

**FIRST AMENDMENT TO RULES AND REGULATIONS FOR
SHILOH GROVE COMMUNITY ASSOCIATION, INC.**

Adopted: February 24, 2011

Effective: February 24, 2011

WHEREAS, pursuant to Article 4.12 of the Declaration of Covenants, Conditions and Restrictions for Shiloh Grove recorded at Book 012789, Page 1744 of the Wake County Register of Deeds (hereinafter, "Declaration"), the Board of Directors has the power to adopt, publish and enforce certain Rules and Regulations relating to the Property;

WHEREAS, Article 4.04 the Declaration provides that now owner may rent his or her Lot except in cases of emergency or undue hardship and only as may be permitted by the Rules and Regulations;

WHEREAS, on 31 December 2007, the Board of Directors for the Shiloh Grove Community Association, Inc. ("Association") adopted certain Rules and Regulations, a portion of which, related to restrictions on the leasing or rental of Lots;

WHEREAS, the Board desires to amend the previous Rules and Regulations adopted on 31 December 2007 to clarify non-exclusive examples of emergencies and undue hardship that would allow an Owner to lease or rent his or her Lot as set out in Section I of the previous Rules and Regulations;

NOW THEREFORE, the undersigned does hereby declare that the Rules and Regulations adopted on 31 December 2007 shall be amended as follows:

I. RESTRICTIONS ON THE LEASING OR RENTAL OF LOTS

In accordance with the restrictions contained in the Declaration, no Owner shall lease or rent its Lot except as may be permitted by these Rules and Regulations. The Owners and prospective owners of Lots in owner-occupied communities are able to obtain more varied and flexible financing from federally regulated lenders, and, for this reason and others, the Board deems it in the best interest of the Owners and prospective owners of Lots in this community to restrict the leasing or rental of Lots in Shiloh Grove Community Association Inc. We recognize that there may be emergencies or undue hardships in which leasing of a Lot should be allowed. Except under these emergencies or undue hardships, and except in cases of emergency or undue hardship, no Owner shall be permitted to lease or rent its Lot. The Board shall determine special circumstances and instances of emergency and undue hardship on a case by case basis, and such determinations shall be made in the Board's sole and absolute discretion. By way of example and not limitation, the following are examples of what may constitute an emergency and undue hardship: military deployment such that the Owner would be afforded certain protections under the 2003 Service members Civil Relief Act; job loss by the Owner; where the Owner must relocate his or her residence away from Wake County, or any adjoining County in North Carolina and cannot within ninety (90) days from the date the Lot was placed on the market, sell the Property for the appraised market value after having made reasonable effort to do so; death in Owner's family

necessitating a move from Wake County or any adjoining County in North Carolina; significant illness requiring re-location for treatment or alternative living arrangements by the Owner; and where the Owner dies and the Lot is being administered by his or her estate. An Owner who desires to lease or rent its Lot shall submit a written request to the Board, which request shall set forth, among other things, the special circumstances applicable to such Owner's request to lease or rent its Lot. Written requests shall be deemed to be disapproved in the event the Board has not expressly and in writing approved such request within thirty (30) business days, of the submission of such request. No member of the Board shall be liable to any Owner for any claims, causes of action, or damages arising out of the grant or denial of a request for lease to any Owner. Each request for lease submitted hereunder shall be reviewed separately and apart from other such requests and the grant of any such request to any Owner shall not constitute a waiver of the Board's right to strictly enforce the Declaration or these Rules and Regulations against any other Owner. In the event the Board grants a request for lease, the Board may impose such conditions or restrictions on the leasing arrangement as it deems appropriate. In all events, if the Board grants a request for lease, the following restrictions shall apply:

1. Any Owner who rents or leases his or her Lot to a tenant shall not be entitled to use and enjoy any common facilities on the Common Area during the period the Lot is occupied by such tenant.

2. No Owner shall lease or rent less than an entire Lot and no more than one family shall live on any one Lot. The Lots shall not be leased or rented for hotel or transient purposes and no rental agreement or lease shall be made for a period of less than twelve (12) months (unless a lease is executed for a shorter term in connection with the sale of a Lot by an Owner who is to temporarily occupy such Lot following the closing of the sale thereof). Any lease or rental agreement between an Owner and a tenant shall be in writing and shall provide that it is in all respects subject to the provisions of the Declaration, the Bylaws, and these Rules and Regulations and that any failure by the tenant to comply with such provisions shall be a default under the rental agreement or lease. However, the failure of any lease or rental agreement to so provide shall not excuse any person from complying with the provisions of the Declaration, the Bylaws, and these Rules and Regulations.

3. Owner must provide to the Board in writing such documentation evidencing the leasing arrangement as may be requested by the Board, including, without limitation, the following :

- (a) the name of the tenant and the Lot rented or leased;
- (b) the current address of such Owner;
- (c) a true and complete copy of the leases or rental agreement; and
- (d) the certification of the Owner that the tenant has been given a copy of the Declaration, any applicable amendments, the Bylaws and these Rules and Regulations and that such tenant has been advised of any obligations he may have thereunder as a tenant.

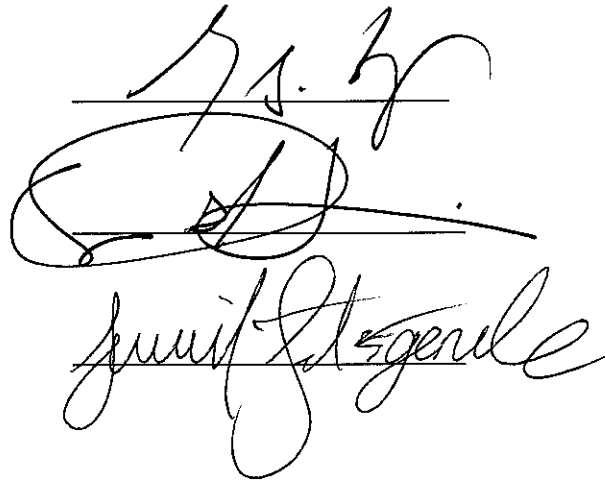
4. In no event shall any lease or rental agreement release or relieve an Owner

from the obligation to pay annual and special assessments to the Association, regardless of whether the obligation to pay assessments has been assumed by the tenant in such lease or rental agreement.

The above amendment shall be effective immediately.

WITNESS our hands effective as of the _____ day of February 24, 2011.

DIRECTORS:

Three handwritten signatures are written over three horizontal lines. The top signature is 'J. S. Br'. The middle signature is a stylized, cursive signature. The bottom signature is 'Junit St. Gerde'.