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STATE OF NORTH CAROLINA
COUNTY OF WAKE

DECLARATION OF COVENANTS FOR COMMON
PROPERTIES IN THOMPSON MILL
SUBDIVISION AND PROVISIONS OF
THOMPSON MILL HOMEOWNERS ASSOCIATION,
INC.

THIS DECLARATION OF COVENANTS FOR COMMON PROPERTIES, made this
11th day of August, 1987 by Looper/Swicegood and Associates, a North
Carolina General Partnership, hereinafter called "Declarant"

W I T N E S S E T H:

WHEREAS, Declarant is the owner of real property described as
follows:

BEING all of Thompson Mill Subdivision as depicted in Book of
Maps 1987, Pages 1880 and 1881, Wake County Registry.

No additional land shall be deemed to be subjected to these
covenants except by express written declaration to that effect.

WHEREAS, the Declarant desires to create certain facilities
more particularly described as Common Properties for the benefit of said
community and for the benefit of all the lots set forth hereinabove, and

WHEREAS, the Declarant desires to provide for the
preservations of the value, amenities and conceptual intent of the said
community and for the maintenance of the said Common Properties; and, to
this end, desires to subject the said real property above described,
together with such additions as may hereafter be made, to the covenants,
restrictions, easements, affirmative obligations, charges and liens,
hereinafter set forth, each and all of which is and hereby declared to
be for the benefit of said property and each and every owner of any and
all parts thereof; and

WHEREAS, the Declarant has deemed it desirable for the
efficient preservation of the values and amenities in said community to
create an agency to which should be delegated and assigned the power and
authority of maintaining and administering the Common Properties and
administering and enforcing of the covenants and restrictions governing
the same, and collecting and disbursing all assessments and charges
necessary for such maintenance, administration and enforcement, as
hereinafter created; and

WHEREAS, Declarant has caused or will later cause to be
incorporated under the laws of the State of North Carolina, as a
non-profit corporation, THOMPSON MILL HOMEOWNERS ASSOCIATION, INC. for
the purpose of exercising the functions aforesaid, and which are
hereinafter more fully set forth.

NOW, THEREFORE, in consideration of the premises and covenants
contained herein, the Declarant desires that the real property described
above, and such additions thereto as may hereinafter be made, is and

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shall be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations, and liens (sometimes referred to as "The Covenants") hereinafter set forth, and said covenants shall run with the land and be binding on all persons claiming under and through the Declarant.

ARTICLE I

DEFINITIONS:

Section 1. The following words and terms, when used in this Declaration, or any Supplemental Declaration, shall have the following meanings:

(a) "Association" shall mean and refer to the Thompson Mill Homeowners Association, Inc., a North Carolina non-profit corporation.

(b) "Owner" shall mean and refer to the record owner, whether one or more persons, firms, associations, corporations, or other legal entities, of the fee simple title to any tract situated upon the Properties, but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee, its successors or assigns, unless and until such mortgagee has acquired title pursuant to foreclosure or a proceeding in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an owner.

(c) "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association, as are subjected to this Declaration or any Supplemental Declaration.

(d) "Common Properties" shall mean and refer to those areas of land which are deeded to the Association and designated in said deed as "Common Properties." The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as "Common Property." All common properties are to be devoted to and intended for the common use and enjoyment of the owners, subject to the fee schedules and operating rules adopted by the Association.

(e) "Lot" shall mean and refer to any improved or unimproved parcel of land, shown upon any recorded subdivision map of the Properties, intended for the construction of a detached single family dwelling, excluded any "Common Properties," as heretofore defined.

(f) "Member" shall mean and refer to all owners as heretofore defined.

(g) "Declarant" shall mean and refer to Looper/Swicegood & Associates, Their Successors and assigns.

ARTICLE II

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Section 1. Existing Property. The real property which is subject to these covenants, is located in Wake County, North Carolina, and is more particularly described hereinabove. All of the real property hereinabove described shall hereinafter be referred to as "Existing Property".

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions. The Declarant, its successors and assigns, including the Association, shall have the right to bring within the plan and operation of this Declaration, additional later acquired properties at future stages of the development.

The additions authorized under this and the succeeding subsection, shall be made by filing of record Supplementary Declarations of Covenants for Common Properties with respect to the additional property which shall extend the operation and effect of these Covenants to such additional property.

The Supplementary Declarations may contain such complementary additions and modifications of the covenants contained in this Declaration as may be necessary or convenient in the judgment of the Declarant, to reflect the different character, if any, of the added properties.

(b) Other Additions. Upon approval in writing of the Association pursuant to two-thirds of the vote at a duly called meeting, the owner of property other than the Declarant who desires to add it to the plan on these covenants and to subject it to the jurisdiction of the Association, may record a Supplementary Declaration of Covenants with respect to the additional property which shall extend the operation and effect of the covenants to such additional property.

The Supplementary Declaration may contain such complementary additions and modifications of the covenants contained in this Declaration as may be necessary or convenient, in the judgment of the Declarant, to reflect the different character, if any, of the added properties.

(c) Mergers. Upon a merger or consolidation of the Association with another association as provided for in the By-Laws of the Association, its properties, 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 covenants and restrictions established upon any other properties as one plan. No such merger or consolidation, however, shall effect any revocation, change of or addition to the Covenants established by this Declaration as herein provided.

ARTICLE III

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MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION:

Section 1. Membership. The Declarant and every person or entity who is a record owner of a fee simple or undivided fee simple interest in any lot which is subject by the Covenants to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a member of the Association; membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership:

CLASS "A" - Class A members shall be all those owners as defined in Section One (1) of this Article III, and they shall be entitled to one vote per lot owner.

CLASS "B" - The Class B members shall be the Declarant (as defined in the declaration), and shall be entitled to four (4) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening on either of the following events, which ever occurs earlier:

(a) When the total vote outstanding the Class A membership equals the total outstanding in the Class B membership; or

(b) On December 31, 1991, or

(c) Upon the surrender of all Class B membership by the holder thereof or cancellation by the association.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTIES:

Section 1. Member's Easements of Enjoyment. Subject to the provisions of these covenants and the rules and regulations of the Association, every member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title of every lot.

Section 2. Delegation of Use. Any member may delegate in accordance with the By-Laws, his right of enjoyment to be the Common Properties and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to Common Properties. The Declarant hereby covenants, for itself, its successors and assigns that it shall convey, bargain and sell the Common Properties to the Association on or before the date that the Declarant has acquired effective contracts for the sale of all the lots as shown on the recorded maps of the subdivision.

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Section 4. Extent of Member's Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Declarant and of the Association, in accordance with its By-Laws, to borrow money for the purpose of improving the Common Properties and in aid thereof to mortgage said properties.

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

(c) The right of the Association, as provided in its By-Laws, to suspend the enjoyment of rights of any member or any tenant of any member for any period during which any assessment remains unpaid; and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations, it being understood that any suspension for either nonpayment 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

(d) The right of the Association to charge members' guests reasonable admission and other fees for the use of the Common Properties and/or facilities therein; and

(e) The right of the Association to give, sell or lease all or any part of the Common Properties to any public agency, authority, or utility or private concern for such purposes and subject to such conditions as may be agreed to by the members, provided that no such gift, sale or lease shall be effective unless authorized by the vote of two-thirds (2/3) of the vote at a duly called meeting and unless written notice of the proposed action is sent to every member at least twenty (20) days in advance of any action taken. A true copy of such resolution together with a certificate of the result of the vote taken and a certificate of mailing executed by the secretary of the Association 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 affecting the Common Properties, prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership.

ARTICLE V

COVENANTS FOR MAINTENANCE ASSESSMENTS:

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each owner of any lot shall, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, be deemed to covenant and agree to all the terms and provisions of these covenants and to pay to the Association: (1) Annual assessments or charges; (2) Special Assessments for the purposes set forth in Section 5 of this Article, such assessments to be fixed, established and collected from time to time as hereinafter

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provided. The Annual and Special Assessments together with such interest thereon and costs of collection therefore as hereinafter provided, shall be a charge and continuing lien on the property against which such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The case of co-ownership of a lot, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the improvement, maintenance, and operation of the Common Properties and street lighting, including, but not limited to, the payment of taxes and insurance thereon and repair, replacement, and additions thereof, and for the cost of labor, equipment, materials, management and supervision thereof. The Special Assessments shall be used for the purposes set forth in Section 4 of this Article. However, assessments for street lighting may be included in each homeowner's electric bill at the power company's option.

Section 3. Maximum Annual Assessment. For calendar year 1987, the maximum annual assessment shall be \$25.00 per lot.

(a) After calendar year 1987, the maximum amount annual assessment may be increased each calendar year not more than five percent (5%) above the maximum assessment for the previous calendar year without a vote of the membership.

(b) After calendar year 1987, the maximum annual assessment may be increased above five percent (5%) by a 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 this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum. However, the Board of Directors may, after consideration of current maintenance costs and future needs of the Association, fix the annual assessment for any year at a lesser amount, but such action shall not constitute a waiver by the Association of its right to revert to the full assessment for future years as provided hereinabove.

Section 4. Special Assessments for Improvements and Additions. In addition to the annual assessments authorized by Section 3 hereof, the Association may levy special assessments, for the purpose of defraying, the whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties including the necessary fixtures and personal property related thereto or addition to the Common Properties, provided that any such assessment shall have the assent to two-thirds (2/3) of the vote at a duly called meeting, written notice of which shall be sent twenty (20) days in advance and shall set forth the purpose of the meeting. For the purpose of acting under this Section 4, the presence of the meeting of members or of proxies, entitled to cast

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sixty percent (60%) of the total vote of the Class A membership shall constitute a quorum. For the purposes of this subsection only, no vote shall be cast under Class B.

Section 5. Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Board of Directors of the Association to be the date of commencement.

The first annual assessment shall be made for the balance of the calendar year and shall be payable in full within thirty (30) days after the first day of the month fixed for commencement. The assessments for any year after the first year, shall similarly be payable in full within thirty (30) days after the first day of January of said year.

The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3, hereto, as the remaining number of months in the year bear to twelve. The same reduction in the amount of the assessment shall apply to the first assessment levied against any property which is hereafter added to the properties now subject to assessment at a time other than the beginning of any assessment period.

The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

The pro-rating of any annual or special assessment due to change in ownership of any lot during a calendar year shall be the responsibility of the individuals involved and not the Association.

Section 6. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against all lots for each assessment period and shall, at that time, shall be kept in the office of the Association and shall be open to inspection by any owner.

Written notice of the assessment shall thereupon be sent to every owner subject thereto.

The Association shall upon demand at any time furnish to any owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 7. Effect of Non-Payment of Assessment. The Personal Obligation of the Owner, the Lien, Remedies of Association. If the annual assessment or any special assessment is not paid on the date when due (being the dates specified in Section 5 hereof), then such assessment shall become delinquent and shall, together with interest thereon at the rate of eight percent (8%) per annum from the due date and cost of collection thereof as hereinafter provided, thereupon become

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a charge and continuing lien on the land and all improvements thereon, against which each assessment is made, in the hands of the then owner, his heirs, devisees, personal representatives, successors in title and assigns.

If the annual assessment or any special assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the owner personally and/or foreclose the lien against the property, pursuant to Chapter 45 of the North Carolina General Statutes, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, 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 to be fixed by the Court together with the costs of the action.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon the properties subject to assessment.

Section 9. Exempt Property. The following property, individuals, partnerships or corporations, subject to this Declaration shall be exempted from the assessment, charge and lien created herein:

(a) The grantee in conveyance made for the purpose of granting utility easements;

(b) All Common Properties as defined in Article I, Section 1, hereof;

(c) All properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemptions.

(d) All properties owned by Declarant; however, Declarant agrees to subsidize at its discretion the operation of the Association in order to show good faith and to help assure the maintenance and operation of the Common Properties.

(e) Properties owned by builders, who acquire such lots for the purpose of engaging in the business of construction residential buildings, for a period of one (1) year from the date the deed to the builder is recorded or upon resale by builder whichever shall first occur.

ARCHITECTURAL CONTROL:

Section 1. Review and Approval of Landscaping Specifications for Additions, Alterations or Changes to Structures. No building, wall, fence, swimming pool, or other improvement shall be commenced, erected, or maintained upon the Common Properties, nor shall any landscaping be done, nor shall any exterior addition to any such existing structure or

change or alteration therein, be made until the plans and specifications therefore showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to the harmony and compatibility of its external design and location, with the surrounding structures and topography, by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and the Article will be deemed to have been fully complied with; provided, however, that all decisions under this section shall be the sole responsibility of Declarant until such time as Declarant shall no longer vote as a Class B member of the Association.

GENERAL PROVISIONS:

Section 1. Duration and Amendments. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Declarant, or the owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless two-thirds (2/3) of the vote at a duly called meeting of the Association approves a change in the covenants and restrictions. The covenants may be amended at any time if two-thirds (2/3) of the vote at a duly called meeting of the Association approves the change. Provided, however, that no such amendment shall be effective unless made and recorded sixty (60) days in advance of its effective date, and unless written notice of the proposed amendment is sent to every Class A member at least twenty (20) days in advance of any action taken at a duly called meeting.

Section 2. Notices. Any notice required to be sent to any member or owner under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, and when mailed, postpaid, to the last known address of the person who appears as member upon the Association's membership roll or owner on the records of the Association at the time of such mailing. Notice to one of two or more co-owners of a lot shall constitute notice to all co-owners. It shall be the obligation of every member to immediately notify the Secretary of the Association in writing of any changes of address and it shall be the responsibility of any new member to immediately notify the Association of the face of the transfer of ownership.

Section 3. Enforcement. Enforcement of these covenants shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any covenant, 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 owner of the company to enforce any covenant herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

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Section 4. 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 wise affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

IN WITNESS WHEREOF, LOOPER/SWICEGOOD & ASSOCIATES, a North Carolina General Partnership, has caused this instrument to be executed in its name the day and year first above written.

LOOPER/SWICEGOOD & ASSOCIATES

By: [Signature]
CLARENCE E. SWICEGOOD, Partner

By: [Signature]
WALLACE E. LOOPER, Partner

By: [Signature]
JEFFREY S. LOOPER, Partner

NORTH CAROLINA

WAKE COUNTY

I, a Notary Public in and for the aforesaid County and State certify that Clarence E. Swicegood, Wallace E. Looper, and Jeffrey S. Looper, Partners of Looper/Swicegood & Associates, a North Carolina general partnership personally appeared before me this day and acknowledged the due execution of the foregoing instrument. WITNESS, my hand and official seal, this 10th day of November, 1987.



[Signature]
Notary Public

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate _____ of _____

[Signature] Notary 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

By: [Signature] KENNETH WILKINS Register of Deeds
Asst / Deputy Register of Deeds