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DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

OF THE

HARRINGTON GROVE COMMUNITY ASSOCIATION, INC.

MAY 17 11 32 AM '87

RECORDS & DEEDS
WAKE COUNTY

DRAWN BY & MAIL TO:
PERRY, PATRICK, FARMER & SONS
P. O. BOX 1327
RALEIGH, N. C. 27602

THIS DECLARATION, made this 11th day of MAY, 1987, by WAKE-DURHAM LAND COMPANY, a North Carolina General Partnership (hereinafter referred to as the "Declarant") and WAYNE H. GIBSON BUILDING CORPORATION, a North Carolina corporation, NICHOLSON HOMES, INC., a North Carolina corporation, ROBUCK HOMES, INC., a North Carolina corporation, and JOHN CROSLAND COMPANY, a North Carolina Limited Partnership (hereinafter collectively referred to as the "Builders"):

W I T N E S S E T H:

WHEREAS, Declarant and Builders are the owners of all of the real property described in Article II of this Declaration, which property is to be developed by Declarant into a planned community to be known as Harrington Grove, with representation therein of residential, recreational, and other uses;

WHEREAS, Declarant and Builders desire to ensure the attractiveness of Harrington Grove and to prevent any future impairment thereof, to preserve, protect and enhance the values and amenities of all properties within Harrington Grove, and to provide for the maintenance and upkeep of common facilities and services and to provide a vehicle for the administration and enforcement of covenants and restrictions;

WHEREAS, Declarant has caused to be incorporated under the laws of the State of North Carolina, Harrington Grove Community Association, Inc., as a non-profit corporation, for the purpose of exercising and performing the functions aforesaid, which are hereinafter more fully set forth;

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

ARTICLE I

DEFINITIONS

When used in this Declaration or any supplemental declaration, the following words and terms shall have the following meanings, unless the context shall clearly indicate otherwise:

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

(b) "Harrington Grove" shall mean and refer to the lands in Wake and Durham Counties, North Carolina, which are shown as a part of Harrington Grove on Declarant's Master Plan as revised from time to time.

(c) "Declarant" shall mean Wake-Durham Land Company, a North Carolina General Partnership, its successors and assigns.

(e) "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.

(f) "Residential Lot" shall mean any subdivided parcel of land located within the Properties, intended for use as a site for a Single Family Detached Dwelling or Patio Home (or Zero lot line). No parcel shall, however, be classified as a Residential Lot until and unless shown as an individual lot on a plat recorded in the Office of the Register of Deeds for Wake or Durham Counties and all streets upon which such lot abuts have been paved. A Residential Lot shall become a "Family Dwelling Unit" on the first day of the month after the improvements constructed thereon are occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body.

(g) "Multiple-Family Tract" shall mean any unimproved parcel of land located within the Properties, intended for development of Attached Residential Units, including Townhouses, Condominiums, Duplexes, and Apartments, as defined and controlled by the applicable zoning for Harrington Grove. For the purposes of this Declaration, a parcel of land shall not be deemed a "Multiple-Family Tract" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property for multiple-family use has been recorded in the Office of the Register of Deeds for Wake or Durham County, provided, that any property within said parcel which also qualifies as an "Exempt Property" as defined in paragraph (m) of this Article I shall not be deemed part of said Multiple-Family Tract for the purposes of calculating assessments or votes. A Multiple-Family Tract or any portion thereof shall become a "Family Dwelling Unit" on the first day of the month after the improvements constructed thereon are occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body.

(h) "Other Use Site" shall mean any unimproved parcel of land within the Properties, intended for use as a site for improvements designed to accommodate governmental or business enterprises to serve Residents of Harrington Grove and/or the public, including, but not limited to: business and professional offices; facilities for the retail sale of goods and services; banks and other financial institutions; social clubs; restaurants; theaters; lounges; indoor and outdoor recreational facilities; hospitals and medical clinics; laboratories and other research and development facilities; warehouses; transportation terminals or stations; automobile parking facilities; gasoline stations; and residential dwelling units within multi-use public or commercial buildings or facilities; provided, however, that an "Other Use Site" shall not include property which also qualifies as a "Multiple-Family Tract", nor shall it include any property which also qualifies as "Exempt Property" as defined in paragraph (m) of this Article I. For the purposes of this Declaration, a parcel of land shall not be deemed an "Other Use Site" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as an Other Use Site has been recorded in the Office of the Register of Deeds of Wake or Durham County, and the proposed use of such site has been approved by the local governing board or other appropriate body. An Other Use Site, or portion thereof, shall become an "Other Use Unit" on the first day of the month after the month in which the improvements constructed thereon are occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body.

(i) "Development Unit Parcel" shall mean and refer to any parcel or tract of land within the Properties, conveyed by the Declarant to any third party under covenants and restrictions permitting the division of such parcel or tract into smaller land units such as Residential Lots, Multiple-Family Tracts, or Other Use Sites. For the purposes of this Declaration, a parcel of land shall not be deemed a "Development Unit Parcel" until such time as its exact meets and bounds have been surveyed and a plat thereof identifying or designating such property as a Development Unit Parcel has been recorded in the Office of the Register of Deeds of Wake or Durham County, provided, however, that a "Development Unit Parcel" shall not include any property which also qualifies as "Exempt Property" as defined in paragraph (m) of this Article I. A Development Unit Parcel or portion thereof shall remain classified as such until further subdivided and classifiable as Residential Lots, a Multiple-Family Tract, or an Other Use Site, as those terms are defined in this Article I.

(j) "Unsubdivided Land" shall mean and refer to all land within the Existing Property and any additions thereto as are subjected to this Declaration under the provisions of Article II hereof, which has not been classified as Residential Lots, Multiple-Family Tracts, Other Use Sites, or Development Unit Parcels, through metes and bounds subdivision plats recorded in the Office of the Register of Deeds of Wake or Durham County; provided, however, that "Unsubdivided Land" shall not include any property which also qualifies as "Exempt Property" as defined in paragraph (m) of this Article I. Unsubdivided Land, or portions thereof, shall remain classified as such until subdivided and classifiable as Residential Lots, a Multiple-Family Tract, an Other Use Site, or a Development Unit Parcel as those terms are defined in this Article I.

(k) "Family Dwelling Unit" shall mean and refer to any improved parcel of land within the Properties, which is intended and designed for use as a single family dwelling, including without limitation, any Single-Family Detached Dwelling, Patio Home (or Zero lot line), Condominium Unit, Townhouse Unit, Cooperative Apartment Unit, Duplex Unit, or Apartment Unit; provided, however, that such property shall not be deemed to be a Family Dwelling Unit until the improvements constructed thereon have been occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body.

(l) "Other Use Unit" shall mean and include any improved parcel of land within the Properties which is intended and designed to accommodate public or business enterprises to serve the residents of Harrington Grove and/or the public including, but not limited to, all those enterprises stated in subparagraph (h) of this Article I; provided, however, that an "Other Use Unit" shall not include any property which qualifies as "Exempt Property" as defined in paragraph (m) of this Article I. A parcel of land shall not be deemed to be an Other Use Unit until the improvements constructed thereon have been occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body.

(m) "Exempt Property" shall have the meaning set forth in Section 11 of Article V hereof.

(n) "Owner" shall mean and refer to the Owner as shown by the real estate records in the Office of the Register of Deeds of Wake or Durham County, whether one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Other Use Site, Other Use Unit, Development Unit Parcel, or Unsubdivided Land situated within the Properties. Notwithstanding any applicable theory of law, the term "Owner" shall not mean or refer to the owner or holder of a deed of trust, 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. If a long-term contract of sale covering any lot or parcel of land within the Properties is recorded in the Office of the Register of Deeds of Wake or Durham County, the purchaser thereunder shall be deemed to be the Owner of the said lot or parcel for purposes of this Declaration. A long-term contract of sale shall be one under which the purchaser is required to make payments for the property for more than nine (9) months from the date of the contract and under which 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.

(o) "Tenant" shall mean and refer to the lessee under a written agreement for the rent and hire of a Family Dwelling Unit or Other Use Unit in Harrington Grove.

(p) "Resident" shall mean and refer to each Owner and to each Tenant of a Family Dwelling Unit who resides in Harrington Grove.

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

(r) "Master Plan" shall mean and refer to the drawing which represents the conceptual plan for the future development of Harrington Grove. Since the concept of the future development of Harrington Grove is subject to continuing revision by the Declarant, present and future references to the "Master Plan" shall be references to the latest revision thereof.

(s) "Intended Use" shall mean the use intended for various parcels within the Properties as shown on the Master Plan of Harrington Grove prepared by the Declarant, as the same may be revised from time to time, or the use to which any particular parcel of land is restricted by covenants expressly set forth or incorporated by reference in deeds by which the Declarant has conveyed such parcels.

(t) "Common Properties" shall mean and refer to those tracts of land with all improvements thereon which are deeded (whether in fee or by easement or otherwise) or leased to the Association and designated in said deed or lease as "Common Property" or "Common Area". The term "Common Properties" shall also include any personal property acquired or leased by the Association if said property is designated a "Common Property". Common Properties shall be limited to natural areas, park areas, entrance areas, buffer areas, greenway areas, street planting areas, and other scenic easements. 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. Common Properties shall not include those tracts of land falling within the definition of "Restricted Common Properties" as set forth in paragraph (u) of this Article I.

(u) "Restricted Common Properties" shall mean and refer to those tracts of land and improvements thereon which are designated as "Restricted Common Properties" or "Restricted Common Area" on any map of a portion of the Properties 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. Restricted Common Properties shall be limited to natural areas, park areas, entrance areas, buffer areas, greenway areas, private streets, privately-owned utilities, street planting areas, and other scenic easements.

(v) "Intended Common Property" shall mean and refer to those tracts of land and any improvements thereon committed to the Association through express, written notification by the Declarant of its intent to convey said property to the Association as Common Properties.

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(w) "Intended Restricted Common Property" shall mean and refer to those tracts of land and any improvements thereon committed by the Declarant to become Restricted Common Properties.

(x) "Referendum" shall mean and refer to the power of all or some specific portion of the Members to vote by mailed ballots on certain actions by the Board of Directors of the Association more particularly set forth herein. In the event fifty-one (51%) percent of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members, provided, however, that if a higher or lower percentage required to "pass" shall be specifically expressed herein, that higher or lower percentage shall control in that instance.

(y) "Sub-Association" shall mean and refer to a North Carolina non-profit corporation established by the developer of a portion 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 pursuant to the provisions of a declaration of covenants and conditions applicable only to such portion of the Properties, the form, content and provisions of which shall be subject to the review and approval of the Declarant and of the attorney for the local governmental unit whose land use restrictions apply.

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

(aa) "By-Laws" shall mean the by-laws of the Association as they now or hereafter exist.

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

(cc) "Multiple-Family Dwelling Unit" shall mean and refer to any attached residential units, including townhouses, duplexes, condominiums, and apartments.

(dd) "Apartment Unit" shall mean and refer to any attached residential unit, not for sale as individual units.

ARTICLE II

EXISTING PROPERTY AND ADDITIONS

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, given, donated, devised, inherited, leased, occupied, and used subject to these Covenants is described as follows:

All that tract or parcel of land lying and being in Leesville Township, Wake County, North Carolina, more particularly described as being all of Tracts A, B, C, D, and E, consisting of approximately 110 acres, more or less, as shown on a plat entitled "TRACT MAP FOR HARRINGTON GROVE, SECTION 1", prepared by Barrett Kays & Associates, dated 09/30/86, and recorded in Book of Maps 1986 at Page 2132, Wake County Registry.

All of the real property hereinabove described shall be referred to herein as the "Existing Property". The Declarant intends 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 Declarant reserves the right to review and modify the Master Plan, from time to time, at its sole option based upon its continuing research and design program. The Master Plan shall not bind the Declarant 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 Declarant 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 Declarant shall not be required to follow any predetermined sequence or order of improvements and development, and it may bring additional lands within the plan of these Covenants and develop the same before completing the development of the Existing Property. Other than as stated in this paragraph or as otherwise limited by applicable laws, ordinances, rules and regulations of appropriate governmental entities, the Declarant 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 this Declaration in the following manner:

(a) Additions by the Declarant. Additional land located in Leesville and Carr Townships, Wake and Durham Counties, respectively, within the boundaries of the property described in Exhibit A attached hereto and not included in the Existing Property, or within the area bounded by Shady Grove Church Road (S.R. 1981) on the west, Carpenter Pond Road (S.R. 1901) on the north, Hickory Grove Church Road (S.R. 1840) on the east, and Leesville Road (S.R. 1839) on the south and not included in the Existing Property, may be annexed by the Declarant without the consent of the Members at any time within ten (10) years of the date of this Declaration, provided, however, that the Federal Housing Administration and/or Veterans Administration determines that the annexation is in accordance with the general plan heretofore approved by them, and provided further that any parcel annexed consists of at least five (5) acres and that said annexation is approved by the City of Raleigh. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The addition of such property authorized under this paragraph may increase the cumulative maximum number of Residential Lots and Family Dwelling Units authorized in the Properties and, therefore, may alter the relative maximum potential voting strength of the various types of Members of the Association.

(b) Annexation by the Members. Additional lands contiguous to Harrington Grove may be annexed with the assent of two-thirds (2/3) of each class of Members, provided, however, that any parcel annexed shall consist of at least five (5) acres and that the annexation be approved by the City of Raleigh.

An annexation under subsection (a) or (b) of this section shall be made by the recording in the Office of the Register of Deeds of a Supplementary Declaration, 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 Declarant, 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 Existing Property described in Section 1 of this Article II, 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 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 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 or any Institutional Lender.

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

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by the Declaration to assessment by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

The Declarant shall be a Member of the Association, and a creditor 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 shall be a Member of the Association. The Association may issue to each Member a membership card which shall expire upon sale by an Owner of his property in Harrington Grove. Owners who are exempt from the payment of Assessments shall not be Members of the Association unless otherwise specified herein.

Section 2. Types of Membership; Voting Rights. The Association shall have five (5) types of regular voting membership (Types "A", "A-1", "B", "B-1", and "D"), two (2) types of non-voting membership (Types "C" and "C-1"), and one (1) type of special voting membership (Type "E"), the latter of which provides the Declarant with the power to elect a portion of the Board of Directors.

TYPE "A": Type "A" Members shall be all Owners, including the Declarant, of Family Dwelling Units (excluding Apartment Units). A Type "A" Member shall be entitled to two (2) votes for each Family Dwelling Unit which he owns.

TYPE "A-1": Type "A-1" Members shall be all Owners, including the Declarant, of Apartment Units. A Type "A-1" Member shall be entitled to one (1) vote for each Apartment Unit.

TYPE "B": Type "B" Members shall be all Owners, including the Declarant, of Residential Lots. A Type "B" Member shall be entitled to two (2) votes for each Residential Lot which he owns.

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TYPE "B-1": Type "B-1" Members shall be all Owners, including the Declarant, of Multiple-Family Tracts. A Type "B-1" Member shall be entitled to one (1) vote for each One Hundred (\$100.00) Dollars in Annual Assessments paid to the Association. In computing the number of votes to which a Type "B-1" Member is entitled, the amount of the assessment paid shall be rounded to the nearest One Hundred (\$100.00) Dollars; provided, however, that if the Annual Assessment paid to the Association by any Type "B-1" Member is less than \$100.00, such Member shall be entitled to one (1) vote.

TYPE "C": Type "C" Members shall be all Owners, including the Declarant, of Other Use Sites. A Type "C" Member shall not be entitled to vote, nor shall it be entitled to use any of the Common Properties.

TYPE "C-1": Type "C-1" Members shall be all Owners, including the Declarant, of Other Use Units. A Type "C-1" Member shall not be entitled to vote, nor shall it be entitled to use any of the Common Properties.

TYPE "D": Type "D" Members shall be all Owners, including the Declarant, of Unsubdivided Lands and Development Unit Parcels. A Type "D" Member shall be entitled to one (1) vote for each One Hundred (\$100.00) Dollars of Annual Assessments paid to the Association. In computing the number of votes to which a Type "D" Member is entitled, the amount of the assessment paid shall be rounded to the nearest One Hundred (\$100.00) Dollars; provided, however, that if the Annual Assessment paid to the Association by any Type "D" Member is less than \$100.00, such Member shall be entitled to one (1) vote.

TYPE "E": Type "E" Members shall be the Declarant. The Type "E" Member shall be entitled to elect a portion of the Board of Directors as set out in Article V of the By-Laws.

Payment of Special Assessments shall not entitle type "A", "A-1", "B", "B-1", and "D" Members to additional votes.

The voting rights of the Members shall be more particularly set forth in the By-Laws of the Association.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment in Common Properties. Subject to the provisions of these Covenants and the rules and regulations of the Association, every Type "A", "A-1", "B", "B-1", "D", and "E" Member, and every guest of each such Member, shall have a right and easement of enjoyment in and access to, from, and over the Common Properties, and such easement shall be appurtenant to and shall pass with the title of every Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Development Unit Parcel, or Unsubdivided Land.

Any person who permanently resides with a Member within Harrington Grove shall have the same property rights as such Member.

Section 2. Property Rights of Tenants. Except as otherwise provided in this Section, a Tenant occupying any property within Harrington Grove (except an Other Use Site or an Other Use Unit) shall have the property rights of a Member as specified in Section 1 of this Article IV. If a property is occupied as a Tenant by more than two unrelated persons, or by a corporation, partnership or other such organization, such joint Tenants or organization shall annually appoint one person as the "Primary Tenant". Such appointment shall be in writing and shall be delivered to the Association initially within 30 days after occupancy by such joint Tenants and thereafter no later than January 1 or the annual meeting of Members, whichever is later. Such Primary Tenant shall have the same easement of enjoyment in the Common Properties as a

Member. The remaining joint Tenants and the principal officers of such organization shall be entitled to an easement of enjoyment in the Common Properties by either: (1) paying the same user fees as guests of Members, or (2) paying to the Association annually an amount equal to the Annual Assessment charged against the property which he or she occupies as a Tenant. The payment of such amount shall not entitle the Member owning such property to additional votes in the Association.

Section 3. Title to Common Properties.

(a) The Declarant covenants for itself, its successors and assigns, that, prior to December 31, 1996, it shall convey to the Association, at no cost to the Association, all properties designated as Intended Common Properties, together with any improvements constructed thereon, except such properties as are conveyed to an appropriate governmental entity. Such conveyance shall be free of all liens and encumbrances except: (i) this Declaration; (ii) all other restrictive covenants of record at the time of such conveyance; (iii) easements of record or shown on a recorded plat of the Properties at the time of such conveyance; (iv) any restrictions, limitations, conditions, or determinations as to the purposes and uses of the conveyed properties as stipulated in said deed; and (v) any commitments by the Declarant to construct certain improvements thereon as stipulated in said deed. Upon such conveyance, such parcels of land and any improvements thereon shall become Common Properties. Unless additional land not included within Exhibit A is annexed as provided in Section 2 of Article II of this Declaration, the Common Properties conveyed to the Association shall not exceed fifty (50) acres. Notwithstanding anything in this Section 3 to the contrary, the Common Property within any subdivision, section, or phase within the Properties shall be conveyed to the Association prior to the conveyance to an Owner of any Family Dwelling Unit within such subdivision, section or phase.

(b) The Association shall not refuse the designation of any parcel of land or any improvements thereon as an Intended Common Property, and, further, the Association shall not refuse to accept any Intended Common Property as a Common Property at such time as the Declarant, in its sole and uncontrolled discretion, deems it advisable to convey such property to the Association.

(c) Upon conveyance to the Association of any parcel of land and any improvements thereon as a Common Property by the Declarant or any other party, the Association shall immediately become responsible for maintenance and operation of said property, and for construction of such additional improvements as may be authorized by the Board of Directors. It is the purpose of this provision to provide that the Association shall be responsible for the maintenance and operation of all Common Properties. Notwithstanding anything in this paragraph to the contrary, until December 31, 1996, Declarant, at its sole option, may continue to operate and maintain any Common Property after conveyance of such property to the Association. Such election by Declarant shall relieve the Association of any obligation to maintain or operate such Common Property until Declarant notifies the Association in writing of its intent to transfer the responsibility to the Association, provided, however, that such transfer of responsibility shall take place only at the beginning of any fiscal year of the Association and provided further that Declarant shall give notice of its intent to transfer responsibility at least 60 days before the effective date of the transfer.

(d) Notwithstanding anything herein to the contrary, the Declarant reserves unto itself, its successors and assigns, and its agents, the right to enter upon any Intended Common Property or Common Property for the purpose of constructing indoor and outdoor recreational and community facilities thereon, including, but not limited to, tennis courts, platform tennis courts, handball courts, squash courts, basketball courts, swimming pools, and any showers, locker rooms, or other club facilities associated with such uses, putting greens, playgrounds, ball fields,

spectator viewing pavilions, gazebos, picnic shelters, picnic tables, parks, wildlife conservancies and feeding stations, nature interpretive areas, amphitheaters, community meeting facilities, and any rest room facilities, parking lots, service buildings, and concession-type food services associated with all such uses. The provisions of this paragraph shall in no way create any obligation on the part of the Declarant to construct any such facilities on said properties.

Section 4. Extent of Members' Easements. The rights and easements of enjoyment and access 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 Declarant or any other 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 each class of Members entitled to vote, which consent may be evidenced by Referendum or by an affirmative vote of the required Members voting in person or by proxy at a duly called meeting of the Association, and further provided that the rights of any such lender shall be subject to the property rights of the Members provided in this Article IV;

(b) The right of the Association to take such steps as are reasonably necessary to protect the Common Properties against foreclosure;

(c) The right of the Association to suspend the right and easement of enjoyment and access 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 the published rules and regulations of the Association, 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 and common utilities belonging to the Association or subject to the rules, regulations and fees, if any, established by the Association for such use;

(d) The right of the Association to charge reasonable admission and other fees for the use of recreational facilities (if any) and services on the Common Properties and to regulate the use of such Common Properties and facilities;

(e) The right of the Declarant or the Association to dedicate or transfer utility or drainage easements on any part of the Common Properties to any public or private utility.

(f) The right of the Association to dedicate or transfer all or any part of the Common Properties, including leasehold interests, to any public agency, authority, public service district, utility, or private concern for such purposes and subject to such conditions as may be agreed upon by the Members, subject to the provisions of this Declaration and all other restrictions and limitations of record at the time of such conveyance. Notwithstanding anything herein to the contrary, the real property owned by the Association shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the City of Raleigh or to another non-profit corporation for the aforementioned purposes. No such dedication or transfer of any parcel of land and improvements thereon or determination as to the purposes or conditions thereof shall be effective unless an instrument has been signed by three-fourths (3/4) of each class of Members entitled to vote, agreeing to such dedication, transfer, or determination. 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.

COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant covenants, and each Owner of any Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Other Use Site, Other Use Unit, Development Unit Parcel, or Unsubdivided Land located 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 Annual Assessments or charges and 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 reasonable attorney's fees 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 improvement, maintenance, enhancement, enlargement, and operation of the Common Properties, to pay ad valorem and public assessments levied against the Common Properties, and to provide services which the Association is authorized to provide.

Section 3. Annual Assessments. Except as otherwise provided herein, the Maximum Regular Annual Assessment, as set forth on Exhibit "B" attached hereto and incorporated herein by reference, as annually increased pursuant to the provisions of subparagraph (b) of this Section, shall be levied as the Annual Assessment. If, however, the Board of Directors determines that the important and essential functions of the Association may be properly funded by an assessment smaller than the Maximum Regular Annual Assessment, it may levy such lesser assessment as the Annual Assessment; provided, however, that so long as the Declarant is engaged in the development of properties which are subject to the terms of this Declaration, the Association may not collect Annual Assessments lower than the Maximum Regular Annual Assessment without the written consent of the Declarant. The levy of an Annual Assessment less than the Maximum Regular Annual Assessment in any year shall not affect the Board's right to levy an Annual Assessment equal to the Maximum Regular Annual Assessment in subsequent years.

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

Nothing contained in this Article shall be deemed to apply to any assessments or charges levied against any property by any Subassociation or the required percentage of votes for any action by such Subassociation, or to prevent any Subassociation from levying Assessments or charges for maintenance of Restricted Common Properties which, either by themselves or in conjunction with the assessments levied by the Association, exceed the Maximum Regular Annual Assessment set forth herein.

If the Board of Directors, by majority vote, determines that the important and essential functions of the Association will not be properly funded in any one year, or in any one year and all subsequent years, by the Maximum Regular Annual Assessment, it may

seek approval of a specified increase in the Maximum Regular Annual Assessment for either one year only, or for that year and all subsequent years, by the vote of the Members at a duly called meeting of the Association, subject to the quorum requirements set forth in Section 4(a) of Article III of the By-Laws. 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 year only pursuant to the provisions hereof shall in no way affect the Maximum Regular Annual Assessment or increases thereof in subsequent years.

(a) Maximum Regular Annual Assessment. From and after January 1, 1987, the Maximum Regular Annual Assessment shall be the sums calculated in accordance with the Assessment Schedule set out on Exhibit "B", as shall be automatically increased as set forth in subsection (b) of this Section, and as may be increased pursuant to the provisions set forth immediately above.

(b) Annual Increases In The Maximum Regular Annual Assessment. Beginning on January 1, 1988, the Maximum Regular Annual Assessment shall be automatically increased each year by an amount of ten (10%) percent per year over the previous year.

(c) Changes In Annual Assessments To Be Proportional. Any increase in the Maximum Regular Annual Assessment shall be made in such a manner that each property type is increased by the same proportion. If the Annual Assessment levied by the Board of Directors in any year is less than the Maximum Regular Annual Assessment, such decrease shall be proportionate among the various property types. The decrease or increase applicable to each class of Owners of the various classes of property may be made disproportionately 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 Section 4(a) of Article IV of the By-Laws, and of seventy-five (75%) percent of the votes cast at said meeting by the Members of the classes whose proportionate share is being raised.

(d) Commencement of Annual Assessments. The Annual Assessments provided for herein shall commence for all property categories on the first day of the month after which a Family Dwelling Unit is occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body or the date upon which such Family Dwelling Unit is conveyed to a purchaser, whichever event first occurs.

(e) Change Of Property Type. The Owner of any assessable property which changes from one category to another category which is subject to a higher assessment during any assessment year shall be billed an additional amount for the remainder of the year, such additional assessment to be pro-rated as of the date of such change. If the property changes to a category subject to a lower assessment, no refund is due such Owner; however, the lower assessment will be due for any future assessment billings.

(f) Billing of Annual Assessments. Annual Assessments may be billed on an monthly, quarterly, or annual basis, or on such other basis as may be determined by the Board of Directors. The billing schedule shall be the same for all properties of a specified category; however, the Board of Directors, in its discretion, may establish different schedules for the billing of Annual Assessments due from different categories of property.

(g) Assessment of Partly-Improved Multiple-Family Tracts. In those cases where the improvements intended on a Multiple-Family Tract include more than one building or structure containing attached residential units, the entire parcel shall be deemed a Multiple-Family Tract until a building or structure is occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body, at

which time each and every Attached Residential Unit within said building or structure shall be deemed a Family Dwelling Unit for the purpose of assessments. The remaining number of acres to be assessed as a Multiple-Family Tract shall be calculated by dividing the number of Family Dwelling Units on the property by the maximum number of Family Dwelling Units authorized for the original Multiple Family-Tract by the applicable zoning ordinance, then multiplying the resulting quotient by the total number of acres in the original Multiple-Family Tract.

At such time as all Attached Residential Units intended for development on a particular Multiple-Family Tract have been classified as Family Dwelling Units, and the Owner of said Multiple-Family Tract is able to warrant to the satisfaction of the Board of Directors that no further development of Attached Residential Units shall take place upon said Tract and that any remaining unimproved acres within said Tract will not be sold to any other party for the further development of Attached Residential Units, such Owner may apply to the Board of Directors for the release of any remaining unimproved acres within said Tract from classification as a Multiple-Family Tract, and the Board of Directors may, in its sole and uncontrolled discretion, grant such release.

(h) Assessment of Partly-Improved Other Use Sites. In those cases where the improvements intended on an Other Use Site include more than one building, structure, or phase or group of improved units, each building, structure, or phase or group of units shall be deemed to be unimproved until that building, structure, or phase or group of units is occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body, at which time each and every improved unit within said building, structure, or phase or group of units shall be deemed an Other Use Unit or, if appropriate, a Family Dwelling Unit, for the purpose of assessments. The remaining number of acres to be assessed as an Other Use Site shall be calculated by subtracting the number of acres within the Site upon which Other Use Units and Family Dwelling Units have actually been developed from the total number of acres in the original Other Use Site. In order to facilitate the computation of such acreage, the Owner of such Other Use Site shall present to the Board of Directors a map identifying the total acreage associated with the Other Use Unit and the total acreage remaining in the Other Use Site.

At such time as all Other Use buildings and facilities and all residential dwelling units (if any) intended for development on a particular Other Use Site have been classified as Other Use Units or Family Dwelling Units, and the Owner of said Other Use Site able to warrant to the satisfaction of the Board of Directors that no Dwelling Units shall take place on said Site and that any remaining unimproved acres within said Site will not be sold to any other party for further development of Other Use Units or Family Dwelling Units, then said Owner may apply to the Board of Directors for the release of any remaining acres in said Site from classification as an Other Use Site, and the Board of Directors may, in its sole and uncontrolled discretion, grant such release.

i. Assessment of Other Use Units. The Board of Directors shall determine the square footage of floor space to be assessed by the Association for each Other Use Unit. In certain extraordinary circumstances, as in the case of an indoor tennis facility, skating rink, swimming pool, gymnasium, or certain storage areas, where an unusually large number of square feet or floor space is required within such facility, the Board of Directors may, in its sole and uncontrolled discretion, exempt from assessment a portion of the square footage of floor space of such facility.

Changes during an assessment year in square footage of floor space resulting in an increase in the Annual Assessment due shall be pro-rated as of the date of such change.

(j) Subdivision of Development Unit Parcels. At such times as a Development Unit Parcel, or a portion thereof, is further subdivided and classifiable as Residential Lots, a Multiple-Family Tract, or an Other Use Site, said property or such portion of said property shall then be so classified. In such event, the remaining number of acres to be assessed as a Development Unit Parcel shall be calculated by subtracting the number of acres within the property which have been classified as a Residential Lot or Lots, Multiple-Family Tract, or Other Use Site from total number of acres within the original Development Unit Parcel. In order to facilitate the computation of such acreage, the Owner shall present to the Board of Directors a map identifying the total acreage classified as Residential Lots, Multiple-Family Tract, or Other Use Site and the total acreage remaining in the Development Unit Parcel.

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

- (a) Additions to or construction, reconstruction, repair, or replacement of capital improvements upon the Common Properties, including the necessary fixtures and personal property related thereon;
- (b) To provide for the necessary facilities and equipment to offer the services authorized herein; or
- (c) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein.

Such Special Assessment, before being levied, must have received the approval of the Members of the Association by the affirmative vote of two-thirds (2/3) of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Section 4(a) of Article IV of the By-Laws. The notice of such meeting shall include a statement from those Directors favoring the Special Assessment and a 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 year an Annual Assessment up to the Maximum Regular Annual Assessment, plus one Special Assessment. Except for emergency or repairs required as a result of storm, fire, natural disaster, or other casualty loss, the Special Assessment levied in any one year may not exceed a sum equal to the amount of the Maximum Regular Annual Assessment for such year, with the result that the total assessments levied in any one year will not exceed twice the Maximum Regular Annual Assessment for that year.

Except as otherwise approved by a vote of the Members as set forth in Section 3(c) of this Article IV, Special Assessments shall be levied among the various property categories in the same proportion as the Annual Assessments levied for the Assessment year during which such Special Assessments are approved by the Members.

Section 5. Reserve Fund. The Association shall establish a reserve fund from its Annual Assessments, to be held in an interest-bearing account or investments as a reserve for:

- (a) Major rehabilitation or repairs;
- (b) Emergency and other repairs required as a result of storm, fire, natural disaster, or other casualty loss; and
- (c) Initial costs of any new service to be performed by the Association.

Section 6. Special Assessments for Neighborhoods. On petition of seventy-five (75%) percent of all Owners within a particular neighborhood or contiguous neighborhoods not under the jurisdiction of a Subassociation, the Board of Directors of the Association may levy a Special Assessment applicable only to each Owner within that neighborhood or neighborhoods, to undertake or provide special improvements, rehabilitation, construction, security, and maintenance within such neighborhood(s). If such Special Assessment be proposed by the Board of Directors of the Association rather than by petition as provided for hereinabove, then such proposal shall be submitted to a Referendum of all Owners within the particular neighborhood(s), and such Special Assessment shall be levied upon each such Owner only upon a favorable response to said Referendum, as shall be indicated by not less than seventy-five (75%) percent of the Members entitled to vote on such Special Assessment.

If the Owners within such neighborhood or neighborhoods vote to be assessed by the Association for special improvements, construction, security, or maintenance as set forth in this Section, the Association shall be authorized to borrow money to fund such special improvements, construction, security, or maintenance, and to repay any such loan with the receipts from the Special Assessment authorized therefor.

Section 7. Change in Maximum Amounts of Annual Assessments Upon Merger or Consolidation. The limitations of Section 3 hereof shall apply to any merger or consolidation in which the Association is authorized to participate under Article II, Section 2, hereof, and under the By-Laws of the Association.

Section 8. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the Annual Assessment levied against each Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Other Use Site, Other Use Unit, Development Unit Parcel, or Unsubdivided Land, within the Assessment Schedule as provided hereinabove, and shall, at that time, direct the preparation of an index of the Properties and Annual and Special Assessments applicable thereto, which index shall be kept in the office of the Association and which shall be open to inspection by any Member. Written notice of assessment shall thereupon be sent to each Member subject thereto.

The Board of Directors may authorize a Billing Agent to collect the assessments and maintain the assessment records provided for in this Article.

The Association shall upon demand at any time furnish to any Owner liable for assessments a certificate in writing signed by an officer of the Association, setting forth whether said assessments have been paid. Such certificate shall be conclusive evidence against all but the Owner of payment of any assessment therein stated to have been paid. If the Board of Directors authorizes a Billing Agent to collect assessments, the certificate of the said Billing Agent shall be conclusive evidence against all but the Owner of payment of any assessment therein stated to have been paid.

Section 9. Effect of Non-Payment of Assessment; Personal Obligation of the Owner; Lien; Remedies of the Association. If the Annual Assessment or any Special Assessment is not paid on or before the past-due date specified in the notice of assessment, then such assessment shall become delinquent and (together with interest thereon accruing from the due date at the rate of twelve percent (12%) per annum or the highest rate allowed by law, whichever is less, plus such late charge as may be established by the Board of Directors and the costs of collection, including reasonable attorney's fees) shall become a charge and continuing lien on the land and all improvements thereon against which each such assessment is made, in the hands of the then-Owner, his heirs, devisees, personal representatives, and assigns.

If the assessment is not paid within thirty (30) days after the past due date, the Association may bring an action at law against the Owner personally obligated to pay same or foreclose the lien against the property for which such assessment is due. Interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Property or abandonment of his property.

Section 10. Subordination of the Lien. 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 that 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 to assessments accruing after such acquisition.

Section 11. 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) All land designated on the Master Plan for intended use, or by actual use if applicable, for indoor or outdoor recreational and community facilities owned and operated by the Declarant, the Declarant's Affiliates, the Association, or any other non-profit association providing recreational or other facilities solely or primarily to the residents of Harrington Grove.

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

(c) All lands and any improvements thereon committed to the Association by express, written notification by the Declarant of its intent to convey such land and improvements to the Association, including, without limitation, Intended Common Properties and Intended Restricted Common Properties;

(d) All lands designated on the Master Plan or on recorded plats as Open Space or Private Open Space (hereinafter referred to, respectively, as "Open Space Areas" and "Private Open Space Areas"), and any improvements thereof which are defined in subparagraph (a) of this Section 11;

(e) Property which is used for the maintenance, operation and service of facilities within Common Properties and Restricted Common Properties and of facilities within Open Space Areas of the nature described in subparagraph (a) of this Section 11;

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

(g) The grantee in conveyances made for the purpose of granting utility easements.

In addition, the following lands shall be exempted from that portion of the assessment attributable to recreational facilities as defined in Section 14 of this Article V: All lands within the Properties owned by any other homeowners association or other non-profit corporation organized by the Declarant or by others with the consent of the Declarant if such homeowners association or corporation operates such facilities for the private use of its members or the Members of the Association, including, but not limited to, tennis courts, platform tennis courts, handball courts, squash courts, basketball courts, swimming pools, and any showers, locker rooms, or other club facilities associated with such uses, putting greens, playgrounds, ball fields, spectator viewing pavilions, gazebos, picnic shelters, picnic tables, parks, riding trails, walking trails,

bike trails, boardwalks, decks, wildlife conservancies and feeding stations, nature interpretive areas, amphitheaters, community meeting facilities, and all rest room facilities, parking lots, service buildings, and concession-type food services associated with all such uses; and places of worship; libraries; fire stations and rescue squads; post offices, day care centers, nursery schools, and other schools and instructional centers; non-profit or charitable community, civic, or cultural clubs and institutions; and other similar community facilities which the Board of Directors, in its sole and uncontrolled discretion, may designate as Exempt Properties.

Section 13. Annual Statements. The President, Treasurer, or such other officer as may have custody of the funds of the Association shall annually, within one hundred twenty (120) 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 every creditor owed more than \$1,000.00 by the Association. 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) shall be entitled upon written request to a financial statement for the immediately preceding fiscal year.

Section 14. Annual Budget. The Board of Directors shall prepare and make available to all Members, at least thirty (30) 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 by all Members at all reasonable times. In preparing each Annual Budget, the Board of Directors shall use its best efforts based on generally accepted accounting procedures to accurately determine receipts and expenses and, in order to comply with the partial exemption provisions set out in Section 11 of this Article V, shall separate, prorate and allocate expenses attributable solely or partially to any recreational amenities from those expenses attributable solely or partially to remaining common areas.

ARTICLE VI

FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Properties. The Association shall be authorized to own and/or maintain Common Properties and equipment, furnishings, and improvements devoted to the following uses:

(a) Roadway medians, roadway islands, and parkways along said roads or roadways, cul-de-sac islands, and neighborhood or other area entrances (including signs) throughout the Properties;

(b) Walking paths or trails, bicycle paths, and bridle paths through the Properties;

(c) Security and fire protection facilities, including security stations, guardhouses, police equipment, fire stations and fire fighting equipment, and buildings used in maintenance functions;

(d) Emergency health care facilities, including ambulances, rescue squad facilities, emergency medical facilities, and the equipment necessary to operate such facilities;

(e) Property or facilities for providing any of the services which the Association is authorized to offer under Section 2 of this Article VI;

(f) Property and facilities for purposes set out in deeds by which Common Properties are conveyed to the Association, provided that such purposes shall be approved by the Members of the Association as set out in Section 4 of this Article VI;

(g) Indoor and outdoor recreational and community facilities, including, but not limited to, tennis courts, platform tennis courts, handball courts, squash courts, basketball courts, swimming pools, and any showers, locker rooms, or other club facilities associated with such uses, putting greens, playgrounds, ball fields, spectator viewing pavilions, gazebos, picnic shelters, picnic tables, parks, walking trails, bike trails, boardwalks, decks, wildlife conservancies and feeding stations, nature interpretive areas, amphitheaters, community meeting facilities, and all rest room facilities, parking lots, service buildings, and concession-type food services associated with all such uses; and

(h) Water and sewage facilities and any other utilities, if not adequately provided by a private utility or an appropriate governmental entity.

(j) For the cleaning, landscaping and maintaining all roadway medians and islands, parkways along said roadways, cul-de-sac islands and neighborhood and other area entrances (including signs).

Section 2. Services. The Association is authorized (unless such service is provided by an appropriate governmental entity), but shall not be 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, lakes, parks, sidewalks, walking trails, bike trails, Common Properties, and all public properties which are located within or in a reasonable proximity to the Properties such that their deterioration would affect the appearance of the Properties as a whole;

(b) Landscaping and beautification of roads, roadways, parkways, lakes, parks, sidewalks, walking paths, bike trails, and Common Properties;

(c) Lighting of roads, signs, sidewalks, walking paths, bike trails, parking lots, and any recreational and community facilities located within the Properties;

(d) Police protection and security, including, but not limited to the employment of police and security guards, maintenance of electronic and other security devices and control centers for the protection of persons and property within the Existing Property, and assistance in the apprehension and prosecution of persons who violate state, county or city laws or ordinances within the Properties;

(e) Fire protection and prevention;

(f) Garbage and trash collection and disposal;

(g) Insect and pest control to the extent that, in the judgment of the Board of Directors of the Association, it is necessary or desirable to supplement the service provided by the state and local governments;

(h) Any other 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;

(i) 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;

(j) To set up and operate an Architectural Review Board for all Common Properties or Intended Common Properties, and, in the event that the Association is designated by the Declarant as the agent or the assign of the Declarant for such purposes, to extend the operation of the Architectural Review Board to all properties within Harrington Grove.

(k) To provide day care and child care services;

(l) To conduct instructional, recreational, sports, crafts, social and cultural programs of interest to Members and their families and guests;

(m) To provide legal and scientific resources for the improvement of air and water quality within the Properties;

(n) To provide safety equipment for storm emergencies;

(o) To support the operation of transportation services between key points of the Properties and the airports, other public transportation terminals and public centers serving the area surrounding the Properties;

(p) 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;

(q) 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;

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

(s) To provide water, sewage, and any necessary utility services not provided by a public body, private utility or the Declarant;

(t) To provide, conduct, or maintain water pollution and shoreline erosion abatement measures;

(u) To provide mailboxes, signs, and other standard features for use throughout the Properties;

(v) To promulgate and enforce such rules and regulations as are necessary or convenient to carry out any of the authorized functions of the Association; and

(w) To contract with another group or association of owners of real property or with any other person or entity to provide or receive any or all of the above-listed services or any other service or services as are approved by a vote of the Members of the Association, provided that the terms of such contract are approved by the Board of Directors of the Association.

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 Declarant is 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 the Declarant. 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, and the Articles of Incorporation and 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, levy, notify the Members of, and collect Annual and Special Assessments as provided in Article V of this Declaration;
- (2) The Association shall prepare accurate indexes of Members, Property Classifications, Votes, Assessments, the Cumulative Maximum Number of Residential Lots and Family Dwelling Units Authorized in the Properties, and the Maximum Regular Annual Assessment;
- (3) The Association shall operate an Architectural Control Board;
- (4) The Association shall own, maintain and operate all Common Properties;
- (5) The Association shall hold Annual Meetings, Special Meetings, and Referendums as required, hold elections for the Board of Directors as required, and give Members "proper notice" as required; and
- (6) 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 officer's 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 of its acts and corporate affairs.

(f) Except when such services are provided by a governmental agency or, in the case of private streets and Restricted Common Property, by a Subassociation, the Association shall provide regular and thorough cleanup of all roads, roadways, roadway medians, roadway islands, parkways, cul-de-sac islands, neighborhood and other entrances, and bike trails throughout the Properties (including landscaped areas along public rights-of-way), including but not limited to, mowing the grass on all roadsides, cul-de-sac islands, entrances, and bike trails; sweeping all roads and bike trails; landscape maintenance on all roadsides, cul-de-sac and roadway islands, entrances, parks and bike trails; pickup and disposal of trash on all roads, roadsides, cul-de-sac and roadway islands, entrances, park and bike trails; provided, however, that the Association shall not be required to conduct such cleanup until all construction within the particular neighborhood has been completed.

(g) The Association shall provide general maintenance of all identification, informational and directional sign, bike trail signs, and neighborhood and other area signs, including, but not limited to, painting, light replacement repair work and replacement as needed.

(h) The Association shall repave all paved bike trails as needed.

(i) Except when such service is provided by a governmental agency, the Association shall operate and maintain all streetlights along all public roads and within all Common Properties.

(j) The Association shall provide regular and thorough maintenance and cleanup of all Common Properties, including, but not limited to, mowing of grass, fertilization as needed, landscape maintenance as needed, pickup and disposal of trash, repair, maintenance and replacement of sprinkler systems, washing down of picnic tables and benches as needed, and painting, repairs to and replacement of all improvements as needed.

(k) The Association shall pay all ad valorem taxes and public assessments levied against the Common Properties.

(l) Insurance coverage on the Property shall be governed by the following provisions:

- (1) Ownership of Policies. All insurance policies covering the Common Properties shall be purchased by the Association for the benefit of the Association and the Owners and their mortgagees, and provisions shall be made for the issuance of endorsements to the mortgagee of an Owner, if required by said mortgagee.
- (2) Coverage. All buildings and improvements upon and all personal property located on the the Common Properties and facilities shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against: (i) loss or damage by fire and other hazards covered by standard extended coverage endorsement; and (ii) such other risks as from time to time shall be customarily covered with respect to buildings on the land. Such policies shall contain clauses providing for waiver of subrogation.
- (3) Liability. Comprehensive Liability insurance shall be secured by the Association with limits of liability not less than One Million Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine to be desirable and necessary.
- (4) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged to the Owners as part of the assessments levied under the provisions of Article V above; provided that premiums on account of hazard insurance coverage for individual lots shall be apportioned to the individual Owners according to the amounts of the coverage required.
- (5) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association as insurance

trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein or stated in the By-laws and for the benefit of the Owners and their mortgagees.

- (6) Proceeds of insurance policies received by the Association as insurance trustee shall be placed in the Association's treasury for the following:
 - (i) Expense of the Trust. All expenses of the insurance trustee shall be first paid or provisions made therefor.
 - (ii) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be retained by the Association.
- (7) All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association or those held in trust, shall be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to six (6) months' assessments, plus accumulated reserves.

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. Additional 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. The functions and services which the Association is authorized to carry out or to provide, may be added or reduced at any time upon the affirmative vote of fifty-one (51%) percent of the votes cast by the Type "A", Type "A-1", Type "B", and Type "D" Members at a duly called meeting of the Association; provided, however, that so long as the Declarant is 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 the Declarant.

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 each class of Members entitled to vote, which consent may be evidenced by Referendum or an affirmative vote at a duly called meeting of the Association. The rights of any such mortgagee shall be subordinate to the rights of the Members provided in Article IV of the Declaration. The Declarant may, but shall not be required to, make loans to the Association, subject to approval by the Declarant 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 any amounts due the Declarant as repayment of any loans made by the Declarant to the Association without the express written consent of the Declarant.

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Section 6. Maintenance of Property Not Owned by the Association. The Association shall be authorized to render services of a governmental nature not furnished by the local government in the case of maintenance of property not owned by it.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 1. Purpose. The primary purpose of these covenants and restrictions and the foremost consideration in the origin of same has been the creation of a community which is aesthetically pleasing and functionally convenient. The establishment of certain objective standards relating to design, size and location of dwellings and other structures makes it impossible to take full advantage of the individual characteristics of each parcel of Property and of technological advances and environmental values. In order to implement the purposes of these Covenants, the Declarant shall establish and from time to time amend objective standards and guidelines, including, but not limited to, Architectural Standards and Construction Specifications, Uniform Sign Regulations, Uniform Mailbox Regulations, Landscape Guidelines, and Environmental Rules and Regulations as defined hereinafter, which shall be binding on all Property Owners within Harrington Grove.

Section 2. Controls.

a. No building, fence, or other structure shall be erected, placed, or altered, nor shall a building permit for such improvement be applied for on any Property in Harrington Grove until the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives, and parking areas) shall have been approved in writing by the Declarant, or by the Architectural Control Committee of the Association if such review responsibility has been delegated to the Association by the Declarant. In addition, Declarant further may require prior written approval of a landscape plan. Declarant further reserves the right to promulgate and amend from time to time architectural standards and construction specifications (hereinafter referred to as the "Architectural Standards and Construction Specifications") for specific neighborhoods and areas or for all Properties within Harrington Grove and such Architectural Standards and Construction Specifications shall establish, define, and expressly limit those standards and specifications which will be approved in said neighborhoods and areas or within the Properties, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design, and construction technique. Declarant may refuse approval of plans, location, exterior color or finish, or specifications that Declarant determines to be not in harmony of external design, construction and/or location in relation to the surrounding structures, topography, or to the Declarant's general plan of development. No alteration in the exterior appearance of any building or structure shall be made without prior written approval by the Declarant. One copy of all plans and related data shall be furnished the Declarant for its records. In the event approval of such plans is neither granted nor denied within thirty (30) days following receipt by the Declarant of written demand for approval, the provisions of this paragraph shall be thereby waived.

b. In order to assure that buildings and other structures will be located and staggered so that the maximum view, privacy, sunlight, and breeze will be available to each building or structure within the confines of each Property, and to assure that structures will be located with regard to the topography of each property, taking into consideration the location of large trees and other aesthetic and environmental considerations, the Declarant reserves the right to control absolutely and solely to decide (subject to the provisions of the zoning ordinance of the

appropriate governmental authorities) the precise site and location of any building or structure on any property in Harrington Grove. Such location shall be determined only after reasonable opportunity is afforded the Owner of such property to recommend a specific site. The provisions of this paragraph shall in no way be construed as a guarantee that the view, privacy, sunlight, or breeze available to a building or structure on a given property will not be affected by the location of a building or structure on an adjacent property.

c. Each Owner shall provide space for the parking of automobiles off public streets prior to the occupancy of any building or structure constructed on such property in accordance with reasonable standards established by the Declarant.

d. Except as may be required by legal proceedings, ordinance or statute, no sign shall be erected or maintained on any property by anyone including, but not limited to, an Owner, a tenant, a realtor, a contractor, or a subcontractor, until the proposed sign(s) size, color, content, number of signs, and location of sign(s) shall have been approved in writing by the Declarant. Declarant may refuse approval of size, color, content, number or location of sign(s) for any reason, including purely aesthetic considerations. Declarant further reserves 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, including, but not limited to, real estate sales signs, erected upon any property in Harrington Grove.

The Declarant shall have the right, whenever there shall have been placed or constructed on any property within Harrington Grove any sign which is in violation of these restrictions, to enter immediately upon such property where such violation exists and summarily remove the same at the expense of the Owner.

e. It shall be the responsibility of each Owner, Tenant, contractor, or subcontractor to prevent the development of any unclean, unsightly, unkempt, unhealthy, or unsafe conditions of buildings or grounds on any property which shall tend to substantially decrease the beauty or safety of Harrington Grove or any specific area thereof. The Declarant and its agents shall have the right to enter upon any property for the purpose of correcting such conditions, including, but not limited to, the removal of trash which has collected on the property, and the cost of such corrective action shall be paid by the Owner. Such entry shall not be made until thirty (30) days after the Owner has been notified in writing of the need to take corrective action and unless such Owner fails to perform the corrective action within said thirty (30) days period; provided, however, that should such conditions pose a health or safety hazard, such entry shall not be made until the Owner has been notified in writing of the need to take immediate corrective action and unless such Owner fails to perform the corrective action immediately. The provisions of this paragraph shall not create any obligation on the part of the Declarant to take any such corrective action.

f. No mailbox shall be erected or maintained on any property until the proposed mailbox design, color, and location have been approved in writing by the Declarant. Declarant may refuse approval for any reason, including purely aesthetic conditions. No alteration in the exterior appearance of any mailbox shall be made without the prior written approval by the Declarant. The Declarant further reserves the right to establish uniform mailbox regulations (the "Uniform Mailbox Regulations") which shall define standard design criteria for all mailboxes erected upon any property in Harrington Grove.

g. The Declarant reserves unto itself, its successors and assigns, a perpetual, alienable, and releaseable easement and right, on, over and under the Properties to erect, maintain, and use electric, community antenna television, and telephone poles, wires, cables, conduits, drainage ways, sewers, water mains, and

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other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, drainage, or other public conveniences or utilities on, in or over those portions of such Property as may be reasonably required for utility line purposes; provided, however, that no such utility easement shall be applicable to any portion of such Property as may have been (a) used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to these covenants by the Declarant, (b) designated as the site for a building on a plot plan for erection of a building which has been filed with the Declarant and which has been approved in writing by said Declarant, or (c) conveyed to a governmental unit or to a public or private utility as a greenway, utility, or other easement. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation to maintain reasonable standards of health, safety, and appearance. Declarant further reserves the right to locate wells, pumping stations, siltation basins, and tanks within Harrington Grove on any Common Properties or on any property designated for such use on the applicable plat of said property, or to locate same upon any property with the permission of the Owner of such property. Such rights may be exercised by any licensee of the Declarant, but this reservation shall not create any obligation on the part of the Declarant to provide or maintain any such utility or service.

h. Except as reserved and permitted in g. above, no satellite antenna or dish shall be placed on or erected upon any property within Harrington Grove.

i. Declarant reserves the right to promulgate and amend from time to time landscape guidelines (referred to hereinafter as the "Landscape Guidelines") which shall establish approved standards, methods, and procedures for landscape management on specific properties in Harrington Grove and such authorized standards, methods, and procedures may be utilized by the Owners of such specified properties without prior written approval by the Declarant; provided, however, no trees measuring six (6) inches or more in diameter at a point two (2) feet above ground level may be removed without the prior written approval of the Declarant. Approval for the removal of trees located within ten (10) feet of the main dwelling or accessory building or within ten (10) feet of the approved site for such building will be granted unless such removal will substantially decrease the beauty of the property.

Section 3. Architectural Control Committee. The Architectural Control Committee shall be composed of at least three (3) but not more than eleven (11) members, all of whom shall be appointed by the Board of Directors. At least one Member of the Association other than the Declarant shall be a member of the Architectural Control Committee at all times.

Section 4. Delegation of Authority By the Declarant. Except as otherwise provided in the Articles of Incorporation, any power or authority that may be exercised by the Declarant pursuant to this Article may be exercised, upon proper delegation, by the Board of Directors or the Architectural Control Committee. On January 1, 1997, or when the Declarant is no longer engaged in the development of properties subject to this Declaration, whichever is earlier, all power and authority granted by this Article shall become vested in the Board of Directors of the Association and such committee or committees as it shall establish.

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, the Declarant, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a period of thirty (30)

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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 expiration of any subsequent ten (10) year extension period, unless at a duly called meeting of the Association, seventy-five percent (75%) 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. 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 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 required to constitute a quorum at a meeting of the Association, 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 Office of the Register of Deeds for Wake and Durham Counties, and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

In the event of termination of this Declaration, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

Section 2. Amendments. Except as provided in Article II of this Declaration or as otherwise provided in this Section, 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 4(a) of the By-Laws, 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 a Supplementary 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 Supplementary Declaration shall be recorded in the Office of the Register of Deeds for Wake and Durham Counties.

So long as the Declarant, as the Type "E" Member, is entitled to elect a majority of the Members of the Board of Directors of the Association, no Amendment of this Declaration shall be made without the consent of the Declarant; and until the end of the period of development, no Amendment of this Declaration shall be made without the consent of the Declarant 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, the Declarant, for so long as it 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 HUD, and FNMA and without the consent of any Owner, in order to qualify the Association for tax-exempt status, and to correct obvious errors and omissions herein, subject to local laws and ordinances. Such amendment shall become effective upon the date of its recordation in the Wake and Durham County Registries.

Notwithstanding anything herein to the contrary, no amendment of this Declaration shall become effective unless approved by the Raleigh City Attorney or his deputy.

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 appearing on the Association's Membership list. Notice to one of two or more joint Owners or joint Tenants shall constitute notice to all. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change in address. Any person who becomes a Member after the first day in the calendar month in which said notice is delivered or mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 4. Enforcement. The Association or any Member shall have the right to enforce these covenants and restrictions by any proceeding at law or in equity against any person or persons violating or attempting to violate enforcement of these covenants against the land and to enforce any lien created by these covenants. Enforcement may be to restrain violation or to recover damages resulting therefrom. Failure by the Association or any Member or the Declarant 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 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 shall be given that interpretation or construction that will best tend toward the fulfillment of the general plan of development.

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 the applicable zoning ordinances and the rules and regulations

promulgated thereunder, as may from time to time hereafter be amended or modified, and the Master Plan for the development of Harrington Grove 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 the Declarant 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 the Declarant and/or the Association contemplated under this Declaration, the Declarant 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, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

Section 11. Management and Contract Rights of Association. The Declarant 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 the Declarant or by the Association while the Declarant is in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer of management by the Declarant to the Association.

Section 12. Rights of Noteholders.

(a) Any institutional holder of a first mortgage on a Unit or Lot will, upon written request and payment of such reasonable expenses as may be determined by the Board of Directors, be entitled to:

- (i) Inspect the books and records of the Association during normal business hours;
- (ii) Receive an annual audited financial statement of the Association within one hundred twenty (120) 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 of fidelity bond maintained by the 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 Section 2 of Article II or Section 2 of this Article VIII, thirty (30) days prior to the recording of such Supplementary Declaration.
- (b) Without the prior written consent of not less than two-thirds (2/3) of Institutional Lenders, the Association may not:
- (i) Abandon, partition, subdivide, encumber, sell or transfer real estate or improvements which are owned by the Association for the benefit of the Members.
 - (ii) Alter or amend the method of determining assessments that may be levied against an Owner.
 - (iii) Waive or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance of any building, fence, wall or other structure upon the properties, the exterior maintenance of lots, the maintenance of party walls or common fences and driveways within the properties or the upkeep of lawns and plantings within the properties.
 - (iv) 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. VA or HUD, and FNMA Approval. As long as the Declarant controls 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 HUD and FNMA: Annexation of additional properties, dedication of Common Areas, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 14. 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 the Declarant and the Association shall have the power and authority to grant and establish further easements upon, over, under and across the Property.

(b) Encroachments and Declarant's Easements to Correct Drainage. All Properties shall be subject to easements for the encroachment of initial improvements constructed thereon to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, bay windows, steps and walls. If any encroachment shall occur subsequent to the recording of this Declaration as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be and remain a valid easement for such encroachment for the maintenance of the same. For a period of twenty-five (25) years from the date hereof, the Declarant reserves an easement and right on, over and under any part of the Properties 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, the Declarant shall restore the affected property to its original condition to the extent practicable. Declarant shall give reasonable notice of intent to take such action to all affected Owners.

(c) Easement for Governmental Access. An easement is hereby established over all Common Properties hereby or hereafter established for the benefit of municipal, state or public utilities serving Harrington Grove, their agents and employees, for the purpose of 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, law enforcement, fire protection, garbage collection, and delivery of mail.

(d) Electric Utility Easement. The Declarant and Association reserve the right to subject the Property to a contract with an appropriate utility 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 payment to such utility by the Owner of each Unit within said property.

(e) Owners' Right of Entry for Repair, Maintenance, and Reconstruction. If a 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 extent reasonably necessary to repair, maintain, or reconstruct his dwelling. Such repair, maintenance or reconstruction shall be done expeditiously and, upon completion of such work, the Owner shall restore the adjoining lot to as nearly the same condition as that which prevailed prior to the commencement of the work as is reasonably necessary.

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

WAKE-DURHAM LAND COMPANY,
A North Carolina General Partnership

By: The Crosland Group, Inc.,
a North Carolina corporation,
General Partner

By: [Signature]
Vice President

(Corporate Seal)

ATTEST:
[Signature]
Secretary

By: Crosland Homes, Inc.,
a North Carolina corporation,
General Partner

By: James C. Redman
President

(Corporate Seal)

ATTEST:
Richard G. Weaver
Secretary

WAYNE M. GIBSON BUILDING CORPORATION,
a North Carolina corporation

By: Wayne M. Gibson
President

(Corporate Seal)
CORPORATE
SEAL

ATTEST:
Wayne M. Gibson
Secretary

NICHOLSON HOMES, INC.,
a North Carolina corporation

By: James M. Nicholson
President

(Corporate Seal)

ATTEST:
Shirley M. Sodano
Secretary

ROBUCK HOMES, INC.,
a North Carolina corporation

By: Clifton W. Thoma
Vice President

(Corporate Seal)
CORPORATE
SEAL

ATTEST:
Joel B. Hedrick
Secretary

NORTH CAROLINA - MECKLENBURG COUNTY

This 22nd day of April, 1987, personally came before me
Douglas L. Boone, who, being duly sworn, says that he is
Vice President of The Crosland Group, Inc., a North Carolina
corporation and a General Partner of Wake-Durham Land Company, a
North Carolina General Partnership, that the seal affixed to the
foregoing instrument in writing is the corporate seal of the said
corporation, that the said writing was signed and sealed by him in
behalf of said corporation as a General Partner of said partnership
by its authority duly given. And the said Vice President
acknowledged the said writing to be the act and deed of said
corporation and said partnership.
I, James J. Bradshaw, Notary Public,
do hereby certify that the foregoing is a true and correct copy
of the original as the same was presented to my hand and official stamp and seal, the day and year
written.

James J. Bradshaw
Notary Public
My Commission Expires: 11-12-90

NORTH CAROLINA - MECKLENBURG COUNTY

This 22nd day of ^{April} ~~March~~, 1987, personally came before me James C. Kurbank, who, being duly sworn, says that he is Vice President of Crosland Homes, Inc., a North Carolina corporation and a General Partner of John Crosland Company, a North Carolina Limited Partnership, that the seal affixed to the foregoing instrument in writing is the corporate seal of the said corporation, that the said writing was signed and sealed by him in behalf of said corporation as a General Partner of said partnership by its authority duly given. And the said Vice President acknowledged the said writing to be the act and deed of said corporation and said partnership.

Witness my hand and official stamp and seal, the day and year first above written.

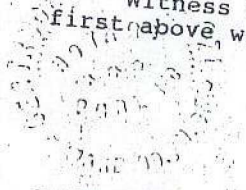


Janice L. Bradshaw
Notary Public
My Commission Expires: 11-19-90

NORTH CAROLINA - WAKE COUNTY

This 8th day of ^{May} ~~March~~, 1987, personally came before me Wayne M. Gibson, who, being duly sworn, says that he is President of Wayne M. Gibson Building Corporation, a North Carolina corporation, that the seal affixed to the foregoing instrument in writing is the corporate seal of the said corporation, that the said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said President acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and official stamp and seal, the day and year first above written.



Leticia W. Terenzi
Notary Public
My Commission Expires: 12-27-91

NORTH CAROLINA - WAKE COUNTY

This 11th day of ^{May} ~~March~~, 1987, personally came before me James M. Nicholson, who, being duly sworn, says that he is President of Nicholson Homes, Inc., a North Carolina corporation, that the seal affixed to the foregoing instrument in writing is the corporate seal of the said corporation, that the said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said President acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and official stamp and seal, the day and year first above written.



Leticia W. Terenzi
Notary Public
My Commission Expires: 12-27-91

NORTH CAROLINA - WAKE COUNTY

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This 10th day of May, 1987, personally came before me Clifton W. Thomas, who, being duly sworn, says that he is Vice President of Robuck Homes, Inc., a North Carolina corporation, that the seal affixed to the foregoing instrument in writing is the corporate seal of the said corporation, that the said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said Vice President acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and official stamp and seal, the day and year first above written.

Leah L. Lennarz
Notary Public

My Commission Expires: 12-27-91

NORTH CAROLINA - WAKE COUNTY

The foregoing certificates of JANICE L. BRADSHAW and
GERLENE W. FLORENCE

Notaries Public, are certified to be correct. This instrument and these certificates 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:

Regina R. Cook
Asst. Deputy Register of Deeds

ALL THAT TRACT OR PARCEL OF LAND lying and being in Leesville and Carr Townships, Wake and Durham Counties, respectively, North Carolina, and being more particularly described as follows:

BEGINNING at an existing iron pipe located North 35 15'25" East a distance of 8,289.03 feet from N.C.G.S. MON. ANGUS 2, said pipe also marking the southeast corner of Lot 13 of Leesville Forest Subdivision (Wake County Book of Maps 1976, Page 368), the northwest corner of Lot 1 of King Lar Subdivision (Wake County Book of Maps 1972, Page 10), and the southwest corner of the land acquired by Wake-Durham Land Company by warranty deed recorded in Deed Book 3696 at Page 1, Wake County Registry; running thence along and with the eastern line of Lots 13, 12 and 11 of said Leesville Forest Subdivision the following courses and distances: North 01 23'23" East a distance of 414.84 feet to an existing iron pipe; North 01 21'42" East a distance of 488.93 feet to an existing iron pipe; North 01 20'54" East a distance of 50.00 feet to an existing iron pipe; North 01 21'18" East a distance of 409.52 feet to an existing iron pipe in the southern line of the property acquired by Wake-Durham Land Company by warranty deed recorded in Book 3610 at Page 641, Wake County Registry (Durham County Deed Book 1247 at Page 121), said pipe also marking the northeast corner of said Lot 11; running thence along and with the northern line of Lots 11, 10, 9 and 8 of Leesville Forest Subdivision North 87 49'50" West a distance of 1,222.42 feet to an existing iron pipe in the eastern line of Lot 7 of Leesville Forest Subdivision, said pipe also marking the northwest corner of Lot 8 of Leesville Forest Subdivision; running thence along and with the eastern line of said Lot 7 North 02 34'10" East a distance of 167.00 feet to an existing iron pipe marking the northeast corner of said Lot 7; running thence along and with the northern line of said Lot 7 North 88 02'46" West a distance of 331.64 feet to an existing iron pipe marking southeast corner of the property acquired by Wake-Durham Land Company by warranty deed recorded in Book 3803 at Page 618, Wake County Registry (Durham County Deed Book 1297, Page 38); continuing along and with the northern line of said Lot 7 North 88 01'22" West a distance of 174.62 feet to an existing iron pipe marking the northwest corner of Lot 7 and the northern corner of Lot 6 of Leesville Forest Subdivision, and the northeast corner of the property now or formerly owned by Hannah Tilley (Durham County Deed Book 143, Page 469); running thence along and with the northern line of the Tilley property the following courses and distances: North 74 07'22" West a distance of 640.03 feet to an existing iron pipe at the southeast corner of the property acquired by Wake-Durham Land Company by warranty deed recorded in Book 3654 at Page 256, Wake County Registry (Durham County Deed Book 1255, Page 550); North 56 22'27" West a distance of 401.13 feet to an existing iron pipe; North 67 37'12" West a distance of 540.01 to a new iron pipe at the northwest corner of the Tilley property, said pipe also marking the northeast corner of the property now or formerly owned by the Edward L. Sorrell Estate (Durham County Deed Book 134, Page 354); running thence along and with the northern line of the Sorrell Estate property North 67 37'17" West a distance of 122.87 feet to a new iron pipe located in the eastern line of the 60-foot right-of-way of S.R. 1981; running thence along and with the eastern right-of-way line of said S.R. 1981 North 33 14' 07" East a distance of 326.72 feet to a new iron pipe at the intersection of said right-of-way with the southern line of the property now or formerly owned by Waylon E. Lynn (Durham County Deed Book 239, Page 362); running thence along and with the southern line of the Lynn property South 89 28'35" East a distance of 1,168.93 feet to a new iron pipe located at the southeast corner of the Lynn property; running thence along and with the eastern line of the Lynn property North 01 31'17" East a distance of 200.00 feet to an existing iron pipe located at the southwest corner of the property

NORTH CAROLINA

WAKE COUNTY

JUL 2 2 43 PM '87

KENNETH C. WILKINS
REGISTER OF DEEDS
WAKE COUNTY, NC

FIRST AMENDMENT TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
THE HARRINGTON GROVE COMMUNITY
ASSOCIATION, INC.

THIS FIRST AMENDMENT TO DECLARATION, made this 29th day of June, 1987, by WAKE-DURHAM LAND COMPANY, a North Carolina General Partnership (hereinafter the "Declarant"), and JOHN CROSLAND COMPANY, a North Carolina Limited Partnership, WAYNE M. GIBSON BUILDING CORPORATION, a North Carolina corporation, NICHOLSON HOMES, INC., a North Carolina corporation, and ROBUCK HOMES, INC., a North Carolina corporation (hereinafter collectively referred to as the "Builders");

W I T N E S S E T H:

WHEREAS, Declarant has recorded that certain Declaration of Covenants, Conditions And Restrictions Of The Harrington Grove Community Association, Inc. (hereinafter the "Declaration"), in Book 4012 at Page 6 in the WAKE County Public Registry;

WHEREAS Declarant and Builders are the owners of all of the real property described in Article II of said Declaration (hereinafter the "Property" or "Harrington Grove");

WHEREAS, Declarant and Builders desire to amend said Declaration to make the changes necessary to ensure that the Declaration meets all FNMA requirements;

NOW, THEREFORE, the parties hereto do hereby agree that the Declaration be and hereby is amended as set forth herein and that the Property shall be and hereby is subjected to this First Amendment To Declaration as follows:

1. Article II of the Declaration is amended by adding thereto the following new section at the end thereof:

"Section 3. Management by the Directors. The affairs of the Association shall be managed by a Board of Directors, the number and terms of which shall be determined under the provisions of the By-Laws of the Association. Until otherwise mandated by the provisions of subparagraph (c) of this Section 3, there shall be two classes of directors: Class I directors elected by the Type "A", "A-1", "B", "B-1", and "D" Members; and Class II directors elected by the Type E Member. Except in the case of an unexpected vacancy on the Board of Directors, which shall be filled by the remaining directors as provided in the By-Laws, the directors of the Association shall be elected at the annual meeting of Members by secret written ballot.

(a) Each Type "A", "A-1", "B", "B-1", and "D" Member shall be entitled to as many votes as equals the total number of votes he is entitled to based on his Ownership of or Tenancy in one or more of the various classifications of property as computed by the formula set out in Section 2 of this Article III. Each Member may cast the total number of votes to which he is entitled for each vacancy to be filled by a Class I Director. Cumulative voting shall not be allowed. Members, except the Type "E" Member, are divided into classes for the purpose of computing voting rights and shall not vote as a class.

(b) The Type "A", "A-1", "B", "B-1", and "D" Members shall elect the Class I Director(s), and the Type "E" Member shall elect the Class II Director(s) according to the following formula:

(1) The number of Class I Directors shall be determined by dividing the number of Residential Lots and Family Dwelling Units owned by Type "A" and "A-1" Members by the

cumulative maximum number of Residential Lots and Family Dwelling Units authorized by the zoning ordinance of the appropriate governmental unit under the applicable zoning classification, then multiplying the resulting quotient by the total number of Directors, and then rounding the result to the nearest whole number, e.g., 1.49 = 1, and 1.50 = 2.

(2) The number of Class II Directors shall be determined by subcontracting the number of Class I Directors from the total number of Directors. The Class II Directors shall be elected by the Type "E" Member.

(3) For the purposes of this formula, the number of Residential Lots and Family Dwelling Units owned by Type "A" and Type "A-1" Members and the cumulative maximum number of Residential Lots and Family Dwelling Units authorized in the Properties shall be determined by the Board of Directors as of the date on which of the meeting of the Members at which the Board of Directors is to be elected is mailed.

(c) If, on June 30, 1994, the Class II directors constitute a majority of the Board of Directors, the number of Class II directors shall be limited to the lesser of the number of Class II directors computed in accordance with subparagraph (b) above or the nearest whole number less than one-half of the total number of directors on the Board. It is the intent of this subparagraph that after June 30, 1994, the Type "A", "A-1", "B", "B-1" and "D" Members shall be entitled to elect a majority of the Board of Directors."

2. Section 11 of Article VIII of the Declaration is deleted and the following new paragraph is substituted therefor:

"Section 11. Management and Contract Rights of the Association. The Declarant may enter into contracts or leases (including contracts with a manager or management company) for the purposes of providing all elements of the operation, care and supervision, maintenance and management of the Property. No contract or lease entered into by the Declarant or by the Association while the Declarant is in control of the Board of Directors (i.e., elects a majority of the Board of Directors) shall be binding on the Association, either directly or indirectly, unless such contract or lease contains a provision allowing the Association to terminate such contract or lease after transfer of control, without cause or justification and without penalty, upon not more than 90 days notice to the other party to such contract or lease. Furthermore, no contract or lease entered into by the Declarant or by the Association while the Declarant is in control of the Board of Directors shall be binding on the Association unless the Association, after passage of control, adopts or ratifies such contract or lease."

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



(Corporate Seal)

ATTEST:

Beth J. Anderson
Secretary

WAKE-DURHAM LAND COMPANY,
A North Carolina General Partnership

By: The Crosland Group, Inc.,
a North Carolina corporation,
General Partner

By: Douglas B. Borne
President

JOHN CROSLAND COMPANY,
a North Carolina Limited Partnership

(Corporate Seal)

By: Crosland Homes, Inc.,
a North Carolina corporation,
General Partner

By: Douglas L. Boone
Vice President

ATTEST:

Barbara J. Randolph
Secretary

NORTH CAROLINA - MECKLENBURG COUNTY

This 29th day of June, 1987, personally came before me Douglas L. Boone, who, being duly sworn, says that he is Vice President of The Crosland Group, Inc., a North Carolina corporation and a General Partner of Wake-Durham Land Company, a North Carolina General Partnership, that the seal affixed to the foregoing instrument in writing is the corporate seal of the said corporation, that the said writing was signed and sealed by him in behalf of said corporation as a General Partner of said partnership by its authority duly given. And the said Vice President acknowledged the said writing to be the act and deed of said corporation and said partnership.

Witness my hand and official stamp and seal, the day and year first above written.

Janice L. Bradshaw
Notary Public
My Commission Expires: 11-19-90

NORTH CAROLINA - MECKLENBURG COUNTY

This 29th day of June, 1987, personally came before me Douglas L. Boone, who, being duly sworn, says that he is Vice President of Crosland Homes, Inc., a North Carolina corporation and a General Partner of John Crosland Company, a North Carolina Limited Partnership, that the seal affixed to the foregoing instrument in writing is the corporate seal of the said corporation, that the said writing was signed and sealed by him in behalf of said corporation as a General Partner of said partnership by its authority duly given. And the said Vice President acknowledged the said writing to be the act and deed of said corporation and said partnership.

Witness my hand and official stamp and seal, the day and year first above written.

Janice L. Bradshaw
Notary Public
My Commission Expires: 11-19-90



WAYNE M. GIBSON BUILDING CORPORATION,
a North Carolina corporation

By: Wayne M. Gibson
President

ATTEST:

Sharon A. Long
Secretary

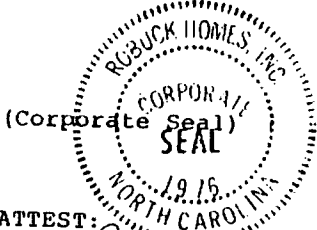
(Corporate Seal)

NICHOLSON HOMES, INC.,
a North Carolina corporation

By: James M. Nicholson
President

ATTEST:

Shirley A. Adorno
Secretary



ROBUCK HOMES, INC.,
a North Carolina corporation

By: Robert W. Robuck
President

ATTEST:

Robert W. Robuck
Secretary

NORTH CAROLINA - WAKE COUNTY

This 29th day of June, 1987, personally came before me Wayne M. Gibson, who, being duly sworn, says that he is President of Wayne M. Gibson Building Corporation, a North Carolina corporation, that the seal affixed to the foregoing instrument in writing is the corporate seal of the said corporation, that the said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said President acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and official stamp and seal, the day and year first above written.

Richard D. George
Notary Public
My Commission Expires: 12-22-91

NORTH CAROLINA - WAKE COUNTY

This 31st day of June, 1987, personally came before me James H. Robinson, who, being duly sworn, says that he is President of Nicholson Homes, Inc., a North Carolina corporation, that the seal affixed to the foregoing instrument in writing is the corporate seal of the said corporation, that the said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said President acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and official stamp and seal, the day and year first above written.

Gertude W. Ferenczi
Notary Public

My Commission Expires: 12-31-91

NORTH CAROLINA - WAKE COUNTY

This 31st day of June, 1987, personally came before me William H. Thomas, who, being duly sworn, says that he is President of Robuck Homes, Inc., a North Carolina corporation, that the seal affixed to the foregoing instrument in writing is the corporate seal of the said corporation, that the said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said President acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and official stamp and seal, the day and year first above written.

Gertude W. Ferenczi
Notary Public

My Commission Expires: 12-31-91

NORTH CAROLINA - WAKE COUNTY

The foregoing certificates of Janice L. Bradshaw
and Gertude W. Ferenczi

Notaries Public, are certified to be correct. This instrument and these certificates 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: Negina R. Cooke
Asst. Deputy Register of Deeds

STATE OF NORTH CAROLINA
WAKE COUNTY

SECOND AMENDMENT TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
THE HARRINGTON GROVE COMMUNITY
ASSOCIATION, INC.

THIS SECOND AMENDMENT TO DECLARATION, made this 22nd day of February, 1988, by WAKE DURHAM LIMITED PARTNERSHIP, a North Carolina Limited Partnership (hereinafter the "Declarant"), and consented to by DOUGLAS F. WOOLLEY III (hereinafter "Trustee") and FIRST UNION NATIONAL BANK (hereinafter the "Lender");

W I T N E S S E T H:

WHEREAS, Declarant has heretofore recorded that certain Declaration Of Covenants, Conditions And Restrictions Of The Harrington Grove Community Association, Inc., in Book 4012 at Page 6 in the WAKE County Public Registry, and that certain First Amendment To Declaration Of Covenants, Conditions And Restrictions Of The Harrington Grove Community Association, Inc., in Book 4057 at Page 295 in the Wake County Public Registry (hereinafter individually and collectively referred to as the "Declaration");

WHEREAS, pursuant to Section 2(a) of Article II of the Declaration, Declarant desires to annex additional property within the area described in said Section 2(a) and to subject such property to the Declaration and to the jurisdiction of the Harrington Grove Community Association, Inc.;

WHEREAS, Declarant is the owner of all of the property being annexed herein;

WHEREAS, the Lender is the beneficiary and the Trustee is the trustee on that certain Deed of Trust recorded in Book 3684 at Page 889 in the Wake County Public Registry, as modified by a Modification Agreement recorded in Book 3778 at Page 406 in the Wake County Public Registry, which Deed of Trust is an encumbrance upon the property being annexed herein; and

WHEREAS, Trustee and Lender desire to exhibit their consent to the annexation of the property described herein;

NOW, THEREFORE, in consideration of the premises, Declarant hereby declares that the following-described property shall be and hereby is annexed into the property covered by the Declaration and shall be and hereby is made subject to the Declaration and to the jurisdiction of the Harrington Grove Community Association, Inc., and by execution of this document, the Trustee and the Lender each evidence his/its consent to such annexation:

THE ARBOR

Lying and being in Leesville Township, Wake County, North Carolina, and being more particularly described as being all of the real property, consisting of 14.728 acres, more or less, shown and identified on that plat of survey entitled "THE ARBOR AT HARRINGTON GROVE", prepared by Barrett Kays & Associates, dated 11/19/87, and recorded in Book of Maps 1988 at Pages 222 through 224 in the WAKE County Public Registry, which property includes Lots 1 through 47 of THE ARBOR AT HARRINGTON GROVE as shown on the aforementioned recorded plat.

RECORDED
STATE OF NORTH CAROLINA
COUNTY OF WAKE
20:50:00 (000000)
10/1/88
00000000

THE COMMONS

Lying and being in Leesville Township, Wake County, North Carolina, and being more particularly described as being all of the real property, consisting of 8.970 acres, more or less, shown and identified on that plat of survey entitled "THE COMMONS AT HARRINGTON GROVE", prepared by Barrett Kays & Associates, dated 11/19/87, and recorded in Book of Maps 1988 at Pages 217 through 219 in the WAKE County Public Registry, which property includes Lots 1 through 40 of THE COMMONS AT HARRINGTON GROVE as shown on the aforementioned recorded plat.

COMMON PROPERTY, SECTION 4, TRACT B

Lying and being in Leesville Township, Wake County, North Carolina, and being more particularly described as follows:

BEGINNING at a new iron pipe in the northern right-of-way line of New Leesville Boulevard (said pipe being located the following courses and distances from NCGS Monument "ANGUS II": North 39° 25' 34" East a distance of 9,847.39 feet to a new iron pipe in the northern right-of-way line of New Leesville Boulevard; thence along and with said right-of-way line along a curve to the right having a radius of 1930.51 feet a distance of 996.27 feet to an existing iron pipe; thence North 27° 44' 43" West a distance of 446.75 feet to the point of beginning); running thence along and with said right-of-way line North 27° 44' 43" West a distance of 238.48 feet to a new iron pipe; leaving said right-of-way and running thence South 87° 44' 43" East a distance of 475.00 feet to a new iron pipe; running thence South 82° 44' 43" East a distance of 290.00 feet to a new iron pipe; running thence North 87° 15' 17" East a distance of 550.00 feet to a new iron pipe; running thence South 02° 44' 43" East a distance of 100.00 feet to a new iron pipe; running thence South 82° 15' 17" West a distance of 115.00 feet to a new iron pipe; running thence North 73° 44' 43" West a distance of 50.00 feet to a new iron pipe; running thence South 84° 15' 17" West a distance of 80.00 feet to a new iron pipe; running thence South 42° 15' 17" West a distance of 100.00 feet to a new iron pipe; running thence South 88° 15' 17" West a distance of 290.00 feet to a new iron pipe; running thence North 81° 44' 43" West a distance of 260.00 feet to a new iron pipe; running thence North 56° 44' 43" West a distance of 100.00 feet to a new iron pipe; running thence South 88° 15' 17" West a distance of 150.00 feet to a new iron pipe; running thence South 56° 15' 17" West a distance of 139.42 feet to the POINT AND PLACE OF BEGINNING, being 4.258 acres, more or less, identified as "SECTION 4, TRACT B COMMON PROPERTY" on that certain plat of survey entitled "Plat of Survey for: WAKE DURHAM LIMITED PARTNERSHIP", prepared by Barrett Kays & Associates, dated 7-15-88, and recorded in Book of Maps 1988 at Page 221 in the WAKE County Registry.

Said property shall be owned, held, transferred, sold, conveyed, given, donated, devised, inherited, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations and liens (all hereinafter sometimes referred to as the "Covenants and Restrictions") contained in the Declaration, which Covenants and Restrictions shall run with the real property and be binding on all parties having or acquiring any right, title and interest in the above-described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

IN WITNESS WHEREOF, each of the undersigned has caused this Second Amendment To Declaration to be executed and sealed in its corporate name by its duly authorized officers, or has hereunto set his hand and seal, the day and year first above written.

WAKE DURHAM LIMITED PARTNERSHIP,
a North Carolina Limited Partnership

(Seal)

By: Crosland Management Limited Partnership,
a North Carolina Limited Partnership
General Partner

(Seal)

By: Crosland Apartment Investors, Inc.
a North Carolina corporation
General Partner

(Corporate Seal)

By: Douglas L. Boone
Douglas L. Boone
Vice President



ATTEST:

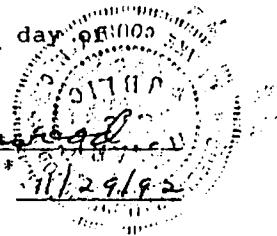
Richard W. Moore
Assistant Secretary

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, Shelia R. Underwood, a Notary Public for Wake County, North Carolina, certify that DOUGLAS L. BOONE personally appeared before me this day and, being by me duly sworn, says and deposes that he is Vice President of CROSLAND APARTMENT INVESTORS, INC., a North Carolina corporation and a General Partner of CROSLAND MANAGEMENT LIMITED PARTNERSHIP, a North Carolina Limited Partnership and a General Partner of WAKE DURHAM LIMITED PARTNERSHIP, a North Carolina Limited Partnership, that the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation, that the said written instrument was signed and sealed by him and attested by Richard W. Moore as its Assistant Secretary in behalf of said corporation as a General Partner of said Crosland Management Limited Partnership as a General Partner of said Wake Durham Limited Partnership by its authority duly given. And the said Vice President acknowledged the said written instrument to be the act of said corporation and said partnerships.

WITNESS my hand and official seal, this the 22nd day of February, 1988.

Shelia R. Underwood
Notary Public
My commission expires: 11/29/92



Douglas F. Woolley III (SEAL)
DOUGLAS F. WOOLLEY III
Trustee

FIRST UNION NATIONAL BANK

By: *Douglas F. Woolley III*
Vice President

ATTEST:

T.D. Puchak
Secretary

NORTH CAROLINA -- MECKLENBURG COUNTY

I, *DEBORAH M. OLSAKOVSKY*, a Notary Public for Mecklenburg County, North Carolina, certify that DOUGLAS F. WOOLLEY III, personally appeared before this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the *12th* day of February, 1988.

Deborah M. Olsakovsky
Notary Public
My commission expires: *1/26/92*

NORTH CAROLINA -- MECKLENBURG COUNTY

I, *DEBORAH M. OLSAKOVSKY*, a Notary Public for Mecklenburg County, North Carolina, certify that *DOUGLAS F. WOOLLEY III* personally appeared before me this day and, being by me duly sworn, says and deposes that he is a Vice President of FIRST UNION NATIONAL BANK, that the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation, that the said written instrument was signed and sealed by him and attested by *T.D. PUCHAK* as its Assistant Secretary in behalf of said corporation, by its authority duly given. And the said Vice President acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and official stamp or seal, this the *12th* day of February, 1988.

Deborah M. Olsakovsky
Notary Public
My commission expires: *1/26/92*

NORTH CAROLINA -- WAKE COUNTY

The foregoing certificate of *Shirley R. Underwood*
Deborah M. Olsakovsky
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

KENNETH C. WILKINS, Register of Deeds

By *Kristian D. Bullock*
Deputy Register of Deeds

PRESENTED
FOR
DECLARATION
STATE OF NORTH CAROLINA
000103 WAKE COUNTY 08 OCT 12 AM 11:39
KENNETH J. JONES
REGISTER OF DEEDS
WAKE COUNTY

THIRD AMENDMENT TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
THE HARRINGTON GROVE COMMUNITY
ASSOCIATION, INC.

THIS THIRD AMENDMENT TO DECLARATION, made this 7th day of October, 1988, by WAKE DURHAM LIMITED PARTNERSHIP, a North Carolina Limited Partnership (hereinafter the "Declarant"), and consented to by DOUGLAS F. WOOLLEY III (hereinafter "Trustee") and FIRST UNION NATIONAL BANK (hereinafter the "Lender");

W I T N E S S E T H:

WHEREAS, Declarant has heretofore recorded that certain Declaration Of Covenants, Conditions And Restrictions Of The Harrington Grove Community Association, Inc., in Book 4012 at Page 6 in the WAKE County Public Registry, and that certain First Amendment To Declaration Of Covenants, Conditions And Restrictions Of The Harrington Grove Community Association, Inc., in Book 4057 at Page 295 in the Wake County Public Registry, and that certain Second Amendment To Declaration Of Covenants, Conditions And Restrictions Of The Harrington Grove Community Association, Inc., in Book 4206 at Page 414 in the Wake County Public Registry (hereinafter individually and collectively referred to as the "Declaration");

WHEREAS, pursuant to Section 2(a) of Article II of the Declaration, Declarant desires to annex additional property within the area described in said Section 2(a) and to subject such property to the Declaration and to the jurisdiction of the Harrington Grove Community Association, Inc.;

WHEREAS, Declarant is the owner of all of the property being annexed herein;

WHEREAS, the Lender is the beneficiary and the Trustee is the trustee on that certain Deed of Trust recorded in Book 3684 at Page 889 in the Wake County Public Registry, as modified by a Modification Agreement recorded in Book 3778 at Page 406 in the Wake County Public Registry, which Deed of Trust is an encumbrance upon the property being annexed herein; and

WHEREAS, Trustee and Lender desire to exhibit their consent to the annexation of the property described herein;

NOW, THEREFORE, in consideration of the premises, Declarant hereby declares that the property identified and described on Exhibit A attached hereto and incorporated herein by reference shall be and hereby is annexed into the property covered by the Declaration and shall be and hereby is made subject to the Declaration and to the jurisdiction of the Harrington Grove Community Association, Inc., and by execution of this document, the Trustee and the Lender each evidence his/its consent to such annexation:

Said property shall be owned, held, transferred, sold, conveyed, given, donated, devised, inherited, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations and liens (all hereinafter sometimes referred to as the "Covenants and Restrictions") contained in the Declaration, which Covenants and Restrictions shall run with the real property and be binding on all parties having or acquiring any right, title and interest in the above-described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

IN WITNESS WHEREOF, each of the undersigned has caused this Third Amendment To Declaration to be executed and sealed in its corporate name by its duly authorized officers, or has hereunto set his hand and seal, the day and year first above written.

WAKE DURHAM LIMITED PARTNERSHIP,
a North Carolina Limited Partnership

(Seal)

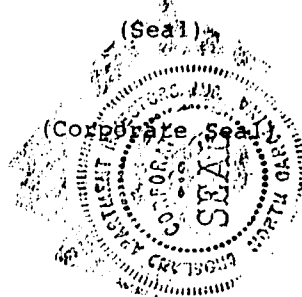
By: Crosland Management Limited Partnership,
a North Carolina Limited Partnership
General Partner

By: Crosland Apartment Investors, Inc.
a North Carolina corporation
General Partner

By:

Douglas L. Boone

Douglas L. Boone
Vice President



ATTEST:

Maurice M. Hottel
Assistant Secretary

STATE OF NORTH CAROLINA
COUNTY OF Mecklenburg

I, Carol J. Boucher, a Notary Public for Mecklenburg County, North Carolina, certify that DOUGLAS L. BOONE personally appeared before me this day and, being by me duly sworn, says and deposes that he is Vice President of CROSLAND APARTMENT INVESTORS, INC., a North Carolina corporation and a General Partner of CROSLAND MANAGEMENT LIMITED PARTNERSHIP, a North Carolina Limited Partnership and a General Partner of WAKE DURHAM LIMITED PARTNERSHIP, a North Carolina Limited Partnership, that the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation, that the said written instrument was signed and sealed by him and attested by Maurice Hottel as its Assistant Secretary in behalf of said corporation as a General Partner of said Crosland Management Limited Partnership as a General Partner of said Wake Durham Limited Partnership by its authority duly given. And the said Vice President acknowledged the said written instrument to be the act of said corporation and said partnerships.

WITNESS my hand and official seal, this the 7th day of
October, 1988.



Carol J. Boucher
Notary Public

My commission expires: 10-29-91

Douglas F. Woolley III (SEAL)
DOUGLAS F. WOOLLEY III
Trustee

FIRST UNION NATIONAL BANK

By: *Douglas F. Woolley III*
VICE President

ATTEST:

Dave Mullington
Asst. Secretary

(Corporate Seal)

NORTH CAROLINA -- MECKLENBURG COUNTY

I, *Jennifer A. McNeil*, a Notary Public for Mecklenburg County, North Carolina, certify that DOUGLAS F. WOOLLEY III, Trustee, personally appeared before this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the 7th day of October, 1988.

Jennifer A. McNeil
Notary Public
My commission expires: 5-12-91

NORTH CAROLINA -- MECKLENBURG COUNTY

I, *Jennifer A. McNeil*, a Notary Public for Mecklenburg County, North Carolina, certify that *Douglas F. Woolley III* personally appeared before me this day and, being by me duly sworn, says and deposes that he is a Vice President of FIRST UNION NATIONAL BANK, that the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation, that the said written instrument was signed and sealed by him and attested by *Dave Mullington* as its Assistant Secretary in behalf of said corporation, by its authority duly given. And the said Vice President acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and official stamp or seal, this the 7th day of October, 1988.

Jennifer A. McNeil
Notary Public
My commission expires: 5/12/91

NORTH CAROLINA -- WAKE COUNTY

The foregoing certificates of *Jennifer A. McNeil*
Carol J. Parker, Notaries Public, are certified to be correct. This instrument and these certificates 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: *Sail C. Thorge*
Deputy Register of Deeds

EXHIBIT "A"

Being a 7.44 acre tract in Leesville Township, Wake County, North Carolina, and being more particularly described as follows:

BEGINNING at an existing iron pin North 28 13' 01" East a distance of 11,240.8054 feet from NCGS Mon. Angus 2 N(Y) 783,106.80 E(X) 2,069,201.95, being the north-east corner of Lot 16 of The Commons at Harrington Grove, as shown on Book of Maps 1988 at Page 1385 of the Wake County Public Registry; running thence North 31 53' 55" West a distance of 88.00 feet to an existing iron pin; running thence North 31 53' 55" West a distance of 40.00 feet to an existing iron pin; running thence a curve to the left a radius of 320.00 feet (chord bearing South 56 47' 37" West) a distance of 14.61 feet to an existing iron pin; running thence North 34 30' 50" West a distance of 108.62 feet to a new iron pin; running thence North 34 30' 50" West a distance of 13.60 feet to an existing iron pin; running thence North 40 09' 57" East a distance of 12.16 feet to an existing iron pin; running thence North 34 07' 45" East a distance of 80.01 feet to an existing iron pin; running thence North 19 26' 55" East a distance of 6.12 feet to a new iron pin; running thence North 19 26' 55" East a distance of 77.53 feet to an existing iron pin; running thence North 33 15' 17" East a distance of 4.75 feet to a new iron pin; running thence North 33 15' 17" East a distance of 67.57 feet to a new iron pin; running thence North 33 15' 17" East a distance of 7.68 feet to an existing iron pin; running thence North 33 15' 17" East a distance of 52.34 feet to a new iron pin; running thence North 33 15' 17" East a distance of 27.66 feet to an existing iron pin; running thence North 34 21' 24" East a distance of 37.24 feet to a new iron pin; running thence North 34 21' 24" East a distance of 46.72 feet to an existing iron pin; running thence North 41 10' 43" East a distance of 63.30 feet to a new iron pin; running thence North 41 10' 43" East a distance of 10.65 feet to an existing iron pin; running thence North 48 53' 17" East a distance of 63.64 feet to an existing iron pin; running thence North 48 53' 17" East a distance of 10.31 feet to an existing iron pin; running thence North 56 35' 51" East a distance of 46.02 feet to a new iron pin; running thence North 56 35' 51" East a distance of 27.93 feet to an existing iron pin; running thence North 64 27' 21" East a distance of 77.94 feet to an existing iron pin; running thence North 72 31' 40" East a distance of 74.58 feet to an existing iron pin; running thence North 80 12' 29" East a distance of 31.10 feet to a new iron pin; running thence North 80 12' 29" East a distance of 42.85 feet to an existing iron pin; running thence North 87 55' 03" East a distance of 16.50 feet to a new iron pin; running thence South 11 31' 41" East a distance of 84.60 feet to a new iron pin; running thence South 11 31' 41" East a distance of 88.11 feet to a new iron pin; running thence South 11 31' 41" East a distance of 61.00 feet to a new iron pin; running thence South 11 31' 41" East a distance of 73.60 feet to a new iron pin; running thence South 08 58' 17" East a distance of 77.35 feet to a new iron pin; running thence South 11 00' 51" East a distance of 60.77 feet to a new iron pin; running thence South 82 48' 45" West a distance of 52.76 feet to a new iron pin; running thence South 29 13' 06" West a distance of 90.34 feet to a point; running thence South 31 05' 21" West a distance of 40.01 feet to a point; running thence South 31 58' 01" West a distance of 91.59 feet to a new iron pin; running thence North 40 33' 19" West a distance of 15.11 feet to a new iron pin; running thence South 68 32' 40" West a distance of 113.74 feet to a point; running thence a curve to the right a radius of 820.00 feet (chord bearing South 20 37' 04" East) a distance of 23.98 feet to a point; running thence South 70 13' 11" West a distance of 40.00 feet to a point; running thence South 75 00' 15" West a distance of 75.11 feet to a new iron pin; running thence South 75 00' 15" West a distance of 25.30 feet to an existing iron pin; running thence South 75 00' 15" West a distance of 34.72 feet to a new iron pin; running thence South 75 00' 15" West a distance of 60.01 feet to an existing iron pin; running thence South 66 13' 01" West a distance of 22.85 feet to an existing iron pin; running thence South 66 13' 01" West a distance of 31.46 feet to the POINT AND PLACE OF BEGINNING.

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now or formerly owned by Donald I. Koshler (Durham County Deed Book 1119, Page 854); running thence along and with the southern line of the Koshler property South 88 18'43" East a distance of 755.78 feet to an existing iron pipe at the southwest corner of the property acquired by Wake-Durham Land Company by warranty deed recorded in Book 3765 at Page 372, Wake County Registry, said pipe also marking the southeast corner of the Koshler property; running thence along and with the eastern line of the Koshler property the following courses and distances: North 34 39'39" East a distance of 153.70 feet to a point; North 43 54'36" East a distance of 77.85 feet to a point; North 25 23'32" East a distance of 95.48 feet to a point; North 31 47'05" East a distance of 244.63 feet to a point; North 62 22'04" East a distance of 15.05 feet to a point; North 31 03'14" East a distance of 117.53 feet to a point; North 03 21'04" East a distance of 19.54 feet to a point; North 26 46'47" East a distance of 85.05 feet to a point located at the southwest corner of the property acquired by Wake-Durham Land Company by warranty deed recorded in Book 3635 at Page 194, Wake County Registry (Durham County Deed Book 1255, Page 547); North 25 39'58" East a distance of 127.87 to a point; North 24 09'52" East a distance of 271.06 feet to a point, said point being the intersection of the southeast corner of the property now or formerly owned by J. W. Parish (Durham County Deed Book 243, Page 370) and the southwest corner of the property now or formerly owned by K. R. Eagle (Durham County Deed Book 998, Page 294); running thence along and with the southern line of the Eagle property the following courses and distances: North 24 18'47" East a distance of 335.23 feet to a point; North 04 14'25" East a distance of 210.02 feet to a point; North 39 01'24" East a distance of 316.21 feet to a point, the southeast corner of the Eagle property and the southwest corner of the property now or formerly owned by Eliecer Nieves (Durham County Deed Book 1000, Page 448); running thence along and with the southern line of the Nieves property North 52 27'24" East a distance of 352.70 feet to a point, the southeast corner of Nieves and the southwest corner of the property now or formerly owned by R. M. Sherer (Durham County Deed Book 999, Page 500); running thence along and with the southern line of the Sherer property North 65 34'23" East a distance of 164.39 feet to a point; continuing with the southern line of Sherer North 63 56'48" East a distance of 20.82 feet to a point, the southeast corner of the Sherer property and the southwest corner of the property now or formerly owned by Mary F. Carpenter (Durham County Deed Book 253, Page 448); running thence along and with the southern line of the Carpenter property the following courses and distances: South 80 20'18" East a distance of 475.05 feet to a point; South 77 24'55" East a distance of 244.31 feet to a point; North 55 09'18" East a distance of 313.80 feet to a point in the northern line of the property acquired by Wake-Durham Land Company by warranty deed recorded in Book 3635 at Page 191, Wake County Registry (Durham County Deed Book 1255, Page 544); North 86 02'42" East a distance of 238.79 feet to a point; North 81 53'16" East a distance of 321.85 feet to a point in the southern line of the property now or formerly owned by Mary F. Carpenter (Durham County Deed Book 1255, Page 381); running thence North 61 09'39" East a distance of 59.68 feet to a new iron pipe at the southeast corner of the Carpenter property; running thence along and with the eastern line of the Carpenter property North 00 16'07" West a distance of 951.32 feet to a new iron pipe in the southern line of the 60-foot right-of-way of S.R. 1901; running thence along and with the southern right-of-way line of S.R. 1901 the following courses and distances: North 77 36'21" East a distance of 169.35 feet to a new iron pipe; North 73 54'11" East a distance of 270.05 feet to a new iron pipe; leaving the southern right-of-way of S.R. 1901 and running thence North 69 38'35" East a distance of 63.74 feet to a P K Nail; running thence North 41 38'26" East a distance of 63.94 feet to a P K Nail; running thence North 69 25'16" East a distance of 290.26 feet to a P K Nail; running thence South 28 46'16" East a distance of 29.12 feet to a existing iron pipe at the intersection of the southern right-of-way line of S.R. 1901 with the western line of the

property now or formerly owned by Alexander Polishuk (Wake County Deed Book 2054, Page 455); running thence along and with the western line of Polishuk property South 28 46'14" East a distance of 563.53 feet to an existing iron pipe; continuing with the western line of the Polishuk property South 03 45'36" West a distance of 46.74 feet to an existing iron pipe at the northwest corner of the property now or formerly owned by Richard A. Shapiro (Wake County Deed Book 1882, Page 305; Wake County Deed Book 2642, Page 206); running thence along and with the western line of the Shapiro property the following courses and distances: South 03 44'51" West a distance of 761.86 feet to a new iron pipe; South 70 01'04" West a distance of 443.67 feet to an existing iron pipe in the eastern line of the 60-foot right-of-way of S.R. 1840; running along and with the eastern right-of-way line of said S.R. 1840 South 20 24'09" East a distance of 59.94 feet to an existing angle iron; leaving the eastern right-of-way line of said S.R. 1840 and running thence North 69 55'55" East a distance of 417.16 feet to an existing angle iron at the southwest corner of the Shapiro property and the northwest corner of the property now or formerly owned by C. H. Holding (Wake County Deed Book 1868, Page 223; Wake County Deed Book 1510, Page 383); running thence along and with the western line of the Holding property the following courses and distances: South 02 31'02" West a distance 93.30 feet to an existing iron pipe; South 00 17'22" West a distance of 679.21 feet to a new iron pipe; South 72 41'35" West a distance of 135.16 feet to a new iron pipe in the eastern right-of-way line of the 60-foot right-of-way of S.R. 1840; continuing with the western line of the Holding property and the eastern right-of-way line of said S.R. 1840 South 19 50'25" East a distance of 50.04 feet to an existing iron pipe; South 19 50'25" East a distance of 254.20 feet to a new iron pipe; continuing with the western line of the Holding property but leaving the eastern right-of-way of S.R. 1840 South 80 00'14" West a distance of 30.83 feet to a point within the 60-foot right-of-way of said S.R. 1840, said point being the northeast corner of the property acquired by Wake-Durham Land Company by warranty deed recorded in Book 3756 at Page 670, Wake County Registry; continuing with the western line of the Holding property and within the right-of-way of said S.R. 1840 the following courses and distances: South 14 16'58" East a distance of 10.07 feet to a point; South 15 07'07" East a distance of 225.59 feet to a point; South 17 15'07" East a distance of 223.42 feet to a point; South 19 01'02" East a distance of 256.26 feet to a point; South 19 20'11" East a distance of 231.89 feet to a point; South 08 57'40" East a distance of 163.69 feet to a point; South 01 26'25" West a distance of 99.80 feet to a point; South 05 19'32" West a distance of 105.54 feet to a point; South 07 41'30" West a distance of 78.66 feet to a point; South 09 26'27" West a distance of 776.87 feet to a point; South 12 00'40" West a distance of 209.74 feet to a point; South 14 04'10" West a distance of 34.90 feet to a point; leaving said S.R. 1840 and running thence North 89 34'55" West a distance of 465.61 feet to an existing iron pipe at the northwest corner of the property now or formerly owned by Michael E. Brown (Wake County Deed Book 3509, Page 398); running thence along and with the western line of the Brown property South 02 30'47" West a distance of 300.12 feet to an existing iron pipe, the southwest corner of the Brown property and the northwest corner of the property now or formerly owned by Thomas Charles Mee (Wake County Deed Book 1598, Page 767); running thence along and with the western line of the Mee property South 02 30'47" West a distance of 314.00 feet to a new iron pipe at the southwest corner of the Mee property; running thence along and with the southern line of the Mee property South 86 59'13" East a distance of 259.00 feet to a new iron pipe in the western right-of-way line of the 60-foot right-of-way of S.R. 1840; running thence along with the western right-of-way line of S.R. 1840 the following courses and distances: South 22 11'57" West a distance of 30.67 feet to a point; South 14 38'08" West a distance of 108.39 feet to a point; South 09 05'46" East a distance of 110.71 feet to a point; South 25 40'55" East a distance of 106.57 feet to a point; South 33 59'56" East a distance of 103.09 feet to

EXHIBIT "B"
HARRINGTON GROVE
MEMBERSHIP, VOTING RIGHTS AND ASSESSMENTS

Membership Type	Property Type	Voting Rights	Maximum Regular Annual Assessment
(III.2)	(I)	(III.2)	(V)
Type A	Family Dwelling Units (I.k) [excluding Apartment Units (I.ff)]	2 votes per lot or unit	\$144.00
Type A-1	Apartment Units (I.ff)	1 vote per unit	\$144.00
Type B	Residential Lots (I.f)	2 votes per lot or unit	\$144.00
Type B-1	Multiple-Family Tracts (I.g)	1 vote per \$100 assessments paid	\$25/acre, \$195 minimum
Type C	Other Use Sites (I.h)	No vote	\$25/acre, \$195 minimum
Type C-1	Other Use Units (I.i)	No vote	\$0.05 per Square foot
Type D	Development Unit Parcels (I.i) Unsubdivided Land (I.j)	1 vote per \$100 assessments paid	\$25/acre, no minimum
Type E	Declarant	Votes only for election of Board of Directors	Based on type of land owned [Type A, A-1, B, B-1, C, C-1 & D]