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NC 27609

NORTH CAROLINA

WAKE COUNTY

DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
ARBOR GREENE SUBDIVISION, AS SHOWN
ON MAPS RECORDED IN BOOK OF MAPS 1999,
PAGES 1176 and 1177 OF THE WAKE COUNTY
REGISTRY

THIS DECLARATION, made on the date hereinafter set forth by THE NEW FORTIS
CORPORATION, a North Carolina corporation hereinafter referred to as the "Declarant;"

WITNESSETH: THAT WHEREAS, the Declarant is the owner of certain property lying
within the Town of Apex, Wake County, North Carolina, known as Arbor Greene Subdivision which
is more particularly described on Exhibit A attached hereto and incorporated herein by reference.

WHEREAS, Declarant will convey the said properties, subject to certain covenants,
conditions, restrictions, reservations, liens and charges as hereinafter set forth;

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

Wake County, NC 525
Laura M Riddick, Register Of Deeds
Presented & Recorded 11/04/1999 14:51:06
Book : 008454 Page : 02559 - 02595

INDEX

	<u>Page No.</u>
ARTICLE I - DEFINITIONS.....	7
Section 1 - Board of Directors.....	7
Section 2 - Buffer Area.....	7
Section 3 - Building.....	7
Section 4 - Common Area.....	7
Section 5 - Common Expenses.....	7
Section 6 - Declarant.....	7
Section 7 - Lot.....	8
Section 8 - Member.....	8
Section 9 - Owner.....	8
Section 10 - Person.....	8
Section 11 - Properties.....	8
Section 12 - Association.....	8
Section 13 - Declaration.....	8
ARTICLE II - ANNEXATION OF ADDITIONAL PROPERTIES.....	9
Section 1 - Annexation by Members.....	9
Section 2 - Annexation by Declarant.....	9
Section 3 - Method of Annexation.....	9
ARTICLE III - MEMBERSHIP.....	10

ARTICLE IV - VOTING RIGHTS.....	10
Section 1 - Voting Classes.....	10
Section 2 - Suspension of Voting Rights.....	11
ARTICLE V - PROPERTY RIGHTS.....	11
Section 1 - Member's Easements of Enjoyment.....	11
Section 2 - Delegation of Use.....	12
Section 3 - Title to the Common Area.....	12
ARTICLE VI - COVENANT FOR ASSESSMENTS.....	13
Section 1 - Creation of the Lien and Personal Obligation of Assessments.....	13
Section 2 - Purposes of Assessments.....	14
Section 3 - Amount of Annual Assessment.....	14
Section 4 - Special Assessments for Capital Improvements.....	16
Section 5 - Uniform Rate of Assessment.....	16
Section 6 - Quorum for Any Action Authorized Under Sections 3 and 4.....	16
Section 7 - Date of Commencement of Annual Assessments: Due Dates.....	17
Section 8 - Effect of Non-Payment of Assessments: Remedies of the Association.....	17
Section 9 - Subordination of Liens to Mortgages.....	18
Section 10 - Two Months Assessment to be Collected at Closing.....	18

ARTICLE VII - MAINTENANCE OF PROPERTIES.....	19
Section 1 - Maintenance of Lots.....	19
Section 2 - Maintenance of Common Area.....	19
Section 3 - Buffer Areas.....	19
Section 4 - Sidewalk Easement Areas.....	20
ARTICLE VIII - ARCHITECTURAL CONTROL & INSPECTION.....	20
ARTICLE IX - RULES AND REGULATIONS.....	22
ARTICLE X - PROTECTIVE COVENANTS.....	22
Section 1 - Lot Size.....	22
Section 2 - Land Use.....	22
Section 3 - Building Location.....	22
Section 4 - Temporary Structures.....	23
Section 5 - Animals.....	23
Section 6 - Mail Box Posts.....	23
Section 7 - Signs.....	23
Section 8 - Prohibition of Satellite Dishes and Clotheslines.....	23
Section 9 - Fences.....	24
Section 10 - Parking.....	24
Section 11 - Vehicles.....	24
Section 12 - Burning.....	24

Section 13 - Buffer Areas.....	24
Section 14 - Nuisances.....	24
Section 15 - Tree Removal.....	24
Section 16 - Play Equipment	25
ARTICLE XI - RIGHTS OF FIRST MORTGAGEES AND INSURERS OF FIRST MORTGAGES.....	25
ARTICLE XII - EASEMENTS.....	26
Section 1 - Walks, Drives, Parking Areas and Utilities.....	26
Section 2 - Drainage and Utilities.....	26
Section 3 - Emergencies.....	27
Section 4 - Easement for Governmental Agencies.....	27
Section 5 - Buffer Areas.....	27
Section 6 - Encroachment.....	27
Section 7 - Easement for Construction Purposes.....	28
ARTICLE XIII - GENERAL PROVISIONS.....	28
Section 1 - Enforcement.....	28
Section 2 - Insurance and Fidelity Bonds.....	28
Section 3 - Severability.....	30
Section 4 - FHA/VA Approval.....	30
Section 5 - Amendment.....	30

Section 6 - Certification of Amendment.....	31
Section 7 - Restrictions Against Association Entering Into Contracts.....	33
Section 8 - Books and Records.....	33

ARTICLE I

DEFINITIONS

Section 1. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association, unless a contrary intent is evident.

Section 2. "Buffer Area" shall mean any area designated as such on a recorded map of the Property.

Section 3. "Building" shall mean and refer to a single-family detached residential structure, constructed or erected on the Property.

Section 4. "Common Area" shall mean all real property, including private streets, private open space, buffer areas and amenities, if any, located thereon, owned by the Association for the common use and enjoyment of Members of the Association.

Section 5. "Common Expenses" shall mean and include:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses of administration, maintenance, repair, or replacement of the property which the Association is obligated to maintain by the provisions of this Declaration;
- (c) Expenses declared to be common expenses by the provisions of this Declaration or the Bylaws:

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

- (e) Payments and obligations to reserve accounts, if any, established by the Association.

Section 6. "Declarant" shall mean and refer to THE NEW FORTIS CORPORATION and the successors and assigns, to whom the rights of Declarant hereunder are expressly transferred, in

whole or in part, and subject to such terms and conditions as the Declarant may impose.

Section 7. "Lot" shall mean and refer to any plot of land for use as a site for a single-family detached residence shown upon any recorded map of a portion of the Properties.

Section 8. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 10. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee, or other legal entity.

Section 11. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 12. "Association" shall mean and refer to ARBOR GREENE HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 13. "Declaration" shall mean and refer to this Declaration of Protective Covenants, Conditions and Restrictions, and all subsequent valid amendments thereto.

ARTICLE II

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation by Members. Except as provided in Section 2 of this Article, annexation of additional Property shall require the assent of two-thirds (2/3) of the Class A membership and two-thirds (2/3) of the Class B membership, if any.

Section 2. Annexation by Declarant. If, within ten years of the date of incorporation of this Association, the Declarant should develop additional lands within the boundaries of the property described on Exhibit "B" attached hereto, such additional lands may be annexed to said Properties without the assent of the Class A members.

Section 3. Method of Annexation. Annexation of additional Properties shall be accomplished by recording in the Wake County Registry a Declaration of Annexation, duly executed by the Declarant, if the Declarant has the right to annex pursuant to Section 2 above (and by the Association if pursuant to Section 1 above), describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexations, and in the case of an annexations by Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except the Town of Apex, if required by its ordinances.

ARTICLE III

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject to the Declaration, including contract sellers, shall be a members 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; however, any creditor of an Owner of a Lot who acquires title to the Properties of any portion thereof pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure shall be a member of the Association. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors may make reasonable rules relating to the proof of ownership of a Lot.

ARTICLE IV

VOTING RIGHTS

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

Class A. Class A members shall be all those Owners as defined in Article III with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article III. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be case with respect to any Lot and no fractional vote may be cast with respect to any Lot.

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

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in subparagraph (b) below, such additional lands are annexed to the Properties without the assent of Class A members on account of the development of such additional lands by either Declarant, all as provided for in Article II, Section 2 above, or

(b) on September 30, 2009.

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

ARTICLE V

PROPERTY RIGHTS

Section 1. Members' Easements of Enjoyment. Every Member shall have a right and easement of enjoyment in and to the Common Area, including the rights of ingress and egress, and such easement shall be appurtenant to and shall pass with the right to every Lot, subject to each of the following provisions:

(a) The Association shall have the right, in accordance with its Articles and Bylaws and with the assent of Members entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, to borrow money for the purpose

of improving the Common Area and facilities and in aid thereof to mortgage the Common Area, or any portion thereof, provided the rights of such mortgage in said Property shall be subordinate to the rights of the Owners hereunder.

(b) The Association shall have the right to dedicate or transfer all or any part of the Common Area for such purposes and subject to such conditions as may be agreed to by the Board of Directors. No such dedication or transfer shall be effective unless an instrument signed by Members entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, has been recorded, agreeing to such dedication or transfer; and

(c) The Association shall have the right acting through its Board to grant permits, licenses, and easements over the Common Area as set forth in Section 1 of Article XII of this Declaration.

(d) The Association shall have the right to formulate, publish and enforce rules and regulations as provided in Article IX of this Declaration.

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

Section 3. Title to the Common Area. The Declarant hereby covenants for itself, its successors and assigns, that, prior to the conveyance of the first Lot to a person or entity other than a Builder, it will convey to the Association fee simple title to the Common Area as shown on any recorded map of Arbor Greene, free and clear of all encumbrances and liens, except utility and drainage easements and easements to governmental authorities. Similarly, the Declarant will convey to the Association any Common Areas which are part of Arbor Greene as those portions are annexed

in the future until all Common Area, as shown on plans approved by the Town of Apex, has been conveyed to the Association.

ARTICLE VI

COVENANT FOR ASSESSMENTS

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

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

Notwithstanding any provision herein to the contrary, the assessment for each Lot owned by Declarant shall be twenty-five percent (25%) of the assessment which would have otherwise been due.

Such assessments shall be fixed, established, and collected from time to time as hereinafter provided.

The annual and special assessments, together with such interest thereon, costs of collection and reasonable attorney fees shall be a charge on the land and shall be a continuing lien upon the Lot and improvements against which each such assessment is made. Each such assessment, together with such interest and costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of the Lot at the time the assessment fell due. The personal obligation of an owner for delinquent assessments shall not pass to his successors in title unless expressly

assumed by them. All assessments shall be shared equally by the owners of each Lot, except as otherwise provided in this section.

Section 2. Purpose of Assessments. The annual assessment shall be used exclusively for promoting the recreation, health, safety, and welfare of the residents of the Properties; enforcing these covenants and the rules of the Association; and maintenance of common areas, buffer areas and landscape easement areas located on Lots as provided in Article VII of this Declaration; and paying all Common Expenses.

If the Association is obligated to maintain any improvements to the Common Area, the Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of said improvements. The fund shall be maintained out of the annual assessment.

Section 3. Amount of Annual Assessment.

(a) Initial Annual Assessment. To and including December 31, 1999 the initial annual assessment shall not be in excess of \$25.00^{per month} per Lot, the exact amount of which shall be determined from time to time as provided in Subsection (d) of this Section 3.

(b) Increase by Association. From and after December 31, 1999, the annual assessment effective for any year may be increased from and after January 1 of the succeeding year by the Board of Directors, without a vote of the membership, to an amount which may not exceed the previous year's assessment (or the previous year's revised assessment determined pursuant to subparagraph (c) below) plus ten percent (10%).

(c) Increase by Members. From and after December 31, 1999, the annual assessment may be increased by a percentage greater than permitted by this Article by an affirmative vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. The limitations herein set forth in subparagraphs (b) and (c) shall not apply to an increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation or to an increase in assessments necessary to cover the cost of hazard and/or liability insurance in the event the Association is required to obtain such insurance on the areas it maintains.

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

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

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association, may levy, in any assessment year, a special assessment applicable to that year only for the purposes of defraying, in whole or in part, the costs of construction of reconstruction, unexpected repair, or replacement of a described capital improvement upon the property maintained by the Association, including the necessary fixtures and personal property related thereto, and to provide for facilities and equipment necessary to offer the services authorized herein. Any such special assessment proposed by the Association shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all Members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. The amount of the proposed assessment need not be stated.

Section 5. Uniform Rate of Assessment. Both the annual assessment and special assessments must be fixed at a uniform rate for all Lots, on a per Lot basis, and may be collected on a monthly or quarterly basis as determined by the Board of Directors.

Section 6. Quorum for Any Action Authorized Under Sections 3 and 4. At the first meeting called, as provided in Section 3 and 4 of this Article, the presence at the meeting of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, subsequent meetings may be called, subject to the notice requirement set forth in Sections 3 and 4 and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the next

preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the next preceding meeting.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided herein for Lots shall be paid in monthly or quarterly installments as determined by the Board and the payment of such shall commence as to any Lot subject to this Declaration upon the sale of the first Lot shown on the first recorded subdivision map of the Properties or a portion thereof. Assessments shall commence as to any Lot made subject to this Declaration pursuant to Article II herein upon recording the Declaration of Annexation which subjects such Lot to this Declaration. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year or the Association's fiscal year as the Board deems appropriate. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment or portion thereof which are not paid when due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the rate of nine percent (9%). The Association may bring an action

against the owner personally obligated to pay the same, and interest, costs, late payment charges and reasonable attorney's fees of any such action shall be added to the amount of such assessment. If any law permits the filing of a lien and the foreclosure of such lien, or other similar action, as a method of enforcement of the Association's right to collect assessments, the Association may use such remedy. No owner may waive or otherwise escape liability for the assessment provided for herein by abandonment of his Lot.

Section 9. Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. A sale or any transfer of any Lot shall not affect the assessment liens; provided, however, that the sale or transfer of any Lot pursuant to foreclosure of a first mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payment which became due prior to such sale or transfer. Any delinquent assessments which were extinguished pursuant to a foreclosure of a first mortgage or any proceeding in lieu of foreclosures may be reallocated and assessed equally to all of the Lots as a Common Expense. No sale or transfer shall relieve such Lot from the liability for any assessment thereafter becoming due or from the lien thereof.

Section 10. Two Months Assessments to be Collected at Closing. At the closing of each sale of a Lot, a sum shall be collected from the purchaser equal to the total assessment for such Lot for the succeeding two months and such sum shall be contributed to the reserve accounts of the Association to be used by the Association to meet unforeseen expenditures. This contribution shall not be considered an advance against assessments to become due or a refundable deposit.

ARTICLE VII

MAINTENANCE OF PROPERTIES

Section 1. Maintenance of Lots.

If in the opinion of the Board, an Owner fails to maintain his Lot, including Buffer Areas located on a Lot as shown on recorded maps, in a neat and orderly condition or otherwise neglects his Lot and allows unsightly conditions to develop, the Board, after 30 days written notice to the Owner, may, but is not obligated to, take steps to remedy the problem. Such remedy may include, but shall not be limited to; the removal of debris or junked cars, the mowing of grass or cutting of brush and the painting or repair of structures located on the Lot. The Board shall bill such Owner for all expenses incurred in correcting the problem. Every Owner by acceptance of a deed covenants to pay said bill. Failure to pay said bill shall allow the Board to file an action to collect the unpaid amount and such action may result in a lien against the Lot.

Section 2. Maintenance of Common Area. The Association shall maintain or cause to be maintained all areas designated as Common Area. The cost of such maintenance shall be a Common Expense which shall be paid from the funds supplied from the annual assessment.

Section 3. Buffer Areas. The Buffer Areas located on Lots shown on recorded maps shall remain in an undisturbed, natural state. No improvements may be constructed, erected or allowed to remain in the Buffer Areas except:

- (I) the Declarant may construct improvements in Buffer Areas with the written approval of the Town of Apex; and

(ii) an Owner of a Lot, other than the Declarant, may erect a fence in the Buffer Areas with the written approval of the Town of Apex and the Association.

The construction of any fence shall be governed by the provisions of Article VIII of the Declaration on architectural control. The Association and the Owner of any Lot on which a Buffer Area is located may, but is not obligated to, plant trees and shrubs in the Buffer Areas. All lots on which Buffer Areas are located are subject to an easement in favor of the Association for ingress and egress, to plant trees and shrubs and to enforce the provisions of the Declaration as to the Buffer Areas. The cost of such maintenance shall be a Common Expense, which shall be paid from funds supplied from the annual assessment.

Section 4. Sidewalk Easement Areas. Certain Lots in the Properties may be subject to a sidewalk easement as shown on recorded maps. The sidewalk easement is in favor of the Declarant and the Town of Apex for ingress and egress for the construction and maintenance of a sidewalk.

ARTICLE VIII

ARCHITECTURAL CONTROL & INSPECTION

Except for initial improvements by Declarant, no construction, erection, or installation of any improvements, including, but not limited to, residences, outbuildings, fences, walls, exterior television antennas and other structures, shall be undertaken upon the Properties unless the plans and specifications therefore, showing the nature, kind, shape, height, color, materials and location of the proposed improvements shall have been submitted to the Declarant or its agent and expressly approved in writing. No subsequent alteration or modification of any existing improvements nor construction, erection, or installation of additional improvements may be undertaken on any of the

Properties without prior review and express written approval of the Board of Directors of the Association, or by an architectural committee.

In general, no exterior alterations, including painting and additions to buildings or garages, shall be considered for approval unless such alterations or additions are in harmony with existing structures, as to style, shape, color and size. However, this section shall not be construed to mean that the Architectural committee or Board shall have to approve a proposed alteration or addition that meets the above criteria.

Generally, approval or disapproval should be issued within thirty days. In the event that the Declarant or the Association, as the case may be, fails to approve or disapprove the site of design of any proposed improvements within sixty (60) days after plans and specifications therefore have been submitted and received, approval will not be required, and the requirements of this Article will be deemed to have been fully met; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Declarant or the Association if they contain erroneous data or fail to present adequate information upon which the Declarant or the Association, as the case may be, can arrive at a decision.

The Declarant and/or the Association (as applicable) shall have the right, at its election, but shall not be required, to enter upon any of the Properties during site preparation or construction, erection, or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved methods and good quality materials.

ARTICLE IX

RULES AND REGULATIONS

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

ARTICLE X

PROTECTIVE COVENANTS

Section 1. Lot Size. A Lot shall have a width at the minimum building set back line, and an area, that meets the minimum requirements of the ordinances of the Town of Apex.

Section 2. Land Use. No Lot shall be used except for residential purposes; provided, however, that nothing herein shall prevent the conversion of portions of Lots to public or private streets. Except as otherwise provided, no Building shall be erected, altered, placed or permitted to remain on any Lot other than one detached single-family dwelling. Notwithstanding this section, nothing shall prohibit Declarant from using any Lot or Building as a model or sales office.

Section 3. Building Location. All Buildings are subject to applicable setback requirements imposed by the Town of Apex as amended from time to time. The Town of Apex setback requirements are not incorporated herein by reference and this Declaration is not intended to establish any setback requirements.

Section 4. Temporary Structure. No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently. Storage buildings are permitted in the rear yard of a Lot provided prior written approval is obtained pursuant to Article VII of this Declaration. Prefabricated and metal storage buildings are expressly prohibited.

Section 5. Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats, or other household pets may be kept, subject to the rules and regulations of the Association, provided that they are not kept, bred or maintained for any commercial purpose. If dogs, cats or other household pets are kept outdoors, such animals shall be kept in the rear yard, enclosed by a fence approved by the Declarant or the Association.

Section 6. Mail Box Posts. All mail box support posts shall be of material and design as approved by Declarant or the Association.

Section 7. Signs. No sign of any kinds, except an owner and street number identification, shall be displayed to the public's view on any Lot except one professional sign of not more than 5 square feet advertising the property for sale or rent, or signs used by a builder to advertise the property during the construction and sale period. The Declarant or the Association shall have the right to enter any Lot and summarily remove any sign which violates this provision if the violation has not been removed after 5 days written notice to the Lot Owner.

Section 8. Restriction of Satellite Dishes and Outdoor Clotheslines. Satellite dishes and Outdoor Clotheslines must be approved in writing as to design, size, color and location by the Association, such approval to not be unreasonably withheld.

Section 9. Fences. No fence of any kind may be erected in the buffer areas on Lots unless the Owner secures the approvals required by the Declaration (Article VIII) and the Town of Apex. Fences of a type specified and approved in advance in writing by the Declarant or architectural committee may be erected in the rear yard or side yard of Lots.

Section 10. Parking. Parking of all vehicles of any type on Lots shall be governed by the Rules and Regulations established by the Association as provided in Article IX of this Declaration.

Section 11. Vehicles. Unlicensed or disabled vehicles shall be parked only within an enclosed garage. Boats, trailers and campers shall be parked only within an enclosed garage or on parking pads approved by the Declarant or the Association in the side or rear yards of Lots.

Section 12. Burning. Burning of trash on any Lot is prohibited.

Section 13. Buffer Areas. Subject to the provisions of this Declaration, areas designated as buffer areas on recorded maps shall be left in their undisturbed, natural state. No improvements may be placed, erected or constructed on the buffer areas, except that Owners may erect fences in the buffer area on their Lot if they secure the necessary approvals required by the Declaration (Article VIII) and the Town of Apex.

Section 14. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall any activity be conducted on any Lot which is or may become an annoyance to the neighborhood.

Section 15. Tree Removal. No trees or other vegetation except weeds, deadwood, underbrush, or grass may be cut or removed any an Owner other than the Declarant from any Lot prior to or during the initial construction of improvements on a Lot without the prior written

approval of the Declarant. Subsequent to the initial construction of improvements on a Lot, no tree having a trunk diameter exceeding six (6) inches, four (4) feet above ground level, shall be removed without the prior written approval of the Declarant or the Association. This section shall not require the prior written approval of the Declarant or the Association for the removal of any tree which is dead, diseased or poses an imminent threat or danger to persons or property.

Section 16. Play Equipment. No play equipment including but not limited to playhouses, jungle gyms, swings, trampolines, sandboxes and pools shall be located on the front lot area or side lot area of any Lot.

ARTICLE XI

RIGHTS OF FIRST MORTGAGEES AND INSURERS OF FIRST MORTGAGES

Any institutional holder of a first mortgage on a Lot will, upon request in writing to the Association, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive written notice of all meetings of the Association and the right to designate a representative to attend all such meetings, (c) receive written notice of any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage, (d) receive written notice of any sixty (6) day delinquency in the payment of assessments or charges owned by the Owner of any Lot on which it holds the mortgage, (e) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, (f) receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, (I) be furnished with a copy of any insurance policy owned by the

Association and (j) receive an audited financial statement for the preceding fiscal year. The Association may require the payment of expenses incurred in preparing copies and mailing of documents furnished to first mortgage holders pursuant to this Article.

ARTICLE XII

EASEMENTS

Section 1. Walks, Drives, Parking Areas and Utilities. All of the Properties shall be subject to such easements for driveways, walkways, parking areas, water lines, irrigation systems, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines, cable television and other public utilities as shall be established prior to subjecting the Properties to this Declaration by the Declarant. The Declarant may subject any portion of the Properties to additional easements prior to the conveyance of such portion of the Properties.

The Declarant reserves the right to subject the real property covered by this Declaration to a contract with a power and light company for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to the power and light company by the owner of each Lot.

The Association shall have the power and authority to grant and to establish in, over, upon and across the Common Area conveyed to it such further easements as are requisite for the convenient use, enjoyment, maintenance or operation of the Properties.

Section 2. Drainage and Utilities. Easements for installation and maintenance of utilities and drainage facilities are reserved over the rear ten feet of each lot. In the event that the Owner of any Lot shall acquire land adjacent to and in the rear of such Lot, such Lot Owner may relocate the

easement herein established over the rear line to conform to the increase in the size of his Lot, provided that alteration in drainage does not thereby adversely affect the drainage of any other Lot or interfere with the rights of other Owners of the Property to services rendered by the easement herein created. Such relocated easement shall be the same width as the original easement.

Section 3. Emergencies. Every Lot shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot and that endangers any Building.

Section 4. Easement for Governmental Agencies. An easement is hereby established over the Lots for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

Section 5. Buffer Areas. All Lots are subject to easements in favor of the Association for ingress and egress for purposes of planting and maintaining Buffer Areas, as shown on recorded maps and as provided in Article VII of this Declaration.

Section 6. Encroachment. All Lots shall be subject to easements for the encroachment of initial improvements constructed on adjacent lots by the Declarant to the extent that such initial improvements constructed on adjacent Lots by the Declarant actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms and walls. If any encroachment shall occur subsequent to subjecting the property to 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 a valid easement for such encroachment and for the maintenance of the same. Every Lot shall be subject to an easement for entry and encroachment by the Declarant for a period not to exceed eighteen (18) months following conveyance of a Lot to an Owner for the purpose of correcting any problems that may arise regarding grading and drainage. The Declarant, upon making entry for such purpose, shall restore the affected Lot or Lots to as near the original condition as practicable.

Section 7. Easement for Construction Purposes. The Declarant reserves an easement for ingress and egress over Lots and Common Area for purposes of constructing Buildings on adjacent Lots and performing activities related to the construction of Buildings on adjacent Lots.

ARTICLE XIII

GENERAL PROVISIONS

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

Section 2. Insurance and Fidelity Bonds. In the event the Association becomes the owner of any buildings, or other improvements, or personal property located within the Common area, the Board of Directors shall obtain hazard insurance (if economically available) in an amount equal to the maximum insurable replacement value as determined annually by the Board of Directors with the assistance of the insurance company providing such coverage. Such coverage shall provide

protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and such other risks as from time to time shall be customarily covered with respect to buildings and properties similar in construction, location and use.

The Board of Directors shall also procure and maintain public liability and property damage insurance (if economically available), insuring: each member of the Board of Directors; the manager, if any; and the Association against any liability to the public or to homeowners (and their invitees, agents, and employees) arising out of or incident to the ownership and/or use of the Common Area and facilities, if applicable; or such other areas for which the Association is responsible. The insurance shall be issued on a comprehensive liability basis. The amount of such public liability insurance shall be not less than one million (\$1,000,000.00) per occurrence with regard to the Association and each individual director, unless coverage is not reasonably available, in which event the insurance coverage shall be in an amount deemed reasonable by the Board of Directors.

Premiums upon insurance policies purchased by the Board of Directors shall be paid by the Association as a Common Expense from the annual assessment.

The Association shall maintain blanket fidelity bonds for all officers, directors and all other persons handling or responsible for funds of or administered by the Association. The fidelity bonds shall name the Association as the obligee and the premiums should be paid as a common expense by the Association. The fidelity bond should cover the maximum funds that will be in the custody of the Association at any given time during the term of the bond. In any event, the fidelity bond must at least equal the sum of three months assessments on all lots plus reserve funds.

The Board may secure Officers and Directors insurance in such amounts as the Board deems appropriate. Premiums shall be paid by the Association as a Common Expense from the annual assessments.

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

Section 4. FHA/VA Approval. Notwithstanding any provisions in this instrument to the contrary, as long as there is a Class B membership, and if Declarant desires to qualify sections of this subdivision for Federal Housing Administration or Department of Veterans Affairs approval (but not otherwise), the following actions will require the prior approval of Federal Housing Administration or the Department of Veterans Affairs, if approval is required by these agencies: Annexation of additional properties, amendment of this Declaration of Covenants, Conditions and Restrictions, merger and consolidations and dissolution, and mortgaging of any Common Area.

Section 5. Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for an unlimited number of successive periods of ten (10) years each. This Declaration may be amended with the written consent of Owners of not less than sixty six and two thirds percent (66 2/3%) of the Lots that have been made subject to this Declaration.

Such amendment shall be executed in the name of the Association by the President (or Vice-President) and by the Secretary (or Assistant Secretary) of the Association and recorded in the Office of the Register of Deeds of Wake County.

Section 6. Certification of Amendment. If any amendment to these covenants, conditions and restrictions is executed, each such amendment shall be delivered to the Board of Directors of the Association. Thereupon, the Board of Directors, shall, within thirty (30) days do the following:

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

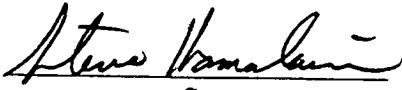
(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO
COVENANTS, CONDITIONS AND
RESTRICTIONS OF ARBOR GREENE SUBDIVISION

By authority of its Board of Directors, Arbor Greene Homeowners Association hereby certifies that the foregoing instrument has been duly approved by the Owners of sixty-six and two-thirds percent (66 2/3%) of the Lots in Arbor Greene Subdivision and is, therefore, a valid amendment to the existing covenants, conditions and restrictions of Arbor Greene Subdivision.

ARBOR GREENE HOMEOWNERS
ASSOCIATION, INC.

ATTEST:


Secretary

By: 
Vice President

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

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

all persons thereafter purchasing any Lots in the Properties.

Section 7. Restrictions Against Association Entering Into Contracts. The Association shall not enter into contracts or leases (including a management contract) either directly or indirectly unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time upon not more than 90 days notice to the other party thereto and, if the contract is a professional management contract, such contract may not extend beyond a term of one year.

Section 8. Books and Records. Current copies of the Declaration, Bylaws, rules and regulations and books of the Association shall be available during normal business hours for inspection and copying by Lot owners and mortgage holders.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein has executed this instrument this the 30 day of September, 1999.



Steve Hamalainen
Secretary

DECLARANT:

THE NEW FORTIS CORPORATION

By: R. Randolph
President

[CORPORATE SEAL]

NORTH CAROLINA
WAKE COUNTY

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that Steve Hamalainen personally appeared before me this day and acknowledged the he is Secretary of THE NEW FORTIS CORPORATION, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal, and attested by him self as its Secretary.

WITNESS my hand and notarial seal this the 30 day of September, 1999.

My Commission Expires:

10-26-02

Ann Perry
Notary Public

NORTH CAROLINA

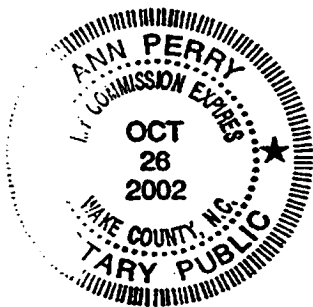


EXHIBIT A: LEGAL DESCRIPTION

TRACT ONE:

BEING all of Lots 1-16, 56-76, 104-112, and 150-164 of Arbor Greene, Phase I, as is shown on Book of Maps 1999, Pages 1176 and 1177 of the Wake County Registry.

TRACT TWO:

BEING all of the rights of way of Arbor Greene Drive, Climbing Lattice Court, Hollow Court and Verde Glen Drive, as shown on plat of Arbor Greene, Phase I in Book of Maps 1999, Pages 1176 and 1177 of the Wake County Registry.

TRACT THREE:

BEING all of the area designated as "Common Open Space and Public Greenway Easement," consisting of 3.258 acres, as shown on plat of Arbor Greene, Phase I, in Book of Maps 1999, Pages 1176 and 1177 of the Wake County Registry.

TRACT FOUR:

BEING all of the area designated as "Recreation Area," consisting of 1.542 acres, as shown on plat of Arbor Greene, Phase I, in Book of Maps 1999, Pages 1176 and 1177 of the Wake County Registry.

EXHIBIT B

Beginning at an iron pipe located at the northeast corner of Lot 16 of the Woodoak Subdivision as shown in Book of Maps 1986, Page 1401 of the Wake County Registry, said beginning point having NC Grid Coordinates N=693975.50 and E=2112353.28, and from said point of beginning along the southern right of way of Rand Road S 85-45-16 E 146.13 feet; thence, continuing along the southern right of way of Rand Road N 87-07-13 E 48.91 feet to an existing iron pipe; thence, leaving the southern right of way of Rand Road in a curve to the left having a radius of 25.00 feet, an arc distance of 35.38 feet, and a chord bearing of S 46-34-36 W to a point; thence, S 06-01-59 W 181.92 feet; thence, S 83-58-01 E 195.36 feet; thence, S 09-32-41 W 249.17 feet; thence, S 31-28-13 W 303.00 feet; thence, S 09-31-10 W 148.08 feet; thence, S 09-32-27 W 50.01 feet; thence, S 72-43-26 E 503.20 feet; thence, S 60-08-35 E 150.45 feet; thence, N 00-23-31 E 253.46 feet; thence, N 77-52-43 E 342.00 feet; thence, S 20-21-27 E 227.08 feet; thence, along the southern right of way of Arbor Greene Drive in a curve to the right having a radius of 270.00 feet, an arc distance of 42.87 feet and a chord bearing of N 73-25-10 E; thence, continuing in the southern right of way line of Arbor Greene Drive N 78-52-11 E 449.86 feet; thence, continuing in the southern right of way line of Arbor Greene Drive in a curve to the right having a radius of 705.00 feet, an arc distance of 51.93 feet and a chord bearing of N 80-59-03 E, said point also having NC Grid Coordinates N=693039.07 and E=2114026.92; thence, leaving the southern right of way of Arbor Greene Drive S 01-04-51 W 230.99 feet; thence, S 22-54-43 E 323.21 feet; thence, S 70-59-15 W 301.01 feet; thence, S 40-56-09 W 187.21 feet; thence, S 40-56-09 W 34.80 feet; thence, S 16-44-52 W 154.00 feet; thence, S 48-30-02 W 275.33 feet; thence, S 41-12-23 W 173.89 feet; thence, S 49-31-03 W 93.92 feet; thence S 06-10-05 E 97.38 feet; thence, N 56-14-30 W 267.22 feet; thence, S 52-22-26 W 116.84 feet; thence, S 20-02-44 E 141.67 feet; thence, S 83-25-22 W 148.03 feet; thence, S 74-12-57 W 83.53 feet; thence, S 56-41-28 W 92.64 feet; thence, S 57-22-18 W 127.08 feet; thence N 79-19-49 W 27.82 feet; thence, N 79-19-49 W 222.21 feet; thence, N 45-29-30 W 732.44 feet; thence, S 67-59-43 W 231.97 feet; thence, N 00-00-16 W 283.86 feet; thence, N 00-00-16 W 938.00 feet; thence, S 89-52-05 E 87.80 feet; thence, S 89-04-56 E 63.27 feet; thence, S 89-02-38 E 199.96 feet; thence, S 89-03-55 E 173.80 feet; thence, S 89-03-55 E 18.14 feet; thence, S 89-05-21 E 31.99 feet; N 09-31-48 E 890.17 feet to the point and place of Beginning, and being all of Phase One (Parcels 1-A, 1-B, and 1-C) consisting of 30.02491 acres, Phase Two consisting of 21.28277 acres and Phase Three consisting of 23.05426 acres, all as shown on plat entitled "Release Map of Arbor Greene for The New Fortis Corporation, Garner, Wake County, North Carolina" dated 8/13/98.

[illegible]

The seal of the County of Wayne, North Carolina, is a circular emblem. It features a central figure of a Native American man in traditional dress, holding a bow and arrow. The text "COUNTY OF WAYNE" is inscribed along the top arc, and "NORTH CAROLINA" is inscribed along the bottom arc. The seal is surrounded by a decorative border.

The foregoing certificate____ of Ann Perry

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of Pages