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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE
HARMONY GLEN HOMEOWNERS ASSOCIATION, INC.

CONTENTS

	<u>Page</u>
PREAMBLE	1
ARTICLE I - DEFINITIONS	2
Section 1 - Act	
Section 2 - Association	
Section 3 - Common Area	
Section 4 - Declarant	
Section 5 - Lot	
Section 6 - Member	
Section 7 - Owner	
Section 8 - Properties	3
Section 9 - Unit/Dwelling	
ARTICLE II - PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF THE HARMONY GLEN HOMEOWNERS ASSOCIATION, INC.....	3
Section 1 - Existing Property	
Section 2 - Annexation of Additional Property	
ARTICLE III - MEMBERSHIP AND VOTING RIGHTS	4
Section 1 - Membership	
Section 2 - Voting Rights	

	<u>Page</u>
Section 3 - Leased Units	5
ARTICLE IV - PROPERTY RIGHTS	5
Section 1 - Owners' Easements of Enjoyment and Access	
Section 2 - Delegation of Use	6
Section 3 - Conveyance of Title to the Association	7
Section 4 - Regulation and Maintenance of Common Area Easements	
ARTICLE V - COVENANT FOR MAINTENANCE ASSESSMENTS	8
Section 1 - Creation of the Lien and Personal Obligation of Assessments	
Section 2 - Purposes of Assessments	9
Section 3 - Maximum Annual Assessment	
Section 4 - Special Assessments	10
Section 5 - Assessment Rate; Collection Period	
Section 6 - Notice of Quorum for Any Action Authorized Under Sections 3 and 4	
Section 7 - Date of Commencement of Annual Assessments; Amount of Initial and Subsequent Annual Assessments; Certificate of Payment	11
Section 8 - Effect of Nonpayment of Assessments; Remedies	
Section 9 - Subordination of the Lien to Mortgages	
Section 10 - Exempt Property	12
Section 11 - Working Capital Fund	
ARTICLE VI - RIGHTS OF LENDERS	12
Section 1 - Books and Records	
Section 2 - Notice to Lenders	
Section 3 - Approval of Owners and Holders of First Deeds of Trust	
Section 4 - Payment of Taxes and Insurance Premiums	13
ARTICLE VII - EASEMENTS	13
Section 1 - Access and Utility Easements	
Section 2 - Easements for Governmental Access	14
Section 3 - Owner's Easement and Right of Entry for Repair, Maintenance and Reconstruction	
Section 4 - Association's Easement and Right of Entry	
Section 5 - Easement Over Common Area	
Section 6 - Easement for Encroachments	15

		<u>Page</u>
ARTICLE VIII	ARCHITECTURAL CONTROL	15
ARTICLE IX -	GENERAL PROVISIONS	16
Section 1 -	Enforcement	
Section 2 -	Severability	
Section 3 -	Amendment	
Section 4 -	FHA/VA Approval	17
Section 5 -	Non-Liability of Governmental Entities	
Section 6 -	Declarant's Right to Change Development	
Section 7 -	Insurance	
Section 8 -	Rules and Regulations; Enforcement	

**DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR THE
HARMONY GLEN HOMEOWNERS ASSOCIATION, INC.**

THIS DECLARATION is made on the date hereinafter set forth by **OLDE SOUTH HOMES, INC.** (hereinafter referred to as "Declarant"), and consented to by **TDI CHAU, LLC.**, a North Carolina Limited Liability Company (hereinafter referred to as "TDI"):

W I T N E S S E T H:

WHEREAS, Declarant and TDI are the owners of a 25.358 acre tract of land located in White Oak Township, Wake County, North Carolina, more fully described in the attached Exhibit A, Wake County Registry;

WHEREAS, Declarant and TDI desire to create on such property an exclusive residential community of single-family homes, and such other uses as may be consistent with the zoning of property, to be known as Harmony Glen Subdivision (hereinafter sometimes referred to as "Harmony Glen" or the "Subdivision");

WHEREAS, Declarant desires to provide for the maintenance and upkeep of certain common area within the Subdivision, to provide for enforcement of covenants and restrictions applicable to the Community and to provide a vehicle for ensuring that storm water drainage systems and facilities within the Community are properly maintained, and, to that end, desires to subject all of the property within the Subdivision to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof;

WHEREAS, Declarant has deemed it advisable to create an organization to own, maintain and administer the Common Area, to administer and enforce covenants and restrictions applicable to the Subdivision, and to collect and disburse the assessments and charges hereinafter created, and Declarant has therefore incorporated under North Carolina law as a non-profit corporation, the HARMONY GLEN HOMEOWNERS ASSOCIATION, INC., for the purpose of exercising the aforesaid functions;

NOW, THEREFORE, Declarant declares that the real property described in **EXHIBIT A** attached hereto and made a part hereof and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be owned, held, transferred, sold, conveyed, used and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this

Declaration, which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I DEFINITIONS

Section 1. "Act" shall mean and refer to Chapter 47F of the North Carolina General Statutes, known as the North Carolina Planned Community Act.

Section 2. "Association" shall mean and refer to the **HARMONY GLEN HOMEOWNERS ASSOCIATION, INC.**, a North Carolina non-profit corporation, its successors and assigns.

Section 3. "Common Area" shall mean and refer to any real property, together with any improvements thereon, owned by the Association, whether in fee, by easement or otherwise, for the common use and enjoyment by the Owners of Lots within the Properties, and including, but not limited to, open space, street islands, any recreational facilities located on the Common Area, pedestrian access easements, and the area within any storm water easements and the facilities constructed therein which serve more than one Lot and are not located within a public easement or public street right-of-way. The Common Area shall be maintained by the Association or its successors in interest unless dedicated to public use as set forth herein. Common Area also includes water and sewer lines which serve more than one Lot and are not located within a public utility easement or a public street right-of-way.

Section 4. "Declarant" shall mean and refer to **OLDE SOUTH HOMES, INC.**, a North Carolina corporation. It shall also mean and refer to any person, company or entity to whom or which Declarant shall assign or delegate the rights and obligations of Declarant by an assignment of Declarant's rights recorded in the Wake County Registry.

Section 5. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision map of the Properties, with the exception of any Common Area owned in fee by the Association and any public street rights-of-way shown on such recorded map. In the event that any Lot is increased or decreased in size by recombination or resubdivision through recordation of new subdivision plats, any newly-platted lot shall thereafter constitute a Lot.

Section 6. "Member" shall mean and refer to every person or entity who or which holds membership in the Association.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more

persons or entities, of fee simple title to any Lot which is a part of the Properties, including contract sellers and owners of an equity of redemption, but excluding those having an interest in a Lot solely as security for the performance of an obligation.

Section 8. "Properties" shall mean and refer to the "Existing Property" described in Exhibit A to this Declaration and any additional property annexed pursuant to Article II of this Declaration.

Section 9. "Unit" and "Dwelling" shall mean and refer to any building or a portion thereof within the Properties which is designated and intended for use and occupancy as a residence by a single family, whether by the Owner(s) of such Unit or by tenants or lessees of the Owner(s) thereof.

**ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE
JURISDICTION OF
THE HARMONY GLEN HOMEOWNERS ASSOCIATION, INC.**

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration, and which is within the jurisdiction of the Association, is described on Exhibit A attached hereto.

Section 2. Annexation of Additional Property.

(a) Annexation by the Declarant. At any time prior to December 31, 2005, additional lands may be annexed by the Declarant without the consent of the Members and therefore become subject to this Declaration by the recording by Declarant of a plat showing such property to be annexed and of a supplementary declaration extending the operation and effect of this Declaration to the property to be annexed.

(b) Annexation by the Members. After the Declarant no longer owns any Lots within the Properties, the Members of the Association, by the affirmative vote of not less than three-fourths (3/4) of the Class A Members, may annex and subject additional land to this Declaration by the recording of a plat showing such property to be annexed and of a supplementary declaration executed by the appropriate officers of the Association.

(c) Conditions of Annexation. Any property to be annexed pursuant to this Section 2 must be contiguous to property already subject to this Declaration and must be approved by Wake County and, if appropriate, by the Federal Housing Administration and/or Veterans

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Administration. The addition of such property pursuant to this Section may increase the cumulative number of Lots within the Properties and, therefore, may alter the relative maximum voting strength of the various types of Members of the Association.

(d) Conveyance of Common Area in Annexed Property. Prior to the conveyance of the first Lot within any newly annexed property to an Owner, the owner of the annexed property shall convey to the Association all Common Area located within the newly annexed property. Title to such Common Area shall be conveyed to the Association in the same manner as set forth in Section 3 of Article IV of this Declaration.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. The Owner of every Lot which is subject to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. The Class A Members shall be the Owners of Class A Lots. The Declarant or TDI shall be the Class B Members.

Section 2. Voting Rights. The voting rights of the Members shall be appurtenant to the ownership of the Lots and may not be separated from ownership of any Lot.

There shall be two classes of Lots with respect to voting rights:

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots (as hereinafter defined). When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine; but fractional voting shall not be allowed, and in no event shall more than one vote be cast with respect to any Lot. Class A Members shall be entitled to one (1) vote for each Lot owned.

(b) Class B Lots. Class B Lots shall be all Lots owned by Declarant or TDI which have not been converted to Class A Lots as provided in subparagraphs (1) or (2) below. Declarant shall be entitled to three (3) votes for each Class B Lot.

The Class B Lots shall cease to exist and shall be converted to Class A Lots upon the earlier of the following to occur:

(1) When the total number of votes held by the Class A Members equals the total number of votes held by the Class B Members provided, however, that if Class B Membership is terminated pursuant to this subsection, Declarant may acquire additional votes and thereby be

reinstated with all rights, privileges and responsibilities of such Class if additional Lots within the Properties are formed by the subjection to this Declaration of new Lots as set forth in Article II hereof, thus making Declarant or TDI the Owner, by virtue of their ownership of the newly-annexed Lots and of other Lots owned by Declarant or TDI, of a sufficient number of votes (at the 3-to-1 ratio) to cast a majority of votes (it being hereby stipulated that the conversion and rejuvenation of Class B Membership shall occur automatically as often as the foregoing facts shall occur); or

(2) on December 31, 2005.

When the Class B Lots cease to exist, Declarant shall have the same voting rights as other Owners of Class A Lots.

Section 3. Leased Units. If any Unit within the Properties is leased or rented to tenants, the vote as expressed by the Owners of such rented units shall not be entitled to any weight greater than forty-nine (49) percent on any matter pending before the Association.

An Owner may lease or sublet his/her Unit; however, any lease or sublease must be for at least six months, in writing, and contain substantially the following provision:

"Tenant shall obey, adhere to and be bound by all provisions of the Declaration of Covenants, Conditions and Restrictions for The Harmony Glen Homeowners Association, Inc., recorded in the Wake County Registry. Tenant acknowledges that he/she/they has/have received a copy of such Declaration and the rules and regulations of the Association and is/are familiar with the provisions of same."

If any owner fails to include said provision in any lease or sublease, it shall be conclusively deemed to be included and part of said lease or sublease. Owner shall furnish the Association a copy of any leases or subleases of his/her Unit.

ARTICLE IV PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment and Access. Except as limited by the provisions of this Section 1 and by the rules and regulations adopted by the Members and/or the Board of Directors of the Association, every Owner shall have a right and easement of enjoyment in, use of and access to, from, and over the Common Area, which right and easement shall be appurtenant to and shall pass with title to every Lot, subject to:

(a) the provisions of Volume 7 of the North Carolina State Building Code, the

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right of the Association to charge reasonable admission and other fees for the use of any facilities hereafter situated or constructed on the Common Area and to limit the use of such facilities to Owners who occupy a residence on the Properties and to their families, tenants and guests, as provided in Section 2 of this Article IV.

(b) the right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid, or for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association.

(c) the right of the Association to dedicate, sell or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least 80% of the votes of the entire Membership of the Association and at least three-fourths (3/4) of the votes appurtenant to each Class of Lots agree to such dedication, sale or transfer and signify their agreement by a signed and recorded document. Nothing herein shall be deemed to prohibit the Board of Directors of the Association, without consent of the Members, from granting easements over, under and across the Common Area to any public agency, authority or utility for the installation and maintenance of sewage, utility (including CATV) or drainage facilities when, in the opinion of said Board, such facilities are necessary for the convenient use and enjoyment of the Properties within the Subdivision. Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the Owners or the general public and shall not be conveyed except to a non-profit corporation for the aforementioned purposes.

(d) the right of the Association to borrow money and, with the assent of Members entitled to at least 80% of the votes of the entire Membership of the Association and at least two-thirds (2/3) of the votes appurtenant to each Class of Lots (as defined in Article III, Section 2 of the Declaration), to mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of any such lender or mortgagee shall be subordinate to the property rights of the Members and the Association as provided in Article IV of the Declaration.

(e) the right of the Association to exchange all or part of the Common Area for other property and consideration of like value and utility, which exchange may be approved by the Board of Directors without the consent of the Members.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Wake County, North

Carolina.

(b) Tenants. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be delegated by such Owner to his tenants or contract purchasers who occupy a residence within the Properties, or a portion of said residence, as their principal residence in Wake County, North Carolina.

(c) Guests. The right and easement of enjoyment and access granted to every Owner by Section 1 of this Article may be delegated to guests of such Owners, tenants or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors.

(d) Suspension of Rights. The rights of any delegate of an Owner shall be suspended by, upon and during suspension of such Owner's rights as provided in Article IV, Section 1(b) and in Article IX, Section 8 of this Declaration.

Section 3. Conveyance of Title To The Association. Declarant and TDI covenant, for themselves, their respective successors and assigns, that they will convey title to the Common Area within each phase or section of the Subdivision to the Association prior to the conveyance of the first Lot within such phase or section to an Owner. Declarant reserves an easement over and across the Common Area so long as it owns any Lots within the Properties for the purpose of constructing any improvements on the Common Area as it deems necessary or advisable, provided that any such improvements must comply with the requirements of Volume 7 of the North Carolina State Building Code. Except as otherwise stated herein, all conveyances by Declarant to the Association shall be free and clear of all encumbrances and liens, except utility and drainage easements of record or shown on the recorded plats of the Subdivision. Any improvements placed on the Common Area by Declarant or TDI shall become the property of the Association upon completion of such improvements.

Section 4. Regulation and Maintenance of Common Area Easements. It is the intent of the Declarant that the Common Area be preserved to the perpetual benefit of the Owners within the Subdivision. To that end, Declarant will, in some instances, reserve on a recorded plat or grant to the Association an easement over and across that portion of any Lot on which a Common Area easement lies.

It is the intent of the Declarant that the easement area shall be maintained by the Association in substantially the same or better condition as when the Lot upon which such easement lies was conveyed to the Owner.

(a) Rights and Responsibilities of the Lot Owners as to Common Area Easements. Each Owner of a Lot upon which a Common Area easement lies shall pay all property taxes and other assessments levied against his Lot, including that portion of such tax or assessment as is attributable

to such Common Area easement. Notwithstanding any other provision of this Declaration, no Owner or other person shall, without the prior written consent of the Association: (i) remove any trees or vegetation or other landscaping feature or improvement within a Common Area easement; (ii) erect gates, fences, or other structures on a Common Area easement; (iii) place any garbage receptacles on or in a Common Area easement; (iv) fill or excavate a Common Area easement or any part thereof; or (v) plant vegetation or otherwise restrict or interfere with the use, maintenance and preservation of a Common Area easement.

(b) Rights and Responsibilities of the Association as to Common Area. The Association shall have the right and obligation to ensure that the Common Area is preserved to the perpetual benefit of the Owners within the Subdivision, and, to that end, shall: (i) maintain the Common Area in its natural or improved state, as appropriate, and keep it free of impediments to its free use by the Owners within the Subdivision; (ii) procure and maintain adequate liability insurance in an amount not less than \$1,000,000.00, covering the Association and its officers, directors and Members against any loss or damage suffered by any person, including the Owner of the Lot upon which a Common Area easement lies, resulting from use of the Common Area; (iii) pay all property taxes and other assessments levied against all Common Area owned in fee by the Association.

(c) Association's Right of Entry. The Association and its employees, agents, contractors and subcontractors, shall have a non-exclusive right and easement at all times to enter upon any portion of a Lot reserved or designated as a Common Area easement for the purposes of: (i) installing and maintaining entrance signage and other signage, any and all of which shall have been approved by Wake County prior to installation; and (ii) making such improvements to the Common Area easement as have been approved by the Association and, if required, by Wake County; (iii) maintaining the Common Area easement in its natural or improved state, including, without limitation, removal of fallen trees and other debris and, in general, keeping the easement area free from obstructions and impediments to its use.

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot that it owns within the Properties, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments and special assessments, such assessments to be established and collected as hereinafter provided. All assessments which are unpaid when due, together with interest and late charges set forth in Section 8 of this Article V and all costs of collection, including reasonable attorney's fees, shall be a charge on the land and, as provided in Section 47F-3-116 of the Act, shall be a continuing lien upon the Lot against which such

assessment is made. Each such assessment or charge, together with interest and costs of collection, including reasonable attorney's fees, shall also be the personal or corporate obligation of the person(s), firm(s) or corporation(s) owning such Lot at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owner's successors in title unless expressly assumed by them. Although unpaid assessments and charges are not the personal obligation of such Owner's successors in title unless expressly assumed by them, the unpaid assessments and charges shall continue to be a lien upon the Lot against which the assessment or charge was made.

It is the intent of the Association that any monetary fine imposed against an Owner pursuant to Section 3 of Article VII of the By-Laws of the Harmony Glen Homeowners Association, Inc., shall constitute a lien against the Lot of such Owner to the same extent as if such fine were an assessment against such Lot.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the residents of the Properties and, in particular, for: (i) acquisition, improvement, and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area; (ii) repair and reconstruction of improvements on the Common Area, including storm water infiltration devices and other storm water drainage facilities constructed on or serving the Properties, including but not limited to, the cost of repair, replacement and additions thereto and the cost of labor, equipment, materials, management and supervision thereof; (iii) maintenance of street islands; (iv) payment of taxes and public assessments levied against the Common Area owned by the Association in fee; (v) procurement and maintenance of insurance in accordance with the Section 4(b) of Article IV and Section 7 of Article IX of this Declaration; (vi) employment of attorneys, accountants and other persons or firms to represent the Association when necessary; (vii) payment of principal and interest on funds borrowed for Association purposes; and (viii) such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1, 2002, the maximum annual assessment shall be \$200.00 per Class A Lot. Subject to the provisions of Sections 3(c) and 3(d), below, the annual assessment for each Class B Lot shall be one-fourth (1/4) of the assessment for Class A Lots.

(a) From and after January 1, 2002, the Maximum Annual Assessment may be increased by the Board of Directors effective January 1 of each year without a vote of the Members, but subject to the limitation that the percentage of any such increase shall not exceed 10% of the Maximum Annual Assessment for the previous year unless such increase is approved as set forth in Section 3(b), below.

(b) From and after January 1, 2002, the Maximum Annual Assessment for Class A Lots may be increased without limitation if such increase is approved by the Class B Member and not less than two-thirds (2/3) of the votes cast by the Class A Members, in person or by proxy, at a

meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at any amount not in excess of the Maximum Annual Assessment; provided, however, that, except as otherwise provided in this subparagraph (c), the assessment established for each Class B Lot shall always be one-fourth (1/4) of the assessment for a Class A Lot.

In the event that Class B Lots are converted to Class A Lots, or Class A Lots are reconverted to Class B Lots, the assessment with respect to such Lots shall be prorated and charged according to their class as of the date of each conversion and reconversion.

A Declarant-owned Lot that contains a dwelling used as a model or sales center and not as a residence shall be assessed at the Class B rate. All other Class B Lots shall be assessed at the Class B rate until the first day following the date that is one year after issuance of the certificate of occupancy for the dwelling constructed on that Lot, after which time it shall be assessed at the Class A rate, but such Lot shall remain a Class B Lot for all other purposes.

(d) Any annual assessment established by the Board of Directors shall continue thereafter from year to year as the annual assessment until changed by the Board.

Section 4. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessments for the purpose of defraying, in whole or in part, the cost of any construction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for any other purpose, provided that any such assessment shall have the same assent of the Members as provided in Section 3(b) of this Article and shall be assessed in the ratios provided in Section 3(c) of this Article. Except as provided in the next paragraph, all special assessments shall be uniform for all Class A Lots.

Section 5. Assessment Rate; Collection Period. The annual and special assessment shall be fixed at a uniform rate for all Lots within each Class and may be collected on a yearly, semi-annually, quarterly or monthly basis, as determined by the Board of Directors.

Section 6. Notice of Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days prior to the meeting. At such meeting, the presence of members or of proxies entitled to cast sixty (60%) percent of the votes appurtenant to each Class of Lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice or requirement, and if the same is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the

preceding meeting.

Section 7. Date of Commencement of Annual Assessments; Amount of Initial and Subsequent Annual Assessments; Certificate of Payment. Unless a different commencement date is set by the Board of Directors, the annual assessments provided for herein shall commence as to all Lots in any phase on the first day of the month following the conveyance to the Association of all or any part of the Common Area within that phase. Unless a lower amount is set by the Board of Directors, the first annual assessment shall be the "Maximum Annual Assessment" set forth in Section 3 of this Article and shall be prorated according to the number of months remaining in the calendar year.

At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot. At least fifteen (15) days before January 1 of each year, the Board of Directors shall send written notice of such assessment to every Owner subject thereto. The due dates for the payment of annual and special assessments shall be established by the Board of Directors.

The Association shall, upon demand, and for such reasonable charge as the Board of Directors may determine, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment and the amount thereof.

Section 8. Effect of Nonpayment of Assessments; Remedies. Any assessment not paid within ten (10) days after the due date shall incur such late charge as the Board of Directors may from time to time establish, and, if not paid within thirty (30) days after the due date, shall also bear interest from the due date at the rate of eighteen percent (18%) per annum or the highest rate allowed by law, whichever is less. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot for which such assessment is due. Interest, late payment charges, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of a Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of any assessments which became due prior to the date of such conveyance. No such sale or transfer shall relieve the Lot from liability for any assessments thereafter becoming due or from the lien thereof,

but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 10. Exempt Property. All property dedicated to and accepted by a public authority and all property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. Notwithstanding the foregoing, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 11. Working Capital Fund. At the time of closing of the initial sale of each dwelling constructed on each Lot, a sum equal to one-sixth (1/6) of the annual assessment for Class A Lots in effect at the time of such sale shall be collected from the purchaser of such dwelling and transferred to the Association as part of its working capital. The purpose of the working capital fund is to ensure that the Association will have adequate cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed by the Board of Directors to be necessary or desirable. Amounts paid to pursuant to this Section shall not be considered as an advance payment of any regular assessment.

ARTICLE VI RIGHTS OF LENDERS

Section 1. Books and Records. Any owner or holder of a first deed of trust on any Lot, or its agent(s), shall have the right, during normal business hours, to examine copies of this Declaration, the Articles of Incorporation, By-laws, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement for the immediately preceding fiscal year.

Section 2. Notice to Lenders. Upon written request to the Association, the owner or holder of a first deed of trust on any Lot shall be entitled to timely written notice of:

(a) Any 60-day delinquency in the payment of assessments or charges owed by the Owner of the Lot securing its loan.

(b) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(c) Any proposed action that requires the consent of a specified percentage of owners or holders of first mortgages on the Lots.

Section 3. Approval of Owners and Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the owners and holders of the first deeds of trust on Lots located within the Properties have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, sub-divide, encumber, sell or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause. Notwithstanding anything herein to the contrary, the property owned by the Association, whether in fee, by easement or otherwise, shall be preserved to the perpetual benefit of the Owners or the general public and shall not be conveyed except to a non-profit corporation for the aforementioned purposes. Nothing herein shall be deemed to prohibit the Association from exchanging Common Area for other real property as provided in Volume 7 of the North Carolina State Building Code, or to require the approval of such exchange by the holders of first deeds of trust on the Lots.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot;

(c) Fail to maintain hazard insurance on insurable improvements on the Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value; or

(d) Use the proceeds of any hazard insurance policy covering losses to any part of the Common Area for other than the repair, replacement, or reconstruction of the damaged improvements.

Section 4. Payment of Taxes and Insurance Premiums. The owners or holders of first deeds of trust on Lots, jointly or singly, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy covering property owned by the Association. The persons, firms or corporations making such payments shall be owed immediate reimbursement therefor by the Association.

ARTICLE VII EASEMENTS

Section 1. Access and Utility Easements. Easements for the installation and maintenance of driveways, walkways, water, gas, telephone, cable television and electric power transmission lines, sanitary sewer and storm water drainage facilities, and for other public utility installations are

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reserved as shown on the recorded plats of the Properties. The Association may reserve or grant easements over the Common Area as provided in Article IV, Section 1(c), of this Declaration. Within any such easement herein provided, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of the utilities installed thereon, or which may change the direction of flow or drainage of water through drainage pipes or channels constructed in such easements.

For a period of twenty-five (25) years from the date hereof, Declarant reserves an easement and right of ingress, egress and regress on, over and under the Properties to maintain and 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 that it deems reasonably necessary or appropriate. After such action has been completed, Declarant shall grade and seed the affected property and otherwise restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed unless such landscaping is required by local or state law. Declarant shall give reasonable notice of its intent to take such action to all affected Owners.

Section 2. Easements for Governmental Access. An easement is hereby established over the Common Area and every Lot within the Properties for the benefit of applicable governmental agencies for: installing, removing, and reading water meters; maintaining and replacing water and sewer facilities; and acting for other purposes consistent with public safety and welfare, including, without limitation, law enforcement, fire protection, garbage collection and the delivery of mail.

Section 3. Owner's Easement and Right of Entry for Repair, Maintenance and Reconstruction. If any dwelling is located closer than five (5) feet from its lot line, the Owner thereof shall have a perpetual access easement over the adjoining Lot or Common Area, to the extent reasonably necessary to perform repair, maintenance or reconstruction of such dwelling. Such work shall be done expeditiously and, upon completion of the 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 practicable. No fence, wall, storage shed or any other obstruction shall be erected within such area adjoining a Dwelling.

Section 4. Association's Easement and Right of Entry. The Association, for itself and its employees, agents, contractors, subcontractors and invitees, shall have a perpetual access easement over each Lot to the extent reasonably necessary to perform the maintenance to be performed by the Association as provided in Article IV of this Declaration.

Section 5. Easement Over Common Area. A perpetual, non-exclusive easement over the Common Area is hereby granted to each Lot and its Owners, family members and tenants of such Owners, the occupants of such Lot, and guests and invitees of such Owners, tenants or occupants,

for the purpose of providing access, ingress, and egress to and from the Common Area and for the use thereof.

Section 6. Easement for Encroachments. In the event that any structure erected on a Lot encroaches upon any other Lot or the Common Area, and such encroachment was not caused by the purposeful act or omission of the Owner of such Lot, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the Common Area or other Lot for so long as such encroachment shall naturally exist. In the event that any structure erected principally on the Common Area encroaches upon any Lot, then an easement shall exist for the continuance of such encroachment of such structure onto such Lot for so long as such encroachment shall naturally exist. The foregoing shall not be construed so as to allow any extension or enlargement of any existing encroachment or to permit the rebuilding of the encroaching structure, if destroyed, in a manner so as to continue such encroachment.

ARTICLE VIII ARCHITECTURAL CONTROL

No building, fence, sign (including unit identification signs), wall or other structure (including, without limitation, replacement of any previously existing improvement) shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made (including, without limitation, changing materials or color of any exterior portion of any such improvement), nor shall a building permit for such improvement or change be applied for or obtained, nor shall any major landscaping or relandscaping of any Lot be commenced or made (such construction, alteration and landscaping are hereinafter referred to as the "Improvements") until plans and specifications showing the nature, kind, shape, heights, materials, color and location of same shall have been submitted to and approved in writing by the Declarant. If the Declarant fails to approve or disapprove such proposed Improvements within thirty (30) days after complete plans and specifications have been received by it, approval will not be required, and this Article shall be deemed to have been complied with. The Declarant shall have the right to charge a reasonable fee, not to exceed \$75.00, for receiving and processing each application.

The Declarant shall have the right to promulgate and from time to time amend written architectural standards and construction specifications (hereinafter the "Architectural Guidelines") which may establish, define and expressly limit the standards and specifications which will be approved, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design and construction technique. The Declarant shall not

approve any Improvements which it determines, in its discretion, are not in harmony of external design, construction and/or location in relation to the surrounding structures, topography or the general plan of development of the Subdivision.

Declarant may, at any time, delegate the review and approval authority contained in this Article VIII to the Board of Directors of the Association or to an Architectural Committee composed of three or more persons appointed by the Board. Such delegation shall be made by the Declarant by recording in the Wake County Registry an Assignment Of Declarant's Rights. Declarant shall delegate such authority no later of the date upon which Declarant no longer owns any Lots within the Properties or December 31, 2005, whichever is earlier. Any use of the term "Declarant" in this Article VIII shall be deemed to apply to Declarant and, when appropriate, to the Board of Directors or the Architectural Committee. Nothing herein shall be construed to permit interference with the development of the Lots by Declarant in accordance with its general plan of development.

ARTICLE IX GENERAL PROVISIONS

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

The Association shall not be obligated to take action to enforce any covenant, restriction or rule, which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement actions. Any such determination shall not be construed as a waiver of the right to enforce such provision under other circumstances or to estop the Association from enforcing any other covenant, restriction or rule.

Section 2. Severability. Invalidity 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 3. Amendment. The covenants and restrictions of this Declaration shall run and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or amended by a vote of the Owners as set forth below. This Declaration may be amended or terminated during the first twenty-five year period by an instrument signed by the

Owners of not less than seventy-five percent (75%) of the Lots, and thereafter by an instrument signed by the Owners of not less than sixty percent (60%) of the Lots. No amendment shall be effective unless it has been approved, if required by Section 4 of this Article IX, by the Federal Housing Administration or Veterans Administration, and is recorded in the office of the Register of Deeds of Wake County.

Section 4. FHA/VA Approval. In the event that Declarant has arranged for and provided purchasers of Lots with FHA-insured or VA-guaranteed mortgage loans, then, as long as any Class B Lot exists, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mortgaging of real property owned by the Association, deeding of such real property to persons other than the Association, and amendment of this Declaration.

Section 5. Non-Liability of Governmental Entities. Neither White Oak Township nor any other local municipality shall be responsible for failing to provide any emergency or regular fire, police or other public service to the Properties, any Lot, or any Owner or occupant when such failure is due to the lack of access to the Properties or any Lot thereof due to inadequate design or construction of such access, blocking of access routes, or any other factor within the control of the Declarant, the Association, an Owner, or an occupant of any Lot. Neither Wake County nor the State of North Carolina shall be responsible for maintenance of any private street within the Subdivision.

Section 6. Declarant's Right to Change Development. With the approval of Wake County, and subject to the terms and conditions as Wake County may impose, Declarant shall have the right, without consent or approval of the Owners, to create dwelling units, add Common Area, and reallocate units within, and withdraw real property from, the development.

Section 7. Insurance. The Association shall procure and maintain adequate liability insurance covering the Association, in an amount not less than \$1,000,000.00. The Association shall also procure and maintain full replacement value hazard insurance on real and personal property owned by the Association, and shall procure and maintain officers', directors' and employees' liability insurance. The premiums for such insurance shall be a common expense paid from the annual assessments provided in Article V of this Declaration.

Section 8. Rules and Regulations; Enforcement. The Board of Directors shall have the authority to adopt additional rules and regulations governing the use of the Common Area and the Lots within the Community and shall furnish a written copy of said rules and regulations to the Owner(s) of each Lot at least fifteen (15) days before such rules and regulations become effective. Any violation of such rules shall be punishable by fine and/or suspension of voting rights as provided in this Declaration.

In addition to any other rights and remedies that the Association may have under this Declaration, the Association may impose sanctions for violations of this Declaration, the By-Laws of the Association, the rules and regulations adopted by the Association, or the Restrictive Covenants applicable to the Properties, in accordance with procedures set forth in the By-Laws, which sanctions may include, but are not limited to, reasonable monetary fines, as set forth in the By-Laws of the Association, and which fines shall constitute a lien upon the Lot of the violator, and suspension of the right to vote and the right to use any facilities within the Common Area during the pendency of the violation, provided, however, that the Association shall not have the right to suspend the right to use private streets.

In addition, as provided in the By-Laws, the Association may exercise self-help to cure violations (specifically including, but not limited to, the towing of Owner and tenant vehicles that are in violation of parking rules) and may suspend the right of an Owner to use any open space and recreational facility within the Properties if the Owner is more than 30 days delinquent in paying any assessment or other charge due to the Association.

The Association shall at all times have the right and easement to go upon any Lot for the purposes of exercising its rights hereunder, including, but not limited to, enforcement of the architectural guidelines applicable to the Properties. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed a trespass. All remedies set forth in this Declaration and the By-Laws shall be cumulative of any remedies available at law or in equity. In any action to enforce its rights and remedies, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

IN WITNESS WHEREOF, Declarant and TDI have each caused this instrument to be executed under seal as of the day and year set forth in the notary acknowledgement below.

DECLARANT:

OLDE SOUTH HOMES, INC.,
a North Carolina corporation

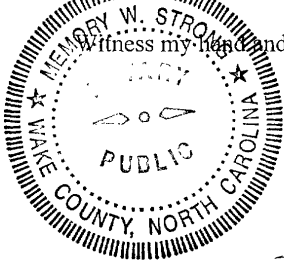
By:

Carl F. Wiesner
Carl F. Wiesner
Vice President

STATE OF NORTH CAROLINA - COUNTY OF Wake:

I, Memory W. Strong, a Notary Public for said County and State, certify that Carl F. Wiesner, personally appeared before me this day and acknowledged that he is Vice President of Olde South Homes, Inc., a North Carolina corporation, and that he, as President, being authorized to do so, executed the foregoing on behalf of the corporation.

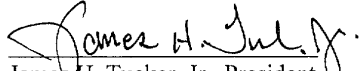
Witness my hand and official stamp and seal, this 2nd day of March, 2001.



Memory W. Strong
Notary Public
My commission expires: 6-4-03

TDI Chau, LLC,
a North Carolina Limited Liability Company

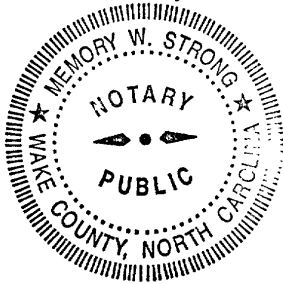
By: Tucker Development, Inc., Manager


James H. Tucker, Jr., President

STATE OF NORTH CAROLINA - COUNTY OF Wake:

I, the undersigned, a Notary Public for said County and State, certify that James H. Tucker, Jr., personally appeared before me this day and acknowledged that he is President of Tucker Development, Inc., a North Carolina Corporation, Manager for TDI Chau, LLC, a North Carolina Limited Liability Company, and that he, as President of Tucker Development, Inc., being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp and seal, this 8th day of March, 2001.



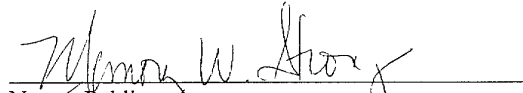

Notary Public
My commission expires: 6-4-03

EXHIBIT A

HARMONY GLEN

All that certain parcel of land situated in White Oak Township, Wake County, North Carolina, and more particularly described as follows:

BEING all of Lots 1-29, Harmony Glen Subdivision, formerly known as The Chau Property, as shown on that map recorded in Book of Maps 2001, Pages 626-627, Wake County Register of Deeds.

Drawn by & HOLD FOR:
MOORE & ALPHIN, PLLC (ap)

STATE OF NORTH CAROLINA
COUNTY OF WAKE

**RESTRICTIVE COVENANTS
FOR
HARMONY GLEN SUBDIVISION**

OLDE SOUTH HOMES, INC., a North Carolina corporation (hereinafter "Declarant"), and **TDI CHAU, LLC**, a North Carolina Limited Liability Company (hereinafter "TDI"), hereby declare that the real property described on **Exhibit A** attached hereto and made a part hereof (hereinafter the "Subdivision") is and shall hereafter be held, transferred, sold and conveyed subject to the following restrictive covenants, which shall be appurtenant to and run with the land, by whomsoever owned, to wit:

1. LAND USE AND BUILDING TYPE. All Lots shall be used for residential purposes. No structure shall be erected, altered, placed or permitted to remain on any Lot other than one detached, single-family dwelling, not to exceed two and one-half (2 1/2) stories in height, a private garage for not more than three (3) cars, and other out-buildings incidental to residential use of the Lot. Nothing herein shall be deemed to prohibit conversion of a Lot to a street.
2. DWELLING SIZE. The minimum heated square footage of a dwelling may not be less than 1500 square feet for a one-story dwelling and 1200 square feet on the first floor of a two-story or two and one-half story dwelling.
3. BUILDING SETBACKS; HOUSE LOCATION. No dwelling shall be erected or maintained on any Lot outside of the building envelope shown on the recorded plat of the Subdivision or as otherwise required or permitted by the zoning ordinance of Wake County (the "Zoning Ordinance"). For purposes of these building setback requirements, decks, porches, patios, stoops, eaves, overhangs, bay windows, chimneys, carports and other similar projections shall be deemed to be part of the dwelling only to the extent that the same are deemed to be part of the dwelling under the Zoning Ordinance as it exists as of the date of issuance of a certificate of occupancy for such dwelling. Any dwelling erected on a Lot other than a corner lot shall face the street on which the Lot abuts. On corner lots, a dwelling may be erected so as to face the intersection of the two streets on which the Lot abuts.
4. FENCES. No fence or wall shall be erected on any Lot closer to the street which the house faces than the nearest rear corner of the house. Furthermore, no fence or wall shall be erected on any Lot closer to a side street than the side building setback. The height of any fence shall not exceed 5 feet along the front of the house, 6 feet along the side lot line, and 6 feet along the rear lot

line . No fence shall be erected along the side yard of any Lot beyond the property line. Chain-link or other metal fencing is not permitted, except that 2"x4" mesh may be used with split-rail fencing to contain animals within the yard. Any fence or wall installed within the Subdivision must meet all requirements of the Zoning Ordinance and must be approved as provided in Paragraph 17 of these Covenants. Nothing in this paragraph shall be deemed to apply to or regulate retaining walls made necessary by the slope or grade of any Lot or Lots nor to any fence or monument installed by the Declarant.

5. TEMPORARY STRUCTURES. No residence of a temporary nature shall be erected or allowed to remain on any Lot, and no trailer, basement, shack, tent, garage, barn, or any other building of a similar nature shall be used as a residence on any Lot, either temporarily or permanently.

6. PARKING; DRIVEWAYS AND PARKING PADS; ABANDONED VEHICLES. Vehicles may be parked or stored only on portions of a Lot improved for that purpose, i.e., garage, driveway, carport or parking pad. No unenclosed parking shall be constructed or maintained on any Lot except a paved driveway and an attached paved parking pad. Any driveway or parking pad constructed upon any Lot shall have either an asphalt surface, a concrete surface, or brick pavers.

No mobile house trailer (whether on or off wheels), vehicle or enclosed body of the type which may be placed on or attached to a vehicle (known generally as "campers"), tractor trailer truck or cab, boat, boat trailer, or commercial vehicle of any kind shall be parked on any street or any Lot within the Subdivision.

No vehicle of any type which is untagged or inoperative shall be stored or kept on any Lot in such manner as to be seen from any other Lot, any street within the Subdivision or the Common Area, and no automobile or mechanical equipment may be dismantled or allowed to accumulate on any Lot.

7. ANIMALS. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling, except that dogs, cats, or other household pets may be kept or maintained, provided that they are not kept or maintained for commercial purposes.

8. NUISANCES; BUSINESS ACTIVITY. No noxious or offensive trade or activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No business trade or activity may be conducted on any Lot unless permitted under local law.

9. SIGNS. Except as otherwise required by Wake County, no sign of any kind shall be displayed to the public view on any Lot except signs used to advertise Lots for sale during the construction and sales period, one sign of not more than ten (10) square feet advertising existing homes for sale or rent, and signs of not more than ten (10) square feet expressing support of or opposition to political candidates or other issues which will appear on the ballot of a primary,

general or special election, provided that such political signs shall not be placed on a Lot earlier than sixty (60) days before such election and shall be removed within two (2) days after such election.

10. ANTENNAS; SATELLITE DISHES OR DISCS. No radio or television transmission or reception towers or antennas shall be erected on a Lot other than a customary television or radio reception antenna, which shall not extend more than ten (10) feet above the top roof ridge of the house. However, a satellite antenna receiver or disc will be permitted on a Lot if: (i) the receiver or disc is not larger than thirty inches (30") in diameter; (ii) the receiver or disc is located on the side of the house away from the street and within the building set back lines applicable to that Lot; and (iii) the receiver or disc is located or screened in such a way that it cannot be seen from any street within the subdivision. Any such screening must be approved as provided in Paragraph 17 of these Covenants. In no event shall any free-standing transmission or receiving tower be permitted on any Lot.

11. SWIMMING POOLS. No above-ground swimming pools shall be permitted in the Subdivision, except that small, inflatable wading pools shall be permitted.

12. MAILBOXES. No mailbox shall be placed or maintained on any Lot unless the same has been approved in accordance with the provisions of Paragraph 17 of these Covenants.

13. MAINTENANCE OF LOT; CONSTRUCTION. Each owner shall keep his Lot in an orderly condition and shall keep the improvements thereon in a suitable state of repair. In the event that any residence or structure on any Lot is destroyed or partially destroyed by fire, Act of God, or as a result of any other act or thing, the owner of such Lot shall repair the damage and reconstruct the improvement within twelve (12) months after such damage or destruction; provided, however, that if the structure damaged is not part of or attached to the residence constructed on such Lot, the owner may, at his option, either completely remove the damaged structure and landscape the area on which the structure stood or repair or reconstruct the structure.

All construction, landscaping or other work which has been commenced on any Lot shall be continued with reasonable diligence to completion and no partially completed house or other improvement shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. The owner of each Lot shall at all times keep contiguous public streets reasonably free from dirt, mud, garbage, trash or other debris resulting from any such construction.

14. CLOTHESLINES. No outdoor clothesline may be erected or maintained on any Lot.

15. GARBAGE; UNSIGHTLY STORAGE. All trash and rubbish shall be kept in garbage containers stored behind the house in such a manner so as not to be visible from the street upon which the house fronts. No trash, rubbish, stored material, wrecked or inoperable vehicle, or similar unsightly item shall be allowed to remain on any Lot; provided, however, that the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish, and other debris for collection by governmental or other similar garbage and trash removal units. In the event of curbside trash

and/or garbage pickup, trash and/or garbage containers may be moved to the street on the night before the scheduled pickup, but all garbage containers must be returned to approved enclosure by the night of the scheduled pickup.

16. WELLS. No well shall be installed, used or maintained on any Lot for human domestic water consumption, nor shall any well be connected in any manner whatsoever to the water mains, laterals and piping serving the dwelling, which mains furnish domestic water from sources beyond the boundaries of the Lot. Nothing in this paragraph shall be deemed to apply to or regulate wells installed by the Declarant.

17. ARCHITECTURAL CONTROL. No building, paving, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, nor shall a building permit for such improvement or change be applied for or obtained, nor shall any major landscaping or relandscaping of any Lot be commenced or made (such construction, alteration and landscaping are hereinafter referred to as the "Improvements") until plans and specifications showing the nature, kind, shape, heights, materials, color and location of same shall have been submitted to and approved in writing by the Declarant. If the Declarant fails to approve or disapprove such proposed Improvements within thirty (30) days after complete plans and specifications have been received by it, approval shall not be required, and this Paragraph 17 shall be deemed to have been complied with. The Declarant shall have the right to charge a reasonable fee, not to exceed \$75.00, for receiving and processing each application. The Declarant shall have the right to promulgate and from time to time amend written architectural standards and construction specifications (hereinafter the "Architectural Guidelines") which may establish, define and expressly limit the standards and specifications which will be approved, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design and construction technique. The Declarant shall not approve any Improvements which it determines, in its discretion, not to be in harmony of external design, construction and/or location in relation to the surrounding structures, topography or the general plan of development of the Subdivision.

Declarant may, at any time, delegate the review and approval authority contained in this Paragraph 17 and the other rights and obligations contained in these Restrictive Covenants to the Board of Directors of the Association or to an Architectural Committee composed of three or more persons appointed by the Board. Such delegation shall be made by the Declarant by recording in the Wake County Registry an Assignment Of Declarant's Rights. Declarant shall delegate such authority no later than the date upon which Declarant no longer owns any Lots within the properties or December 31, 2005, whichever is earlier. Any use of the term "Declarant" in this Paragraph 17 shall be deemed to apply to Declarant and, when appropriate, to the Board of Directors or the Architectural Committee. Nothing herein shall be construed to permit interference with the development of the Lots by Declarant in accordance with its general plan of development.

18. EXTERIOR MAINTENANCE. The owner of each Lot shall maintain the grounds and improvements on his Lot, including, but not limited to, plantings, landscaping and lawns, at all

times in a neat and attractive manner. If a Lot owner fails to comply with this provision, the Declarant or its assign may remedy such non-compliance and the owner shall be responsible for all costs incurred by Declarant or its assign in bringing the Lot into compliance with this provision.

19. EASEMENTS. Easements for the installation, maintenance and repair of utilities and drainage facilities are reserved as shown on the recorded plats. Within such easements, no structure, planting, or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of the utilities, or which may change the direction of flow or otherwise impede or retard the flow of water through the drainage channels within such easements. Any easements located on a Lot shall be maintained continuously by the owner of such Lot, except for any such improvements for which a public authority or utility company is responsible. Declarant reserves the right to create and impose additional easements or rights-of-way over any unsold Lot or Lots by the recording of appropriate instruments in the Wake County Registry, and such instruments shall not be construed to invalidate any of these covenants.

Declarant reserves an easement in, and right at any time in the future to grant, a ten-foot (10') right-of-way over, under and along the rear line of each Lot for the installation and maintenance of poles, lines, conduits, pipes and other equipment necessary to or useful for furnishing electric power, gas, telephone service, cablevision or other utilities, including water, sanitary sewage service and storm drainage facilities. Declarant also reserves an easement in and right at any time in the future to grant a five-foot (5') right-of-way over, under and along the side lines of each Lot for the aforementioned purposes.

20. SUBDIVISION OF LOTS. No Lot shall be subdivided by sale or otherwise so as to reduce the total Lot area shown on the recorded map or plat, except by and with the written consent of the Declarant.

21. UNINTENTIONAL VIOLATIONS. Declarant, or the persons or firms to whom the architectural review and approval authority has been delegated pursuant to Paragraph 17 of these Covenants, may, but shall not be obligated to, waive any violation of the designated and approved building setback lines on any Lot, provided that, no waiver may be granted for a violation in excess of 25% of the applicable requirements. No such waiver shall be effective unless the Lot and all structures thereon are in full compliance with the applicable provisions of the Zoning Ordinance or a variance has been obtained for such violation. Waivers shall be effective upon recording of same in the Wake County Registry.

22. STREET LIGHTING. Declarant reserves the right to subject the Subdivision to a contract with CP&L for installation of street lighting, which requires a continuing monthly payment to CP&L by each residential customer.

23. ENFORCEMENT. Enforcement of these covenants shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant herein and enforcement shall be to either restrain violation and/or to recover damages resulting therefrom, as

provided in Article IX, Section 1 of the Declaration.

24. SEVERABILITY. Invalidation of any one or more of these covenants by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

25. TERM. These covenants shall run with and bind the land and all owners thereof for a period of 25 years from the date they are recorded, after which time, they shall be automatically extended for successive periods of ten (10) years unless altered or amended as set forth below. These covenants may be amended during the first twenty-five year period by an instrument signed by the then-owners of not less than eighty percent (80%) of the Lots, and thereafter an instrument signed by then-owners of not less than seventy percent (70%) of the Lots.

26. HARMONY GLEN HOMEOWNERS ASSOCIATION, INC. The owners of Lots within the Subdivision are Members of the Harmony Glen Homeowners Association, Inc., and are subject to and bound by the Declaration Of Covenants, Conditions And Restrictions For The Harmony Glen Homeowners Association, Inc., recorded in the Wake County Registry, which Declaration provides additional restrictions on such Lots.

27. DECLARANT. Nothing contained in these Covenants shall be construed to permit interference with the development or improvement of the Lots by Declarant so long as said development or improvement follows the general plan of development previously approved by Wake County. The restrictions contained herein shall not be deemed to apply to any sales office, construction trailer, model home, or other temporary improvement installed by or with the approval of Declarant.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed under seal as of the ____ day of _____, 2001.

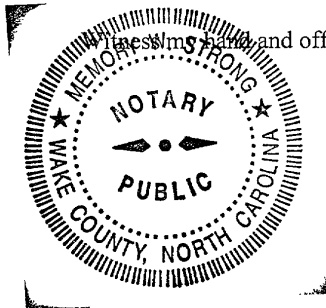
OLDE SOUTH HOMES, INC.,
a North Carolina corporation

By: Carl F. Wiesner
Carl F. Wiesner
Vice President

STATE OF NORTH CAROLINA - COUNTY OF Wake:

I, Memory W. Strong, a Notary Public for said County and State, certify that Carl F. Wiesner, personally appeared before me this day and acknowledged that he is Vice President of Olde South Homes, Inc., a North Carolina corporation, and that he, as President, being authorized to do so, executed the foregoing on behalf of the corporation.

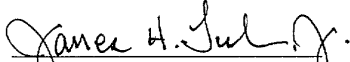
In presence of me and official stamp and seal, this 2nd day of March, 2001.



Memory W. Strong
Notary Public
My commission expires: 6-4-03

TDI CHAU, LLC,
a North Carolina Limited Liability Company

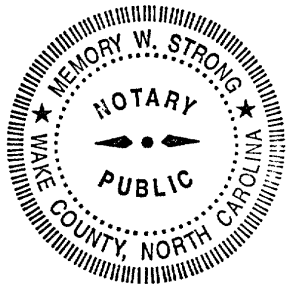
By: Tucker Development, Inc., Manager


James H. Tucker, Jr., President

STATE OF NORTH CAROLINA - COUNTY OF Wake:

I, the undersigned, a Notary Public for said County and State, certify that James H. Tucker, Jr., personally appeared before me this day and acknowledged that he is President of Tucker Development, Inc., a North Carolina Corporation, Manager for TDI CHAU, LLC, a North Carolina Limited Liability Company, and that he, as President of Tucker Development, Inc., being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp and seal, this 8th day of March, 2001.



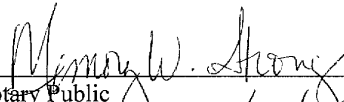

Notary Public
My commission expires: 6-4-03

EXHIBIT A

HARMONY GLEN

All that certain parcel of land situated in White Oak Township, Wake County, North Carolina, and more particularly described as follows:

BEING all of Lots 1-29, Harmony Glen Subdivision, formerly known as The Chau Property, as shown on that map recorded in Book of Maps _____, Pages _____ - _____, Wake County Register of Deeds.

Laura M Riddick
Register of Deeds
Wake County, NC



Book : 008855 Page : 02148 - 02188

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



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

North Carolina - Wake County

The foregoing certificate___ of Memory W. Strong

____ Notary(ies) Public is (are) certified to be correct. This instrument
and this certificate are duly registered at the date and time and in the book and
page shown on the first page hereof.

Laura M. Riddick, Register of Deeds

By: Wendy Parrish
Assistant/Deputy Register of Deeds

This Customer Group
_____ # of Time Stamps Needed

This Document
_____ New Time Stamp
33 # of Pages