deeds by which Common Properties and Restricted Common Properties are conveyed to the Association, provided that such purposes shall be approved by the Board of Directors of the Association as set out in Section 4 of this Article VI; and

(e) For the maintenance, repair and replacement of the following signs;

(i) Major sign at Cary Parkway at its entrance to Parkway PUD off Old U.S. Highway #1,

(ii) Secondary signs at the entrance to Parkway PUD on West Chatham Street and on Cary Parkway at its north entrance to Parkway PUD,

(iii) All directional signs along Cary Parkway.

Section 2. Services. The Association shall be authorized (unless such is adequately provided by the State of North Carolina, the County of Wake or the Town of Cary), but not required, except as specified in Section 3 of this Article VI, to provide the following services:

(a) Cleaning and maintenance of all roads, roadways, parkways, sidewalks, and Common Properties deeded to the Association; and

(b) Landscaping and beautification of roads, roadways, parkways, sidewalks, and Common Properties deeded to the Association;

(c) Lighting of roads and sidewalks.

(d) The services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligations and business under the terms of this document;

(e) To take any and all actions necessary to enforce all Covenants and Restrictions affecting the Properties and to perform any of the functions or services delegated to the Association in any Covenants or Restrictions applicable to the Properties;

(f) To construct improvements on Common Properties for use for any of the purposes authorized in this Article, or as may be required to provide any of the services authorized in this Article;

(g) To provide administrative services, including, but not limited to legal, accounting, and financial; and communication services, including, but not limited to, community newsletters and newspapers to inform Members of activities, notices of meetings, referendums, and other issues and events of community interest;

(h) To provide liability and hazard insurance covering improvements and activities on the Common Properties;

(i) To construct signs and other standard features for use throughout the Properties.

(j) Perform the maintenance functions outlined in Section 1 of this Article VI.

Section 3. Minimum List of Functions and Services. The "Minimum List of Functions and Services" shall establish and define the minimum level of functions and services which the Association must furnish or cause to be furnished to its Members. So long as the Declarants are engaged in the development of Properties which are subject to the terms of this Declaration, the Association shall not reduce the level of functions and services it furnishes to its Members below such minimum level without the prior written consent of Declarants. The "Minimum List of Functions and Services" is as follows:

(a) The Association shall provide or procure the administrative services necessary to carry out the Association's obligations and business under the terms of this Declaration, the Articles of Incorporation of the Association, and the By-Laws of the Association, including, but not limited to, legal, accounting, financial, and communications services.

(b) The Association shall administer and enforce the covenants and restrictions established in this Declaration, including, but not limited to, the following:

(1) The Association shall set Assessments, levy cash Assessments, notify the Members of such Assessments, and collect such Assessments.

(2) The Association shall maintain and operate all Common Properties deeded to the Association;

(3) The Association shall hold Annual Meetings, Special Meetings, elections for the Board of Directors as required, and give Members "proper notice" as required;

(4) The Association shall prepare Annual Statements and Annual Budgets, and shall make the financial books of the Association available for inspection by Members at all reasonable times.

(c) The Association shall provide appropriate liability and hazard insurance coverage for improvements and activities on all Common Properties.

(d) The Association shall provide appropriate director's and officers' legal liability insurance, and indemnify persons pursuant to the provisions of the By-Laws of the Association.

(e) The Association shall keep a complete record of all its acts and corporate affairs.

(f) The Association shall perform the functions outlined in Section 1(a), (b), (d) and (e) of this Article VI and provide the services set out in Section 2 of this Article VI necessary to accomplish same.

(g) The Association shall provide regular and thorough maintenance and cleanup of all Common Properties deeded to it, including, but not limited to, mowing of grass, fertilization as needed, landscape maintenance as needed, pickup and disposal of trash, and painting, repairs to and replacement of all improvements as needed.

Section 4. Obligation of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified by the provisions of this Article except as specified in Section 3 of this Article VI. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the

Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members of the Association.

Section 5. Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing its authorized functions and services; provided that any such mortgage is with the prior consent of two-thirds of the Members of the Association, which consent may be evidenced by petition or by an affirmative vote of two-thirds of the Association. Declarants may, but shall not be required to, make loans to the Association, subject to approval by Declarants of the use to which such loan proceeds will be put and the terms pursuant to which such loan will be repaid. Notwithstanding anything in this Declaration to the contrary, the Association shall not be allowed to reduce the level of the Annual Assessment below the limit of the Maximum Regular Annual Assessment at any time there are outstanding any amounts due Declarants as repayment of any loans made by Declarants to the Association without the express written consent of Declarants.

ARTICLE VII
ARCHITECTURAL CONTROL (SIGNS - BUFFER AREAS)

Section 1. Signs. Except as may be required by legal proceedings, no signs (including "For Sale" signs) shall be erected or maintained on any of the Property by anyone, including, but not limited to, a Property Owner, a tenant, a realtor, a contractor or a subcontractor, until the proposed sign size, color, content and location shall have been approved in writing by Declarant, or by an Architectural Review Board of the Association, the number and members of which shall be determined and appointed by the Board of Directors, if such review responsibility has been delegated to the Association by Declarants. Refusal of approval of a sign may be based upon any factor, including purely aesthetic considerations. Declarants, or the Review Board further reserve the right to promulgate and amend from time to time uniform sign regulations (the "Uniform Sign Regulations") which shall establish standard design criteria for all signs erected upon any Property in Parkway PUD.

Declarants and their agents or delegates shall have the right to enter upon any Property in Parkway PUD and summarily remove any sign erected in violation of these restrictions at the expense of the Property Owner.

Section 2. Buffer Areas. Except with the prior written approval of the Town of Cary all areas designated on the

Master Plan as "Buffer Areas" shall be left in their undisturbed, natural state, and no improvements may be constructed, erected, placed or allowed to remain therein other than utility lines (and easements) and pedestrian and vehicular access ways (including streets and roads); provided, however, the Declarants, the Association, and any Property Owner adjoining such areas (subject to the approval of Declarants or their delegate) may plant trees, flowers and shrubs within such areas.

ARTICLE VIII
GENERAL PROVISIONS

Section 1. Duration. The Covenants and Restrictions of this Declaration and any Amendments thereto shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, Declarants, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year period, this Declaration shall be automatically extended for successive periods of ten (10) years. The number of ten (10) year extension periods hereunder shall be unlimited, and this Declaration shall be automatically extended upon the expiration of the initial thirty (30) year period, or upon the expiration of each subsequent ten (10) year extension period, unless at a duly called meeting of the Association, fifty-one (51%) or more of the total vote entitled to be cast by all the Members of the Association shall vote in favor of terminating this Declaration at the end of its then current term. The presence at the meeting of Members or proxies entitled to cast sixty (60%) percent of the total vote of the Membership shall constitute a quorum. It shall be required that written notice of any meeting at which such a proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal will be considered, shall be given each member at least thirty (30) days in advance of said meeting. In the event that the Members of the Association vote to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the Resolution of Termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that Notice of such Meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes present at said meeting, the total number of votes necessary to adopt a Resolution terminating this Declaration, the total number of votes cast in favor of such Resolution, and the total number of votes cast against such Resolution. Said certificate shall be recorded in the Register of Deeds Office, Wake County, North Carolina, and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Amendments. All proposed Amendments to this Declaration shall be submitted to a vote of the Members at a duly called meeting of the Association subject to the quorum requirements established by Article III, Section 5, and any such proposed amendment shall be deemed approved if two-thirds (2/3) of the votes cast at such meeting vote in favor of such proposed amendment. Notice shall be given each Member at least thirty (30) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the members as set forth above, the President and Secretary of the Association shall execute an Addendum to this Declaration which shall set forth the Amendment, the effective date of the Amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such Amendment was adopted), the date of the meeting of the Association at which such Amendment was adopted, the date that notice of such meeting was given, the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes present at said meeting, the total number of votes cast for and against the Amendment, the number of votes necessary to adopt the Amendment, the total number of votes cast in favor of such Amendment and the total number of votes cast against the Amendment. Such Addendum shall be recorded in the Office of the Register of Deeds, Wake County, North Carolina.

So long as Declarants are entitled to elect a majority of the Members of the Board of Directors of the Association, no Amendment or Termination of this Declaration shall be made without the consent of Declarants; and until the end of the period of development no Amendment of this Declaration shall be made without the consent of Declarants which would have the affect of creating a disproportionate increase in the Maximum Regular Annual Assessment, the actual assessment levied, or any Special Assessment of any Class of Owners.

Notwithstanding the foregoing, Declarants, for so long as they shall retain control of the Board of Directors of the Association, and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, with the consent and approval of VA or FHA, FHLMC and FNMA and without the consent of any Owner, in order to qualify the Association for tax-exempt status, to correct obvious errors and omissions herein, and to qualify for VA, FHA, FHLMC and FNMA approvals. Such amendment shall become effective upon the date of its recordation in the Wake County Registry.

Section 3. Notices. Any notice required to be sent to any Member under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when delivered personally or sent by mail, with the proper postage affixed, to the address of such Member. It shall be the obligation of each Member to immediately notify the Secretary of the Association in writing of any change of address.

Section 4. Enforcement. Enforcement of these Covenants and Restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any provision hereof, either to restrain violation or to recover damages, and against the land and to enforce any lien created by these Covenants; and failure by the Association or any Member or the Declarants to enforce any Covenant or Restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 5. Severability. Should any Covenant or Restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any Court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 6. Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with this Declaration of Covenants and Restrictions, and to construe and interpret its provisions, and its determination, construction, or interpretation shall be final and binding. In all cases, the provisions of this Declaration of Covenants and Restrictions shall be given that interpretation or construction that will best tend toward the consummation of the general plan of improvements.

Section 7. Authorized Action. All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors of the Association in the manner provided for in the By-Laws of the Association, unless the terms of this instrument provide otherwise.

Section 8. Other Agreements. Notwithstanding anything contained herein to the contrary, all the provisions of these Covenants shall be subject to and conform with the provisions of:

(a) The Zoning Ordinances of the Town of Cary and County of Wake, North Carolina, and the rules and regulations promulgated thereunder, as may from time to time hereafter be amended or modified;

(b) The Master Plan for the development of Parkway PUD as may from time to time hereinafter be amended or modified;

None of the provisions of this Section (8) are or shall in any way be construed to be or to constitute a conveyance, transfer, disposition, waiver or relinquishment of any right, title, and interest of Declarants or the Association, as their respective rights, titles, and interests may appear, in and to or under any of the above referenced instruments or documents to or for the benefit of any other person, firm or corporation.

Section 9. Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from Declarants and/or the Association contemplated under this Declaration, Declarants and/or the Association shall not be liable to an Owner or to any other person on account of any claim, liability, damage, or expense suffered or incurred by or threatened against an Owner or such other person and arising out of or in any way relating to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted, or withheld.

Section 10. Termination of Association. In the event that this Declaration be declared to be void, invalid, illegal, or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any Court or other tribunal having jurisdiction over the parties hereto or if the Members of the Association should vote not to renew and extend this Declaration as provided for in Article VIII, Section 1, all Common Properties owned by the Association at such time shall be transferred to a Trustee appointed by the Superior Court of Wake County, North Carolina, which Trustee shall own and operate said Common Properties for the use and benefit of Owners within the Properties as set forth below:

(a) Each Residential Unit located within the Properties shall be subject to an Annual Assessment which shall be paid by the Owner of each such Residential Unit to Trustee. The amount of such Annual Assessment and its due date shall be determined solely by the Trustee, but the amount of such Annual Assessment on any Unit shall not exceed the amount actually assessed against that Unit in the last year that assessments were levied by the Association, subject to the adjustments set forth in subparagraph (b) immediately below;

(b) The Maximum Regular Annual Assessment which may be charged by Declarants or Trustee hereunder on any particular Lot or Parcel may be automatically increased each year by an amount of ten (10%) percent.

(c) Any past due Annual Assessment together with interest thereon at the maximum annual rate allowed by law from the due date and all costs of collection including reasonable attorney's fees shall be a personal obligation of the Owner at the time the Annual Assessment became past due, and it shall also constitute and become a charge and continuing lien on the Residential Unit and all improvements thereon, against which the Assessment has been made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns.

(d) The Trustee shall be required to use the funds collected as Annual Assessments for the operation, maintenance, repair, and upkeep of the Common Properties. The Trustee may charge as part of the cost of such functions the reasonable value of its services in carrying out the duties herein provided. The Trustee shall not have the obligations to provide for operation, maintenance, repair, and upkeep of the Common Properties once the funds provided by the Annual Assessment have been exhausted.

(e) The Trustee shall have the right to convey title to the Common Properties, and to assign its rights and duties hereunder, provided that the transferee accepts such properties subject to the limitations and uses imposed hereby and affirmatively acknowledges its acceptance of the duties imposed hereby.

(f) The Trustee shall have the power to dispose of the Common Properties free and clear of the limitations imposed hereby; provided, however, that such disposition shall first be approved in writing by fifty-one (51%) percent of the Owners of property within the Properties or in the alternative shall be found to be in the best interests of the Owners of property within the Properties by the Superior Court of Wake County, North Carolina. The proceeds of such a sale shall first be used for the payment of any debts or obligations constituting a lien on the Common Properties, then for the payment of any obligations incurred by the Trustee in the operation, maintenance, repair, and upkeep of such properties, then for the payment of any obligations distributed among the Owners of property within the Properties, exclusive of the Trustees, in a proportion Assessment on property owned by a particular Owner bears to the total Maximum Regular Annual Assessments for all property located within the Properties.

Amend 1/4/[illegible]

<u>Section 11</u>. <u>Management and Contract Rights of Association</u>. Declarants may enter into a contract with a Management company or manager for the purposes of providing all elements of the operation, care, supervision, maintenance, and management of the property. However, no such contract shall be binding upon the Association except through express adoption, or ratification of the terms and conditions of such contract. Any contract or lease entered into by Declarants or by the Association while the Declarants are in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer of management by the Declarants to the Association.

<u>Section 12</u>. <u>Rights of Noteholders</u>.

(a) Any institutional holder of a first mortgage (and any Insurer or Guarantor of such first mortgage) on a Unit or Lot will, upon written request, be entitled to:

(i) Inspect the books and records of the Association during normal business hours,

(ii) Receive an annual financial statement (audited if required herein) of the Association within ninety (90) days following the end of its fiscal year,

(iii) Receive written notice of all meetings of the Association and the right to designate a representative to attend all such meetings,

(iv) Receive written notice of any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage,

(v) Receive written notice of any sixty-day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage,

(vi) Receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Owners' Association,

(vii) Receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders,

(viii) Be furnished with a copy of the master insurance policy; and

(ix) Receive a copy of any Supplementary Declaration which contains additions, provisions or modifications to the Declaration pursuant to the provisions of Article II, Section 2(a) hereof thirty (30) days prior to the recording of such Supplementary Declaration.

(b) Without the prior written consent of not less than 66% of Institutional Lenders, the Association may not:

(i) Abandon, partition, subdivide, encumber, sell or transfer (except "Exchanges" as permitted in Section 13 below) real estate or improvements which are owned by the Association for the benefit of all members.

(ii) Alter or amend the method of determining assessments that may be levied against an owner.

(iii) Use hazard insurance proceeds for losses to improvements located on Association property for other than the repair, replacement or reconstruction of such improvements.

Section 13. Exchange of Common Area. Notwithstanding any provision herein to the contrary, it is expressly provided that the Association may exchange with Declarants, as well as any other Owner, for fair value any portion of the Common Properties theretofore conveyed to the Association for additional property to be added to the Common Properties. Any such exchange and conveyance shall be subject to prior VA or FHA, FHLMC, and FNMA approval. Upon such exchange and conveyance, the area conveyed shall cease to be Common Properties and shall cease to be subject to the provisions of this Declaration relating to the Common Properties. Any area acquired by the Association pursuant to the foregoing language shall become Common Property and subject to the provisions of these covenants relating to the Common Property.

Section 14. VA or FHA, FHLMC, and FNMA Approval. As long as Declarants control the Board, or retains the right to do any of the following without the consent of the Members, such acts will require the prior approval of VA or FHA, FHLMC, and FNMA: Annexation of additional properties, dedication of Common Areas, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 15. Easements.

(a) Walks, Drives, Utilities, Etc. All Properties shall be subject to such easements for walkways, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone, streets and electric power lines, television antenna lines, other utilities; ingress, egress and regress and otherwise as shall be established by Declarants by recorded maps or deeds of easement, and the Association shall have the power and authority to grant and establish further such easements upon, over, under and across the Property.

(b) Easement to Correct Drainage. For a period of twenty five (25) years from the date hereof, Declarants reserves an easement and right on, over and under any property comprising Parkway PUD to maintain and to correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary. After such action has been completed, Declarants shall restore the affected property to its original condition to the extent practicable. Declarants shall give reasonable notice of intent to take such action to all affected Owners.

(c) Easement to Wake County and Town of Cary. An easement is hereby established for municipal, state or public utilities serving Parkway PUD, their agents and employees over all Common Properties hereby or hereafter established for setting, removing, and reading utility meters, maintaining and replacing utility or drainage connections, and acting with other purposes consistent with the public safety and welfare, including, without limitation, police and fire protection.

(d) Declarants and the Association reserve the right to subject the Property to a contract with Carolina Power and Light Company for the installation of above ground or underground electric cables and lines and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Carolina Power and Light Company by the Owner of each Unit within said property.

(e) Declarants hereby reserve an easement of access to and over the Common Properties for the purpose of installing utilities and other improvements required or necessary in the proper development of Parkway PUD.

Section 16 - Amend 11/4/17

IN WITNESS WHEREOF, Declarants have caused this instrument to be executed as of the day and year first above written.

PARKWAY ASSOCIATES, A North Carolina General Partnership

By: WESTMINSTER COMPANY, Partner

ATTEST:

____________________ Asst. Secretary

By____________________ Senior Vice President

RICHLAND PROPERTIES, INC.

ATTEST:

RICHLAND PROPERTIES, INC. INCORPORATED SEAL 1950 RALEIGH, N.C.

____________________ Secretary

By____________________ President

THE NEW FORTIS CORPORATION

ATTEST:

____________________ Asst. Secretary

By____________________ Vice President

NORTH CAROLINA

WAKE COUNTY

I, a Notary Public in the County and State aforesaid, certify that Brian C. Bialowski, personally came before me this day and acknowledged that he is Assistant Secretary of WESTMINSTER COMPANY, a North Carolina corporation, partner of Parkway Associates, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its Sr. Vice President, sealed with its corporate seal and attested by her as its Assistant Secretary.

WITNESS my hand and official stamp or seal, this 30th day of November, 1987.

GERRI L. WALTON NOTARY *** PUBLIC WAKE COUNTY N.C.

Gerri L. Walton
Notary Public

My Commission Expires:

My Commission Expires 2-25-91

NORTH CAROLINA

WAKE COUNTY

I, a Notary Public of the County and State aforesaid, certify that F.E. Skipper, personally came before me this day and acknowledged that he is Secretary of Richland Properties, Inc., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its ______ President, sealed with its corporate seal and attested by him as its ______ Secretary.

WITNESS my hand and official stamp or seal, this 30 day of November, 1987.

ROSE H. JOHNSON NOTARY PUBLIC JOHNSTON COUNTY, N.C.

Rose H. Johnson
Notary Public

My Commission Expires:

3-9-91

NORTH CAROLINA

WAKE COUNTY

I, a Notary Public of the County and State aforesaid, certify that Linda P. Whitley personally came before me this day and acknowledged that she is Asst. Secretary of The New Fortis Corporation, a North Carolina corporation, and that by authority duly give and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by herself as its Asst. Secretary.

WITNESS my hand and official stamp or seal, this 30th day of November, 1987.

Carol J. D'Ambra
Notary Public

My Commission Expires:

My Commission Expires 10-23-92

CAROL J. D'AMBRA NOTARY PUBLIC WAKE COUNTY, N.C.

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate s of Grace L. Walton - Rose H. Johnson - Carol J. D'Ambra Notar(y)(ies) Public is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

KENNETH C. WILKINS, Register of Deeds

By Kristan D. Bullock Ass./Deputy Register of Deeds