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Prepared by and hold for
Charles Sedberry - BOX 121

NORTH CAROLINA

WAKE COUNTY

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
MORDECAI VILLAGE SUBDIVISION
(ALSO KNOWN AS THE VILLAGE AT PILOT MILL)

THIS DECLARATION, made on the date hereinafter set forth by
Mordecai Associates, LLC, a limited liability company, formed un-
der the laws North Carolina, hereinafter referred to as the
"Declarant;"

WITNESSETH:

WHEREAS, the Declarant is the owner of certain real property
in the City of Raleigh, Wake County, North Carolina, which is
more particularly described on Exhibits A and B, attached hereto;
and in addition to being Mordecai Village, as shown on the re-
corded plat referred to in Exhibits A and B, this planned com-
munity will also be known as The Village at Pilot Mill.

WHEREAS, Declarant will convey the said property described
on Exhibit A attached hereto subject to certain protective
covenants, conditions, restrictions, reservations, liens and
charges as hereinafter set forth;

Declarant hereby declares that all of the properties
described on Exhibit A attached hereto shall be held, sold and
conveyed subject to the following easements, restrictions,
covenants and conditions, which are for the purpose of enhancing
and protecting the value, desirability, and attractiveness of the
real property. These easements, covenants, restrictions, and
conditions shall run with the real property and shall be binding
on all parties having or acquiring any right, title or interest
in the described properties or any part thereof, and shall inure
to the benefit of each owner thereof.

ARTICLE I

PROPERTIES SUBJECT TO THIS DECLARATION

Section 1. The property which shall be held, transferred,
sold, conveyed and occupied subject to this Declaration is lo-
cated in Wake County, North Carolina, and is more particularly
described on Exhibit A attached hereto, which is all the Lots
shown on a plat entitled "Mordecai Village", recorded in Book of
Maps 2001, Pages 1645, 1646 and 1647, Wake County Registry. The
property described on Exhibit B attached hereto will be conveyed
to the Association as "Common Elements."

ARTICLE II

DEFINITIONS

Wake County, NC 198
Laura M Riddick, Register of Deeds
Presented & Recorded 11/19/2001 11:09:49
Book : 009164 Page : 00496 - 00519

Section 1. "Association" shall mean and refer to The Village at Pilot Mill Homeowners Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described on Exhibit A and Exhibit B attached hereto.

Section 3. "Common Elements" shall mean all real property and amenities located thereon owned by the Association for the common use and enjoyment of members of the Association. Common Elements shall also include water lines and sewer lines located within the Common Elements and not within City of Raleigh sanitary sewer easements. Water lines and sewer lines located on a Lot are not portions of the Common Elements.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Elements.

Section 5. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for performance of an obligation.

Section 7. "Declarant" shall mean and refer to Mordecai Associates, LLC, its successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as the Declarant may impose.

Section 8. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee, or other legal entity.

Section 9. "Building" shall mean and refer to a residential structure, constructed or erected on the Properties.

Section 10. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 11. "Common Expenses" shall mean and include:
(a) All sums lawfully assessed by the Association against its members;
(b) Expenses for maintenance of the Common Elements as provided in this Declaration;

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

(d) Expenses declared to be common expenses by the provisions of this Declaration or the Bylaws of the Association.

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

(f) Ad valorem taxes and public assessment charges lawfully levied against Common Elements;

(g) Expenses agreed by the members to be common expenses of the Association; and

(h) All expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

Section 12. "Amenities" shall mean the facilities constructed, erected or installed on the Common Elements for the use, benefit and enjoyment of Members.

Section 13. "Reasonable attorneys' fees" shall mean attorney fees reasonably incurred without regard to any limitations on attorneys' fees which otherwise may be allowed by law.

ARTICLE III

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, 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. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors may make reasonable rules relating to the proof of ownership of a Lot in this Subdivision.

ARTICLE IV

VOTING RIGHTS

Section 1. Voting Classes. The Association shall have two classes of voting membership:

Class A. Class A members shall be all those Owners as defined in Article II with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they

among themselves determine, but in no event shall more than one vote be cast with respect to any Lot and no fractional vote may be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each Lot in which Declarant holds the interest required for membership, provided, that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first:

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership.

(b) ten (10) years from the date of conveyance of the first Lot by Declarant.

Section 2. Suspension of Voting Rights. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations.

ARTICLE V

PROPERTY RIGHTS

Section 1. Members' Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Common Elements, including the rights of ingress and egress to and from streets, parking areas and walkways, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association, in accordance with its Articles and Bylaws and with the assent of members entitled to cast eighty percent (80%) of the votes of the entire Class A membership and eighty percent (80%) of the entire Class B membership, if any, to borrow money for the purpose of improving the Common Elements and facilities and in aid thereof to mortgage said property unless prohibited by law, and the rights of such mortgagee in said properties shall be subordinate to the rights of the Owners hereunder; and

(b) The right of the Association to dedicate or transfer all or any part of the Common Elements 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 agreed to in writing by the Persons entitled to cast eighty percent (80%) of the votes of the Class A membership and eighty percent (80%) of the votes of the Class B membership, if any, and approved by the City of Raleigh, if required.

(c) The right of the Association to exchange with Declarant or any other owner of a Lot in Mordecai Village a portion of the Common Elements for a portion of the real property owned by Declarant or such Owner. Property acquired by the Association in the exchange shall become a part of the Common Elements and shall be released from all provisions of this Declaration except those

applicable to the Common Elements. The portion of the Common Elements acquired by Declarant or the Owner of a Lot in the exchange shall cease to be Common Elements and shall be subject to the provisions of this Declaration that were applicable to the property conveyed to the Homeowners Association in such exchange. Such exchange must be in accordance with the provisions of the City of Raleigh Code, and may be made only when--

(1) agreed to in writing by the Persons entitled to cast eighty percent (80%) of the votes of the Class A membership and eighty percent (80%) of the votes of the Class B membership, if any.

(2) the exchanged properties and other considerations are of like value and utility; and

(3) the acreage and configuration of the remaining open space (including property to be received by the Association in such exchange) equal or exceed the requirements of the City of Raleigh Code; and

(4) the exchange is approved by the City of Raleigh planning director.

(d) The right of the Association to suspend a member's right to use the Common Elements during any period in which such member shall be in default in the payment of any assessment levied by the Association or for such period determined by the Association for infraction of published rules and regulations of the Association.

(e) The provisions of published rules and regulations of the Association concerning use of Common Elements.

Section 2. Delegation of Use. Any Member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Elements and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to the Common Elements. The Common Elements will be conveyed in fee simple to the Association, free and clear of all encumbrances and liens except utility and drainage easements and easements to governmental authorities, prior to the conveyance of any Lots shown on said map.

Section 4. Book and Records. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member or his designated agent. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE VI

COVENANT FOR ASSESSMENTS

Section 1. Creation of the lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and every other owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant, and agree to pay to the Association:

- (a) Annual assessments or charges which are common expenses; and
- (b) Special assessments for capital improvements.

Notwithstanding any provision herein to the contrary, until such time as a certificate of occupancy for a dwelling located on a Lot has been issued, all Common Expenses will be paid by Declarant. Thereafter, the assessment for each Lot, for which a certificate of occupancy for a dwelling on the Lot has NOT been issued, shall be twenty-five percent (25%) of the assessment which otherwise would have been due. Provided, however, that upon the issuance of a certificate of occupancy for a dwelling on a Lot, full assessments on said Lot shall be due from the time the certificate of occupancy is issued.

Such assessments shall 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 reasonable attorney's fees, as herein provided, remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that Lot when a claim of lien is filed in the office of the Clerk of Superior Court for Wake County in the manner provided for in Section 47F-3-116 of the North Carolina General Statutes. Collection of such annual assessments shall be as authorized by Section 47F-3-116 of the North Carolina General Statutes or by such other lawful procedures as may be authorized by the Association.

Each such assessment, together with such interest and costs and reasonable attorney's fees for collection thereof, shall also be the personal obligation of the person who was the owner of the Lot at the time the assessment fell due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. All assessments shall be shared equally by the owners of each Lot, except as otherwise provided in this section.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for promoting the recreation, health, safety, and welfare of the residents on the Properties; enforcing these covenants and the rules of the Association; improving and maintaining the Common Elements; and paying all common expenses.

Section 3. Amount of Assessment.

(a) Initial Assessment. Assessments will begin when certificate of occupancy for a dwelling located on a Lot has been issued, and the initial annual assessment will be not more than Eighty Dollars (\$80.00) per Lot, the exact amount of which shall be determined from time to time as provided in Subsection (d) of this Section 3.

(b) Increase by Association. From and after December 31, 2002, the annual assessment effective for any year may be increased from and after January 1 of the succeeding year by the Board of Directors.

(c) Increase by Members. From and after December 31, 2002 the annual assessment may be increased or decreased by an affirmative vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(d) Criteria for Establishing Annual Assessment. The Association is required to establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Elements. The fund shall be maintained out of annual assessments for common expenses as provided for in this article. In establishing the annual assessment for any assessment year, the board of directors shall set the annual assessment high enough to cover all current costs and expenses of the Association, any accrued debts, and reserves for the future needs.

(e) The Board of Directors may decrease the annual assessment from time to time if in its opinion such decrease is prudent.

Section 4. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the Common Elements, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. The amount of the proposed assessment need not be stated.

Section 5. Collection of Assessments. Both annual and special assessments may be collected on a semiannual basis or in any other manner directed by the Board of Directors.

Section 6. Quorum for any Action Authorized Under Sections 3 and 4. At the first meeting called, as provided in Section 3 and 4 of this Article, the presence at the meeting 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 forthcoming at any meeting, subsequent meetings may be called, subject to the notice requirement set forth in Section 3 and 4, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the next preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the next preceding meeting.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided herein for Lots shall be paid in equal semiannual installments and the payment of such shall commence as to each Lot on the first day of the first month following the date that all Common Elements in the phase that the Lot in question is located has been conveyed to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the rate of nine percent (9%) per annum. The Association may bring an action against the owner personally obligated to pay the same, and interest, costs, late payment charges and reasonable attorney's fees of any such action shall be added to the amount of such assessment. If any law permits the filing of a lien and the foreclosure of such lien, or other similar action, as a method of enforcement of the Association's right to collect assessments, the Association shall use such remedy. No owner may

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waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Elements or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The sale or transfer of any Lot shall not affect the lien of the assessments provided for herein. However, said lien shall be subordinate to the lien of any first mortgage on such Lot. The sale or transfer of any Lot pursuant to foreclosure under a first mortgage or any proceeding or sale in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sales or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due for from the lien thereof.

Section 10. Exempt Property. Any portion of the property 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, except no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VII

RESERVE ACCOUNT DEPOSIT

At the time of the real estate closing, when the initial purchaser acquires fee simple title to a Lot after construction of a residence thereon, and becomes an Owner, such Owner shall contribute to the Association a sum equal to one-sixth (1/6) the then annual assessment of the Association for such Lot for the purpose of initial and nonrecurring capital expenses of the Association and for providing initial working capital for the Association.

ARTICLE VIII

COMMON ELEMENTS MAINTENANCE, TAXES, LIABILITY INSURANCE AND ASSESSMENTS

The Association shall provide maintenance of the Common Elements and all recreational and other facilities located thereon. The Association will pay all ad valorem taxes and assessments levied against the Common Elements, and the Association will procure and maintain in effect a public liability insurance policy covering the Association's liability as owner of the Common Elements.

ARTICLE IX

ARCHITECTURAL CONTROL

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For the purpose of insuring the development of the Subdivision as a residential area of high standards, the Declarant shall exercise architectural control over the structures and other improvements placed on the Lots. Declarant, at or prior to the conveyance of its last lot in the subdivision, may, by instrument recorded in the Wake County Registry, convey all its rights under Article X and under Article XI hereof to The Village at Pilot Mill Homeowners Association, Inc. to be exercised by its duly designated Architectural Control Committee. The Owners of all Lots, except Declarant, by acceptance of title thereto or by taking possession thereof, covenant and agree that no building, wall, structure, plantings or other improvements, including but not limited to residences, other buildings, fences, screen plantings, mail boxes, newspaper boxes, and outside lighting shall be placed upon such Lot, unless and until the plans and specifications therefor and the site plan have been approved in writing by the Declarant or a majority of the Architectural Control Committee, if established. Each such building, wall, structure, plantings or other improvement shall be placed upon said Lot only in accordance with the plans and specifications and site plan so approved. Refusal of approval of plans and specifications by the Declarant or such committee may be based on any ground, including purely aesthetic grounds caused by lack of harmony with surrounding residences, which, in the sole and uncontrolled discretion of the Declarant or such committee, shall be sufficient. No alteration or color changes in the exterior appearance of any improvement constructed upon a Lot shall be made without like approval. Plans for such approval shall be submitted to the Declarant or the committee at the Declarant's office in Wake County, North Carolina, unless Declarant or the committee shall establish a different place to submit such plans. In the event Declarant or said committee fail to approve or disapprove such plans and specification within thirty (30) days after the same have been submitted to them, approval will not be required and this provision shall be deemed to have been fully complied with.

It is the intention hereof that the Declarant and Architectural Control Committee shall have the right to control all architectural aspects of any improvements constructed in the Subdivision, including, without limitation, height, site planning, setback requirements, open space, exterior design, and landscaping, including the right to establish minimum landscaping criteria for each Lot, provided that the same shall be applied equitably and without discrimination to all Lots. It is the purpose of these restrictions that the entire Subdivision may be developed as a planned community.

Note: The right of the Declarant to withhold approval of any proposed initial structures, facilities, or improvements or of the location thereof is absolute.

ARTICLE X

USE RESTRICTIONS

Section 1. Residential Building Sites. Each Lot shall constitute a residential building site (hereinafter called "building site") and shall be used for residential purposes only. The lay of the lots as shown on the recorded plat shall be substantially adhered to; provided, however, with the prior written approval of Declarant, the size and shape of any building site may be altered; provided further, that no building site or group of building sites may be re-subdivided so as to produce a greater number of building sites than shown on the aforementioned recorded map. More than one lot may be used as one building site, provided the location of any structure permitted thereon is approved in writing by Declarant, or the Architectural Committee referred to in Article X hereof, if such approval rights have been assigned to it by Declarant; and, provided, further, that Declarant shall have the right, specifically reserved in Section 18 of this Article XI hereof, to make any relocations of easements that it determines to be necessary by reason of such use. Except as provided in this paragraph, no structure shall be erected, altered, placed, or permitted to remain on any building site, other than one detached single family dwelling not to exceed two and one-half stores in height, and, unless otherwise approved by the Declarant, a private garage for not more than two cars.

Section 2. Existing and Additional Improvements. Following the initial construction and installation of the dwelling house and improvements, no alteration or modification thereof, including change of exterior color, shall be undertaken (other than normal maintenance and repairs), and no construction, erection, or installation of any additional new structures, facilities, or other improvements shall be undertaken without the prior express written consent of the Declarant.

Section 3. Erosion Control. During site preparation and initial construction, the owner of the building site and the builder shall take such action as may be required by Declarant to control, inhibit, or prevent erosion and sedimentation of streams and impoundments resulting from erosion. Each owner shall maintain his building site in such manner as to prevent erosion of soil into any Common Elements. If, in the opinion of the Declarant, an owner does not properly maintain his building site as herein provided, then Declarant may have the required work done, and the costs thus incurred by Declarant shall be paid by the owner of the building site. Declarant shall have all easements, including the right of entry, necessary to enter upon the building site and perform such work or cause such work to be performed.

Section 4. Grading and Filling. No grading, filling, or other alteration of the topography or elevation of any building site shall be undertaken prior to or during initial construction without the prior express written approval of Declarant.

Section 5. Removal of Trees. No trees or other vegetation, except weeds, deadwood, underbrush, or grass, may be cut or removed from any building site prior to or during initial construction unless written approval of Declarant is first secured. Following initial construction of improvements on any building site, no trees having a trunk diameter exceeding six (6) inches (18 3/4 inches in circumference), four (4) feet above ground level, shall be removed therefrom without the prior express written approval of Declarant unless the tree is dead or diseased or poses an imminent threat or danger to persons or property.

Section 6. Removal of Vegetation from Common Elements. No owner of any building site, other than Declarant shall injure, cut, or remove, or suffer or cause to be injured, cut or removed, any trees, shrubs, flowers, or other vegetation from any Open Space unless with the prior written permission of the The Village at Pilot Mill Homeowners Association, Inc.

Section 7. When Approval Implied. Where any owner or builder must secure prior approval of Declarant under these covenants before undertaking any activity or work, request for approval shall be submitted in writing, and failure of Declarant to give or deny approval within thirty (30) days following receipt of the written request shall be deemed to constitute approval, unless suit has been or is instituted to enjoin the proposed activity or work or the completion thereof.

Section 8. Signs. Except for unit identification signs required by the City of Raleigh Code as a regulated sign, no sign, billboards, or posters of any nature shall be erected, placed, exhibited, or maintained on any building site except with the prior approval of, and in conformity with the size, design, and format, and for such time period, as is or may be prescribed from time to time by the Declarant.

Section 9. Nuisances. No noxious or offensive activity shall be carried on upon any building site, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No trade materials or inventories may be stored upon the premises and no tractors or large vehicles may be stored or regularly parked on the premises except in garages or well screened approved enclosures. No business activity or trade of any kind whatsoever shall be carried on upon any building site except those activities normal and incident to the initial construction and sale of dwelling units on the site.

Section 10. Temporary Buildings Prohibited. No trailer, basement (unless said basement is a part of a residence erected at the same time), tent, shack, barn or other outbuilding shall be erected or placed on any building site covered by these covenants, except such buildings as are customary and incident to the initial construction and sale of dwelling units on the site.

Section 11. Pets and Other Animals. No animals or poultry of any kind shall be kept or maintained on any part of said property, other than dogs or cats confined within fenced areas and house pets kept in the home of the owner. No animals or poultry of any kind shall be kept or maintained for commercial purposes.

Section 12. Fences. No fence, wall, hedge, or mass planting shall be permitted except upon the prior approval of the Declarant. After approval of materials, design and height by Declarant, a fence may be located along the property lines, or such other location as may be approved by Declarant if the topography of the Lot is such that the fence should vary from the property lines; but no fence will be permitted to be nearer to the street than the front of the dwelling house on the Lot.

Section 13. Parking. Owners of building sites shall not park their boats, and other vehicles, except automobiles, on the streets located in the residential areas of this subdivision. Further, boats, trailers, campers and recreational vehicles shall be parked only in garages or approved enclosures and not on any part of a lot exposed to view either from the street, another lot or from any Common Elements.

Section 14. Lot Owner's Responsibility. It shall be the responsibility of each lot owner to prevent the development of any unclean, unsightly or unkempt conditions of buildings or grounds on his lot, which condition shall tend to substantially decrease the beauty of the subdivision as a whole or the specific area. Non-operating cars, unused objects or apparatus, or any portion thereof, shall not be permitted to remain on any lot. All lots shall be kept clean and free of garbage, junk, trash, debris, or any substance that might contribute to a health hazard or the breeding and habitation of snakes, rats, insects, and the like. Each lot owner shall cause his lawn to be mowed as needed, cause the maintenance and protection of landscaping insuring proper drainage of the lot so as to prevent soil erosion, and cause the maintenance of the dwelling and any other structures and improvements located on his lot.

Section 15. Additional Restrictions. No lot shall have more than one television or radio antenna, and that antenna must be attached to the residence; TELEVISION OR RADIO RECEPTION "DISCS" OR "DISHES" SHALL NOT BE ALLOWED ON ANY LOT, but a television or radio reception disc or dish that is not greater than twenty-four (24) inches in diameter may be attached to the

dwelling at a location that is not visible from the street in front of the dwelling; no lot shall have any other objects attached to the exterior of any building and specifically prohibited are lightening rods, weather vanes, and high powered antennas; no outside clothes lines shall be installed on any lot; no window air conditioning units shall be permitted if they may be seen from any roadway in the direction in which they face.

Section 16. Common Elements. Any Common Elements, from the time of its conveyance to The Village at Pilot Mill Homeowners Association, Inc. shall be the exclusive property of the Association, and no building site owner in this subdivision shall have any right to use the Common Elements except in accordance with the By-Laws, rules and regulations of the Association.

Section 17. Utility Connections. All telephone, electric and other utility lines and connections between the main utility lines and the residence and any other building located on each building site shall be concealed and located underground so as not be visible.

Section 18. Easement Reserved. Declarant, for itself, its successors and such of its assigns as are designated by instrument recorded in the Wake County Registry, hereby reserves, and is given a perpetual easement, privilege, and right, including right of entry, for utility, television antenna system, and drainage purposes, on, in, and under a ten (10) foot strip along the rear line of each building site and on, in, and under a five (5) foot strip along the interior side lot line of each building site and/or as shown on the recorded subdivision map. In the event that more than one lot is used as one building site as provided in Section 1 hereof, or in the event Declarant, in its sole discretion, deems it necessary and appropriate, to relocate, remove and/or re-establish the easement provided for herein or the easements provided on the map recorded of the subdivision, which easements may be located on, in and under the lots or recombination of lots utilized as the building site. A Lot owners of Lots should not construct permanent structures on any reserved easement area, because any structure that prohibits use of the easement area for one or more of the purposes set forth herein may be removed and not replaced without any compensation or liability to the Lot owner for such removal.

Section 19. Rights Exclusive. All rights herein created for, held by, or reserved to Declarant shall belong exclusively to Declarant and to such person, firm or corporation to whom they are expressly conveyed by instrument recorded in the Wake County Registry, and none of them shall be deemed transferred to the purchaser of any property unless the instrument effecting such transfer expressly recites the transfer of such rights. By way of illustration and not of limitation, at the time these covenants are drawn, it appears probable that when the develop-

ment of all of Mordecai Village has been fully constructed, Declarant will have no further economic interest in the subdivision and may then wish to transfer to The Village at Pilot Mill Homeowners Association, Inc. its right to appoint an Architectural Committee, its right to prohibit erosion, and other such rights. The conveyance of Common Elements to the Association shall not operate as a transfer to the Association of these rights, however, since these rights may be transferred only by an instrument recorded in the Wake County Registry reciting specifically that these rights are being transferred.

ARTICLE XI

RULES AND REGULATIONS

The Board of Directors of the Association shall have the power to formulate, amend, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Elements. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors, shall be maintained in a place convenient to the owners and available to them for inspection during normal business hours.

ARTICLE XII

EASEMENTS

Section 1. Walks and Utilities. All of the Properties, including Lots and Common Elements, shall be subject to such easements for walk ways, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines, cable television and other public utilities as shall be established prior to conveying the Properties covered by this Declaration to the Association, and the Association shall have the power and authority to grant and to establish in, over, upon and across the Common Elements conveyed to it such further easements as are requisite for the convenient use, proper maintenance and enjoyment of the Properties.

Section 2. Easement for Governmental Agencies. An easement is hereby established over the Common Elements for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

Section 3. Easement and Right of Entry for Repair, Maintenance and Reconstruction. If any dwelling is located closer than five (5) feet from its Lot line, the owner thereof shall have a perpetual access easement over the adjoining Lot to the

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extent reasonably necessary to perform repairs, maintenance or reconstruction of his dwelling. Such repair, maintenance or reconstruction shall be done expeditiously and, upon completion of the work, the owner shall restore the adjoining Lot to as near the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable. No fence, wall, storage shed or similar structure or any other kind of obstruction shall be permitted in the easement area that will obstruct access to the residential unit.

Section 4. Declarant reserves the right to subject the real property covered by this Declaration to a contract with Carolina Power and Light Company 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 to Carolina Power and Light Company by the owner of each Lot.

ARTICLE XIII

RIGHTS OF INSTITUTIONAL LENDERS

"Institutional Lender" or "Institutional Lenders", as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, other reputable mortgage lenders and insurers of first mortgages. So long as any Institutional Lender or Institutional Lenders shall hold any mortgage upon any Lot, or shall be the owner of any Lot, such Institutional Lender or Institution Lenders shall have the following rights:

(a) To be furnished with at least one copy of the Annual Financial Statement and Report of the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and Report to be furnished by April 15 of each calendar year.

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

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

(d) To inspect the books and records of the Association during normal business hours.

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

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

(g) To be given notice of any condemnation or casualty loss that affects either a material portion of the Properties or the unit securing its mortgage.

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

(i) To be given notice of any proposed action that requires the consent of a specified percentage of mortgage holders.

(j) To be provided at cost current copies of the Declaration, Bylaws and other rules concerning the property.

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

ARTICLE XIV

GENERAL PROVISIONS

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

Section 2. Insurance. In the event the Association becomes the owner of any buildings, or other improvements, or personal property, located within the Common Elements, the board of directors shall obtain hazard insurance (if available) in an amount equal to the maximum insurable replacement value as determined annually by the board of directors with the assistance of the insurance company providing such coverage. Such coverage shall provide protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and such other risks as from time to time shall be customarily covered with respect to buildings and properties similar in construction, location and use.

The board of directors shall also procure and maintain public liability and property damage insurance, insuring: each

member of the board of directors; the manager, if any; and the Association against any liability to the public or to homeowners (and their invitees, agents, and employees) arising out of or incident to the ownership and/or use to the Common Elements and facilities, or such other areas for which the Association is responsible. The insurance shall be issued on a comprehensive liability basis and shall contain a cross liability endorsement under which the rights of each named insured under the policy shall not be prejudiced with respect to his action against another insurance shall be determined by the Board of Directors, but in no even shall it be less than \$1 million per occurrence with regard to the Association and each individual director.

There shall also be obtained such other insurance coverage as the board of directors shall determine from time to time to be desirable and necessary. Premiums upon insurance policies purchased by the board of directors shall be paid by the board of directors as a common expense of the Association.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 4. FHA/VA Approval. Notwithstanding any provision in this instrument to the contrary, as long as there is a Class B membership, and if Declarant desires to qualify sections of this subdivision for Federal Housing Administration or Veterans Administration approval (but not otherwise), the following actions will require the prior approval of Federal Housing Administration or the Veterans Administration: Annexation of additional properties, exchange of Common Elements for other portions of the property, dedication of Common Elements, amendment of this Declaration of Covenants, Conditions and Restrictions, mergers and consolidations, mortgaging of Common Elements and dissolution.

Section 6. Density Transfers. Development of the property must be in accordance with the Preliminary Subdivision Plan approved by the City of Raleigh, and any changes from that plan must be approved by the City of Raleigh.

Section 7. Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by affirmative vote or written agreement signed by lot owners of lots to which at least sixty-seven percent (67%) of votes in the Association are allotted. All amendments shall be certified as an official act of the Association and shall forthwith be recorded in the Wake County Registry. All amendments shall become effective upon recordation.

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Section 8. Certification of Amendment. If any amendment to these covenants, conditions and restriction is executed, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors shall, within thirty (30) days do the following:

(a) Reasonably assure itself that the amendment has been executed by the Owners of the required number of Lots. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any Lot to be examined);

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS,
CONDITIONS AND RESTRICTIONS OF MORDECAI VILLAGE

By authority of its Board of Directors, The Village at Pilot Mill Homeowners Association, Inc. hereby certifies that the foregoing instrument has been approved by affirmative vote or written agreement signed by lot owners of lots to which at least sixty-seven percent (67%) of votes in the Association are allotted and is, therefore, a valid amendment to the existing covenants, conditions and restriction of Mordecai Village.

The Village at Pilot Mill Homeowners Association, Inc.

By: _____

President

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be recorded in Wake County Registry.

All amendments shall be effective from the date of recordation in the Wake County Registry, provided, however, that no such amendment shall be valid until it has been indexed in Grantee Index in the name of Mordecai Village and in the name of this Association and in the Grantor Index in the name of each person executing the amendment. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors, recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots in Mordecai Village.

Notwithstanding the foregoing, no amendment shall be effective unless approved by the City Attorney of Raleigh (so long as this is required by the Raleigh City Code): provided, however, that if any amendment is submitted to said City Attorney and is neither approved or disapproved within thirty (30) days from the date of submission, it shall be conclusively presumed that the City Attorney has approved it.

Section 9. Fidelity Bonds. The Association shall maintain blanket fidelity bonds for all officers, directors, trustees and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association. Where the Association has delegated to a management agent some or all of the responsibility for the handling of funds, fidelity bonds shall be required for such management agent's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

The total amount of fidelity bond coverage shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event shall the aggregate amount of such fidelity bonds be less than a sum equal to three months' aggregate assessments on all units plus reserve funds.

Fidelity bonds required herein shall:

1. name the association as an obligee;
2. contain waivers by the insurers of the fidelity bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expression;
3. provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least 10 days prior written notice to the Association, to any such agent as the Association shall designate to negotiate settlement of insurance claims on behalf of the Association, and to any institutional lender servicing on behalf of the Federal National Mortgage Association any loan secured by any Lot.

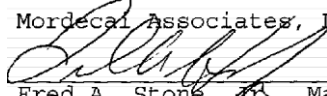
The premiums on all such fidelity bonds for the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Association as a common expense.

Section 10. Prohibition Against Association Entering into Long Term Contract While Declarant in Control of Board of Directors. Until such time as the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, or three years from the date of conveyance of the first Lot by Declarant, whichever occurs first, the Association is not bound either directly or indirectly to contracts or leases (including a management contract) unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty, upon not more than 90 days notice to the other party.

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IN WITNESS WHEREOF, the undersigned, being the declarant herein, has executed this instrument this the 15th day of November, 2001.

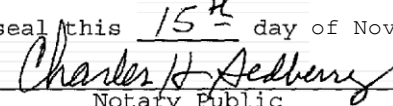
NoViU1B

By: Mordecai Associates, LLC

Fred A. Stone, Jr., Manager

NORTH CAROLINA, Wake County.

I, a Notary Public of the County and State aforesaid, certify that Fred A. Stone, Jr., Manager of Mordecai Associates, LLC, a limited liability company, personally came before me this day and acknowledged that he is a manager of Mordecai Associates, LLC, and that, being authorized to do so as such, he executed the foregoing on behalf of the limited liability company.

Witness my hand and notarial seal this 15th day of November, 2001.


Notary Public

My commission expires: _____

CHARLES H. SEDBERRY
NOTARY PUBLIC
WAKE COUNTY, N.C.
My Commission Expires May 30, 2004

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EXHIBIT A TO DECLARATION BY MORDECAI ASSOCIATES, LLC CONCERNING
MORDECAI VILLAGE, AS SHOWN ON PLAT RECORDED IN BOOK OF MAPS 2001,
PAGES 1645, 1646 and 1647, Wake County Registry.

Being Lots 1 through 104, as shown on Final Plat for Mordecai
Village dated August 2, 2001, as prepared by John A. Edwards and
Company, and recorded in Book of Maps 2001, Pages 1645, 1646 and
1647, Wake County Registry.

Parcel One: All areas labeled as "Open Space" and designated as Lots 105, 106, 107, 108, 109, 110, 111, and 113; the area immediately North of Lot 95 labeled as "Open Space", containing .04 acres (having #112); and the area adjoining and immediately North of Lots 112 and 113 (having #1260) marked for additional Right of Way Dedication, .05 acres, for Mulberry Street; all as shown on Final Plat for Mordecai Village dated August 2, 2001, as prepared by John A. Edwards and Company, and recorded in Book of Maps 2001, Pages 1645, 1646 and 1647, Wake County Registry.

Beginning at a piece of two inch iron pipe driven in the ground in the dividing line between the right-of-way of the CSX Railroad, and the land now or formerly of Martha Mordecai and Martha Mordecai, Jr., running thence south 20 degrees east two hundred and five (205) feet to another piece of two inch pipe driven in the ground; thence south 89 degrees west one hundred thirty-five (135) feet to another piece of two inch pipe driven in the ground; thence north 37.5 degrees west two hundred (200) feet to the line of the right-of-way of said CSX Railroad; thence with that line to the beginning, containing according to the survey and calculation of Prof. J.H. Kinesly, made July 7, 1893, three-fourths (3/4) of an acre; SAVE AND EXCEPT from this Parcel Two such part thereof that is located within the right-of-way of Mulberry Street.

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Laura M. Riddick
Register of Deeds
Wake County, NC



Book : 009164 Page : 084% - 88519

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



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

Nmih Carolina - Wake County

The foregoing certificate of Charles H. Sedberry

Notary(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.

Laura M. Riddick, Register of Deeds

BY: /h
Deeds

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