

administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created.

4. Declarant has caused or will cause to be incorporated under the laws of the State of North Carolina a non-profit corporation, Wakefield Estates Homeowners Association, Inc. (the "Association") for the purpose of exercising the functions aforesaid.

5. Anvil, as owner of a portion of the Existing Property to be encumbered hereby, desires to consent to such encumbrance of the Anvil Property, to the appointment of Declarant as Declarant hereunder, and to the creation of an agency to maintain the community properties as described above, subject, however, to the terms and conditions of Section 5 of Article Three of this Declaration.

NOW, THEREFORE, the Declarant and Anvil agree that the real property described in Article One is and shall be held, transferred, sold, conveyed and occupied subject to the terms, conditions and provisions of the covenants, conditions, restrictions, charges and liens (sometimes referred to herein as "covenants and restrictions" or "Declaration") as hereinafter set forth.

ARTICLE ONE: PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Existing Property. The real property which is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration is located in Wake County, North Carolina, and is commonly known as Phase One of Wakefield Estates, Phase III, as depicted on the Recorded Plat, said real property including all of the real property described in Exhibit A and Exhibit B attached hereto and by reference hereby made a part hereof.

Section 2. Additions to Existing Property. Real property in addition to the Existing Property may hereafter become subject to this Declaration in the following manner:

a) Additions in Accordance with a Master Plan of Development. The Declarant, its successors and assigns, shall have the right but not the obligation, without further consent of the Association, to bring within the scheme and operation of this Declaration all or any portions of the real property that adjoins or is otherwise in the immediate vicinity of the Existing Property.

The additions authorized under this and the succeeding subsection shall be made by filing of record in the Office of the Register of Deeds of Wake County one or more supplementary Declarations of Covenants, Conditions and Restrictions with respect to such additional property or properties, executed by the Declarant and, if different, the owner(s) of the additional property, which shall extend the operation and effect of the Declaration to such additional property or properties (hereinafter sometimes referred to as a "Supplemental Declaration").

Any Supplemental Declaration(s) may specify such specific use restrictions and other covenants, conditions and restrictions to be applicable to the added property and may contain such complementary additions and modifications of this Declaration as may be necessary or convenient,

in the sole judgment of the Declarant, to reflect and adapt to any difference in character of the added properties. In no event, however, shall any such supplementary Declaration modify or add to the covenants and restrictions established by this Declaration that govern the Existing Property; however, this proviso shall not be interpreted to prohibit or prevent any properly instituted change in the amount of the "assessments" (as hereinafter defined) payable by a Member of the Association by reason of any such additions.

b) Other Additions. Upon approval in writing of the Association, pursuant to authorization by way of a two-thirds (2/3) vote of all its Members, voting as provided in Section 2 of Article Six hereof, the owner of any property who desires to add such property to the scheme of this Declaration and subject such property to the jurisdiction of the Association must file of record a Supplemental Declaration as described in subsection (a) above. Any approval by the Association pursuant to this subsection shall be evidenced by the Association executing any such Supplemental Declaration(s). The Declarant shall have the right to approve (or disapprove) any such addition to the scheme of this Declaration until such time as the Declarant no longer owns any property subject to the terms hereof.

c) Mergers, Combinations or Consolidations. Upon merger, combination or consolidation of the Association with another association, the properties, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association, or, in the alternative, the properties, rights, and obligations of another association may, by operation of law, be added to The Properties of the Association as the surviving corporation pursuant to a merger, combination or consolidation. The surviving or consolidated association may administer the restrictions established upon any other properties, together with this Declaration, as one scheme.

In addition, in the event of a merger of the Association with another association, the rights, duties and obligations hereunder of the Committee (as hereinafter defined) may be assumed by the architectural control committee of the surviving association. Assessments hereunder may be collected by the surviving association and pooled with the assessments collected on other property managed by the association to meet the common expenses of the properties managed by the association as well as the Common Expenses hereunder.

No such merger, combination or consolidation, however, shall effect any revocation or change of, or addition to, the covenants and restrictions established by this Declaration within The Properties, except as herein provided.

It is specifically contemplated that the Association may merge with (or otherwise be consolidated with) the association now or hereafter formed with respect to the property generally known as Wakefield Plantation (which is located east of Falls of the Neuse Road), and that the Wakefield Plantation owners association shall be the surviving association entitled to exercise all rights and fulfill all obligations set out herein.

Section 3. Access Easement Reserved. The Declarant reserves unto itself for the benefit of Declarant, its successors and/or assigns, a perpetual, non-exclusive and alienable easement and right of ingress, egress and regress over and across all private streets and roads within The Properties for access to and from other real property of Declarant or its successors and/or assigns.

ARTICLE TWO: DEFINITIONS

The following words when used in this Declaration or any amended or Supplemental Declaration (unless the context shall require otherwise) shall have the following meanings:

"Assessment(s)" or "Common Charges" shall mean and refer to the assessment(s), including annual and special assessments, and charges levied by the Association against Members who are the Owners of Lots or Dwelling Units in The Properties, as applicable, and the word Assessment(s) shall have the same meaning as Common Charges, unless the context requires otherwise.

"Association" shall mean and refer to Wakefield Estates Homeowners Association, Inc.

"Bylaws" shall mean and refer to the Bylaws of the Association and all amendments thereto.

"Board" shall mean and refer to the Board of Directors of the Association.

"Common Expenses" shall mean and refer to:

- a) expenses of administration, operation, maintenance, repair or replacement of the Common Properties.
- b) expenses declared Common Expenses by the provisions of this Declaration or the Bylaws.
- c) expenses agreed upon from time to time as Common Expenses by the Association and lawfully assessed against Members who are Owners of Lots or Dwelling Units in The Properties, in accordance with the Bylaws or this Declaration; and
- d) any valid charge against the Association or against the Common Properties as a whole.

"Common Properties" shall mean and refer to (i) any personal property owned by the Association (such as signs, landscaping, etc.) intended for the common use, enjoyment and benefit of the Members, and (ii) those areas of land owned by the Association and shown on any recorded subdivision plat, executed by the Declarant and any other owner of such areas of land, of The Properties (or any other real property described or referred to in any declaration of covenants, conditions and restrictions to which The Properties are submitted or subjected) labeled as "Common Area", "Common Property", or "Common Properties" (together with all improvements located thereon) which are a part of The Properties, and as such intended to be devoted to the common use

and enjoyment of the Members, subject to special rights and limitations, if any, granted to or imposed on Owners of particular Lots or Dwelling Units.

"Declarant" shall mean and refer to Wakefield Estates LLC, and any person or entity who is specifically assigned the rights and interests of Declarant hereunder. As stated in the Recitals hereto, Declarant is the fee simple owner of the Wakefield Property, which together with the Anvil Property owned by Anvil, comprises the Existing Property, and Declarant is the entity which has been granted the right, power, authority, duty, and obligation to develop The Properties in the manner set forth in the Recitals and elsewhere in this Declaration. Until such time as Anvil transfers title to the Lots comprising the Anvil Property to Wakefield Estates LLC, the term "Declarant" shall also mean and refer to Anvil as to such Lots, provided that Anvil as Declarant shall not have any of the obligations of the Declarant as to such Lots. During the period that two entities comprise the Declarant, decisions by the Declarant as to matters not relating to any individual Lot or group of Lots (e.g., Declarant's rights to make amendments to this Declaration) shall be made by the parties through mutual agreement, except as specifically set forth herein.

"Dwelling Unit" or "Dwelling" shall mean and refer to any improved Lot intended for use and occupancy as one (1) dwelling, irrespective of the number of Owners thereof (or the form of ownership) located within The Properties. The foregoing shall not, however, preclude the construction and occupancy of a "guest house," a detached garage or similar facility ancillary to the dwelling, provided the ancillary facilities are approved by the Committee and otherwise comply with the terms of this Declaration. When the context so requires, "Dwelling Unit" shall refer to the improvements constructed on any improved Lot.

"Existing Property" shall mean all lots, roadways, and other areas shown on the Recorded Plat, save and except Lot 116 shown thereon.

"First Phase of Wakefield Estates Phase III" or "Phase One of Wakefield Estates Phase III" shall mean and refer to the community forming a portion of Wakefield that consists of detached dwellings, may include certain common improvements and areas, is generally known as a portion of Wakefield Estates, Phase III, and includes the Existing Property shown on the Recorded Plat.

"Limited Common Expense" shall mean and refer to the expense of administration, operation, maintenance, repair or replacement of Limited Common Properties or Limited Common Areas which shall be assessed against those Lots or Dwelling Units having the exclusive or special rights in the use or enjoyment thereof.

"Limited Common Properties" or "Limited Common Areas" shall mean and refer to a type of Common Property and shall refer to those areas of land (including without limitation any joint driveways) and improvements (including without limitation any common entrances to a Dwelling Unit) shown on or designated as Limited Common Properties or Limited Common Areas (or designated through other similar terminology for use and benefit of certain owners of Lots or Dwelling Units) on any recorded subdivision map of The Properties, and intended for the use of the Owners of particular Lots or Dwelling Units to the exclusion of other Owners and other Members.

Any property so designated shall be for the exclusive use of the Owners of Dwelling Units or the Lots so designated on the recorded plats. By way of illustration, Lot 114 is a Septic Field Lot for the benefit of the lot owners specifically identified on the Recorded Plat.

"Living Area" shall mean and refer to those heated and/or air-conditioned areas within a Dwelling Unit, which shall not include garages, carports, porches, patios, breezeways, terraces, or basements.

"Lot" shall mean and refer to any unimproved parcel of land within The Properties which is intended for use as a site for a dwelling, as shown upon any recorded subdivision map of any part of The Properties, with the exception of Common Properties or Limited Common Properties. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete, in the opinion of the Association, to be subject to assessment as improved property, i.e., a Dwelling Unit.

"Member" shall mean a member of the Association and shall refer to all Owners in The Properties.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Dwelling Unit situated upon The Properties, but notwithstanding any applicable theory of any lien or mortgage law, shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. (Note: the words "Member" and "Owner" are meant to describe all of the owners of The Properties interchangeably as semantics dictate throughout this Declaration.)

"Recorded Plat" shall mean that certain survey entitled "Survey for Anvil Investments, LLC Wakefield Estates Phase III," dated September 24, 1997, prepared by Derward W. Baker & Associates, and recorded in Book of Maps 1997, Page 1655 through 1656, Wake County Registry.

"Recreational Facilities" shall mean and refer to the area(s), if any, shown and designated as such on any recorded map of The Properties, and any improvements erected or to be erected upon any such area(s). As of the date hereof, no Recreational Facilities are contemplated on The Properties, and the Declarant disclaims any obligation to provide Recreational Facilities in the future.

"Septic Field Lots" shall mean any lots shown as "utility areas" on any recorded plat of The Properties (including the Recorded Plat of the Existing Property), and which as noted on such plat(s) are intended and reserved only for the installation and maintenance of subsurface sewage disposal fields.

"Second Phase of Wakefield Estates Phase III" or "Phase Two of Wakefield Estates Phase III" includes all property subject to the purchase agreement evidenced by the Memorandum of Purchase Agreement less and except the First Phase of Wakefield Estates Phase III.

"The Properties" shall mean and refer to all the Existing Property and any additions thereto as are made subject to this Declaration by any Supplemental Declaration(s) under the provisions of Article One of this Declaration.

"Wakefield" shall mean and refer to that community consisting of single family lots and residences, multi-family parcels and recreational and supporting facilities in Wake County, North Carolina, situated on property located both east and west of Falls of the Neuse Road, including the Existing Property.

"Wakefield Estates" refers to The Properties, including any additional properties hereafter subjected to the terms and conditions of this Declaration.

ARTICLE THREE: GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with the land, and shall inure to the benefit of, and be enforceable by, the Association or any Owner, its and their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by two-thirds (2/3) of the Members of the Association has been recorded, agreeing to change said covenants and restrictions in whole or in part.

Section 2. Notices. Any notice required to be sent to any Member or Owner, under the provisions of this Declaration, shall be deemed to have been properly sent when mailed, postage prepaid, registered or certified mail, return receipt requested, or deposited with an overnight courier (such as, but not limited to, Federal Express) and addressed to the person at the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing. Notice to any one of the Owners, if title to a Lot or Dwelling Unit is held by more than one, shall constitute notice to all Owners of a Lot or Dwelling Unit.

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by an appropriate civil proceeding against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, or both, and against the land to enforce any lien created by these covenants and restrictions; and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 4. Severability. Invalidation of any one of these covenants and restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

Section 5. Effect of Declaration with Respect to Lots Owned by Anvil. Notwithstanding anything herein to the contrary, as to any Lots within The Properties owned by Anvil, the following provisions shall be applicable:

1. Anvil shall not be subject to Assessments (specifically including but not limited to any regular assessments, any special assessments, or other assessments) otherwise due and payable from an Owner.
2. Anvil shall exclusively have all of the rights of the Declarant, the Committee and the Board as to the approval of the improvements described in Article Four. With respect to each such Lot, Anvil shall continue to have these rights until a Dwelling has been constructed thereon.

The foregoing provisions apply only to Anvil and do not apply to any subsequent owners of Lots sold or otherwise transferred by Anvil.

ARTICLE FOUR: ARCHITECTURAL CONTROL

Section 1. Purposes. The Declarant desires to provide for the preservation of the values in The Properties with respect to any Dwelling Unit to be constructed on any Lot constituting a portion of The Properties, and to that end, will establish an architectural control committee, in accordance with Section 3 of this Article, in order to provide, enforce and maintain certain standards as to harmony of exterior design and location of the improvements on the Lot in relation to surrounding structures, natural features and topography.

Section 2. Architectural Control. Unless expressly authorized in writing by the architectural control committee established by the Declarant (the "Committee"), no Dwelling Unit, fence, wall, driveway, patio, building or other structure or improvement whatsoever may be constructed, or any exterior addition or alteration to any Dwelling Unit, fence, wall, driveway, patio, building or other structure or improvement may be started, nor any clearing or site work shall be commenced, or maintained upon any Lot in The Properties, until plans and specifications therefor showing the shape, dimensions, materials, basic exterior finishes and colors, location on site, driveway, parking, decorative landscape planting, floor plans and elevations therefor (all of which is hereinafter referred to collectively as the "Plans" and each of which may be hereinafter referred to as a "Plan"), shall have been submitted in triplicate to, and approved in writing by, the Committee as to harmony of external design and location in relation to any surrounding structure, natural features and topography. The Committee shall have the absolute and exclusive right to refuse to approve any such Plans which are not suitable or desirable in the opinion of the Committee for any reason, including purely aesthetic reasons, which in the sole and unfettered discretion of the Committee shall be deemed sufficient; provided that the Committee shall not refuse to approve any Plans which are substantially similar to any other plans and specifications which previously have been approved for any Dwelling Unit. The Committee, in the exercise of its discretion, shall not approve the location of a Dwelling Unit or garage or carport on any Lot within 30 feet of the front line of such Lot, within 20 feet of the side lines of such Lot, and within 30 feet of the rear line of such Lot. Notwithstanding the application of these setbacks, the Committee shall have complete authority to determine the appropriate building site and location for the Dwelling Unit on each and every Lot.

Anything herein to the contrary notwithstanding, the Committee may, when concurred in by the Board (before or after transfer of control by Declarant), or Declarant may unilaterally, vary the building setback lines recited herein, so long as such variance does not cause the revised setback requirement to be less than that allowed by Wake County at that time. Any such variance shall be

evidenced by a certificate of variance or compliance signed by the Declarant or by two (2) of the officers of the Association, in recordable form and filed in the Office of the Register of Deeds of Wake County.

Section 3. Architectural Control Committee.

a) Membership: Right of Declarant to Act as Committee with Respect to Initial Construction.

(i) The Committee shall be composed of three (3) persons (who need not be Members of the Association) appointed by the Board. A majority of the Committee may designate a representative to act for it. In the event of death, resignation, or removal by the Board of any member of the Committee, the Board shall have full authority to designate a successor. Unless otherwise approved by the Association, neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. The Association shall keep, or cause to be kept, a list of the names and addresses of the persons who form the Committee and a list of the names and addresses of any designated representatives of the Committee, and such a list shall be available to any Owner upon request.

(ii) As to the initial construction of improvements on any Lot (the "Initial Construction of Improvements"), the Declarant shall serve as the Committee responsible for the review, approval, and monitoring of construction of improvements. This right of the Declarant pursuant to this section shall cease when the Declarant no longer owns any of the Lots comprising any portion of The Properties and no longer owns, or has a contractual obligation to purchase, all or any portion of the Second Phase of Wakefield Estates Phase III. Following the determination that a Lot qualifies as a Dwelling Unit, any requests for modifications or alterations of improvements in fact constructed on a Lot or for the construction of additional improvements on a Lot shall be the responsibility of the Committee, not the Declarant. The Declarant may at any time relinquish, either temporarily or permanently, to the Committee its rights to review, approve and monitor the initial construction of improvements as hereinabove described.

b) Procedure. At least forty-five (45) days prior to the commencement of any construction, the Plans shall be submitted to the Committee. In addition, at that time the Owner shall also provide to the Committee a completed Residential Building Application and a Client/Builder Registration Form. The Owner shall include with the name of the contractor, a statement as to the classification of contractor's license held by such contractor, the address and telephone number of the contractor, the names and telephone numbers of two (2) owners of comparable properties previously under contract with such contractor, and a minimum of two financial references for the contractor.

Approval shall be subject to such regulations, and architectural standards as may from time to time be promulgated by the Committee. Within thirty (30) days after receipt of the Plans and all

other required information, the Committee shall notify the Owner of the Lot or Dwelling Unit in writing as to whether the Plans and the contractor have been approved. Unless a response is given by the Committee within thirty (30) days, the Plans and/or contractor shall be deemed approved. The response of the Association may be an approval, a denial, an approval with conditions or a request for additional information. A request for additional information shall be deemed a determination that the information submitted was inadequate, and the thirty (30) day time period for further Committee response shall only commence upon receipt of the requested additional information. If approval with conditions is granted, and construction then begins, the conditions shall be deemed accepted by the Owner of the Lot or Dwelling Unit and the conditions imposed shall become fully a part of the approved Plans.

In addition to Plans approval, the Committee, in its sole discretion, shall have the right to approve the contractor selected by the Owner of each Lot or Dwelling Unit. In addition, in the case of the Initial Construction of the Improvements on a Lot as described in Article Four, Section 3(a)(ii), or in the case of improvements where the Committee believes there is a significant risk of damage to property owned by third parties, prior to any ground-disturbing activities commencing on any Lot for construction of an approved Dwelling Unit thereon, the Committee, on behalf of Declarant or the Association (in event control has been transferred to the Association by Declarant) will collect from the Owner or Contractor, a Five Hundred Dollar (\$500.00) Infrastructure Protection Fee, such fees to be pooled, held in a proper escrow account, and used by Declarant or the Association, at its unilateral discretion, to replace or repair damage done to any improvement or infrastructure of Wakefield Estates during construction of the Dwelling Unit, or for any other purpose whatsoever related to residential construction impact on, or for the general benefit of, the community. The foregoing fee shall be inapplicable to the construction of any improvements on an existing Dwelling Unit or any modification or alteration of improvements on an existing Dwelling Unit. Notwithstanding the payment of and collection of any Infrastructure Protection Fee, any contractor damaging improvements or infrastructure of Wakefield Estates shall be liable for such damage, and such liability is not limited to the Infrastructure Protection Fee collected.

The Committee, may also from time to time, in its sole discretion, require of any contractor a case or insurance performance bond to guarantee final site clean up and/or extraordinary road repairs necessitated by the actions of the contractor and his workers and subcontractors during the construction of any improvements on The Properties.

Any Owner of any Lot or Dwelling Unit disagreeing with the finding of the Committee may appeal the decision to the Board by giving written notice of appeal to the President of the Association within fifteen (15) days following receipt of notice of denial. The Board shall then review the Plans, giving the Chairman of the Committee the opportunity to present to the Board specific reasons why the Plans were denied, in the presence of the Owner of the Lot or Dwelling Unit or his agent, and the Owner of the Lot or Dwelling Unit or his agent may present information challenging the findings of the Committee. The decision of the Committee shall only be overridden by unanimous vote of the Board. The foregoing provision shall not be applicable to decisions by the Declarant as to the Initial Construction of Improvements pursuant to Article Four, Section 3(a)(ii).

The Committee may adopt a schedule of reasonable fees for processing requests for approval. Such fees will be payable to the Association at the time that the Plans and other documents are submitted to the Committee. The payment of such fees, as well as other expenses of the Committee required to be paid, shall be deemed to be an individual Assessment, enforceable against the Owner of the Lot or Dwelling Unit as provided hereinabove. The Committee expressly reserves the right and power, exercisable in its sole discretion, to procure the services of a consultant of its own choosing for purposes of assisting the Committee in its review of any Plans, and the cost of such consulting service(s) shall be the responsibility of the respective applicant or Owner of the subject Lot or Dwelling Unit and shall be in addition to any fees due for processing any requests for approval.

All notices required to be given under this Section shall be given in writing, hand-delivered or mailed postage prepaid, certified or registered mail, return receipt requested or deposited with an overnight carrier (such as, but not limited to, Federal Express), and the Committee shall be obligated to specify the particular grounds upon which denial of any application is founded. If the Committee approves the Plans, one set of Plans, denoted as approved (or approved with specified conditions), shall be retained by the Committee, and the other two sets shall be returned to the applicant.

c) Application of the Article. This Article Four shall apply to any additions to the Existing Property subsequently made subject to this Declaration and the terms and provisions of any Supplemental Declaration.

ARTICLE FIVE: RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION, DECLARANT AND OWNERS

Section 1. Permissible Uses. No Lot shall be used except for residential purposes (with the exception of any sales center, office, building or model home constructed, used or authorized by the Declarant or his agent). Specifically, no "Model Home" or "Open House" type of operation shall be allowed within The Properties other than with Declarant's explicit prior written permission, notwithstanding Declarant's right to operate such "Model Home" or "Open House," at its discretion, anywhere within The Properties at any time. No portion of any residence may be used as an office where customers or others, on a regular basis, frequent such office for business purposes. Except as hereinabove provided, no building of any type shall be erected, altered, placed, or permitted to remain on any Lot other than a Dwelling Unit and any ancillary buildings (e.g., guest house, detached garage, storage facility), which shall be approved by the Committee and shall comply with any applicable zoning regulations and the requirements of Articles Four and Five of this Declaration.

Section 2. Division of Lots; No Time Sharing.

a) No Lot shall be further divided, except that any two Owners may divide a Lot between them if such Lot is adjacent to the Lots owned by such Owners and provided further that no more than two (2) Dwelling Units and accessory buildings may be constructed on the three (3) combined Lots. In event of such a recombination, the sideline setbacks and sideline easements shall

be released as to the old interior common sidelines and become applicable to the new common sideline created within the old shared Lot.

b) No Lot, unit of ownership or ownership interest may be subdivided to permit time sharing or other devices to effect interval ownership. For purposes of this section "time sharing" or "other devices to effect interval ownership" shall include, but not be limited to, ownership arrangements, including uses of corporations, trusts, partnerships or tenancies in common, in which four or more persons or entities, not members of a single household, have acquired, by means other than will, descent, inheritance or operation of law, an ownership interest (directly or indirectly, equitable or legal) in the same Dwelling Unit and such owners have a formal or informal right-to-use or similar agreement.

Section 3. Water Facilities. Water treatment and services shall be provided to The Properties, by a state-licensed and regulated utility company or companies, with fees set and regulated by the North Carolina Utilities Commission. Water services will be extended to all Lots or Dwelling Units prior to transfer of title of such Lot or Dwelling Unit by the Declarant to any Owner other than a builder who has acquired title for the purpose of constructing improvements thereon with no intention of occupying the improvements.

All underground waters beneath the property in Wakefield Estates are understood to be a part of the available water system for Wakefield Estates. Owners shall not construct any potable water supply wells on any Lot or commit any act that would interfere with the water system; however, it is understood that this easement shall in no way materially interfere with Owner's use of the improvements on the surface.

Section 4. Utilities and Other Easements. All utility lines of every type, including but not limited to water, electricity, gas, telephone, sewage and television cables, running from the main trunk line or service location to any Dwelling Unit must be underground. The Declarant reserves unto itself, its successors and assigns, a perpetual alienable and releasable easement and right on, over and under the ground to erect, maintain and use water, irrigation, electric, gas, telephone, sewage and television cables, and any other utilities lines and conduits for the purpose of bringing public utilities or other services, at this time known or unknown, to The Properties on, in, under and over the streets or roads and over any Lot shown on any plat of The Properties recorded by the Declarant within twenty-five (25) feet of each Lot line fronting on a street, within ten (10) feet along the side lines of each Lot, within twenty-five (25) feet along the rear line of each Lot, and over such other areas as are so identified on any plats of The Properties recorded by the Declarant. In addition, the Declarant and the Association may cut, in the above described easements, as well as anywhere else that such may be required (in the Declarant's or the Association's judgment, as the case may be), at its own expense, drainways for surface water and/or may install underground storm drainage wherever and whenever such action is required by applicable health, sanitation or other state or local authorities, or in order to maintain reasonable standards of health, safety and appearance. In addition, along street-fronting property lines, in the twenty-five (25) foot easement hereby reserved, Declarant also hereby reserves the right (but does not by this reservation impose on itself the obligation therefor) for installation, maintenance and repair of bike and pedestrian paths, street lights

and/or street-side landscaping. In the event of any additions to The Properties, as provided in Article One, by the Declarant or others, the easements created hereby shall exist on the Lots in such additions to The Properties. These easements and rights expressly include the right within such easement areas to cut any trees, bushes or shrubbery, to take or add any soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation or to maintain reasonable standards of health, safety and appearance.

There is also reserved by Declarant, for itself, and its successor or assigns, for any state-licensed water utility company and for Wake County and for the State of North Carolina, within The Properties, a perpetual easement to enter any Lot at reasonable times and hours of the day in order to do necessary groundwater monitoring, to include the installation and pumping of groundwater wells, or for the purposes of remediation of groundwater contaminants.

Section 5. Minimum Square Feet in Dwelling Unit. Each Dwelling Unit shall contain a minimum of 3,000 square feet of living area. Measurements shall be made to exterior walls.

Section 6. Temporary Structures. No structure of a temporary character shall be placed upon any portion of The Properties at any time; provided, however, this prohibition shall not apply to shelters or sheds used by contractors during the construction of a Dwelling Unit, or improvements or additions thereto, on any Lot. Temporary shelters, tents, recreational vehicles, trailers (whether attached or unattached to the realty) may not, at any time, be used as a temporary or permanent residence or, except as provided for in Section 17 of this Article Five, be permitted to remain on any portion of The Properties.

Section 7. Committee Approval of Plans and Other Prohibitions.

a) As provided in Section 2 of this Article Four, no Dwelling Unit, fence, structure, patio, building, appurtenance, attachment, improvement or addition shall be built, constructed or maintained nor shall any alteration, rebuilding or reconstruction commence, unless the Plans therefor have been approved in writing by the Committee and such building or construction is completed in strict accordance with said Plans. In addition, any such Dwelling Unit shall comply with all applicable building, plumbing, electrical and other codes.

b) No detached garage, guest house, storage shed, carport or any other ancillary building shall be permitted unless the Committee determines that it is architecturally compatible with the primary Dwelling Unit on the Lot.

c) No vent or other pipes or appendages may extend from the front of any Dwelling Unit, unless screened from public view by a screening material or shrubbery approved by the Committee.

d) Any exterior air-conditioning or heating equipment and any natural gas storage facility must be screened from public view by a screening material or shrubbery approved by the Committee.

e) Downspouts and gutters must be constructed so as not to promote the erosion of the soil of any Lot or Dwelling Unit.

f) Exterior lighting shall be restrained and subtle and must be directed so as not to shine directly on another Lot or Dwelling Unit or interfere with the quality of the night environment. No exterior lighting other than at entranceways or stairways will be allowed after 11 p.m.

Section 8. Garbage and Storage Receptacles. Except as required by any appropriate governmental authority, each Owner shall provide receptacles for garbage (and recyclables if such a program is in place in Wake County), and all garbage receptacles, tools and equipment for use on a Lot or Dwelling Unit by any Owner, shall be placed in a screened area in accordance with reasonable standards established by the Committee to shield the same from general visibility from roads and neighbors abutting the Lot or Dwelling Unit. No fuel tanks or similar storage receptacles or related storage facilities, may be exposed to view. No underground storage tanks for natural gas, propane, chemicals, petroleum products or any other mineral or toxic product will be allowed anywhere in The Properties.

Section 9. Debris. No leaves, trash, garbage or other similar debris shall be burned except as permitted by the appropriate governmental authority. No garbage, trash, construction debris or other unsightly or offensive materials shall be placed upon any portion of The Properties, except as is temporary and incidental to the bona fide improvement of any portion of The Properties. Job site debris shall be removed from the job site or Lot at least semi-weekly.

Section 10. Antennas. Except as otherwise permitted herein, no television antennas, radio receiver or sender antenna or other similar device shall be attached to or installed on the exterior portion of any Dwelling Unit or structure, or placed on any Lot or Common Properties within The Properties; provided, however, the provisions of this paragraph shall not apply to the installation by the Association of equipment necessary for a CATV and/or mobile radio system within The Properties. A satellite dish not to exceed thirty (30) inches in diameter may be installed so long as it is appropriately screened from view (as determined by the Committee).

Section 11. Landscape Plan. As part of the Plans package submitted by a Lot Owner to the Committee for approval of such Owner's Plans for building, there shall be included a comprehensive landscape plan prepared by a landscape architect or other qualified landscape designer or horticulturist (the "Landscape Plan"). Shown thereon, in addition to the scheme for decorative plantings, shall be all of the planned site improvements and modifications, including, but not limited to, major topographic changes and plans for revegetation and restabilization thereof, the location and specifications for all terraces, walkways, driveways, paths, fences, bulkheading, walls, pools, outdoor lighting and the specifications for other fixtures and structures envisioned to be constructed as part of the Landscape Plan.

The Landscape Plan should seek to unite the Dwelling Unit as well as all other structural aspects of the landscape with its setting and should provide for the introduction of plant materials of sufficient size and quantity to create (when first installed) a sense of maturity to the landscape scene.

The budget for decorative plantings should be at least two percent (2%) of the Dwelling's cost, and verification of such a budget must be included with the Landscape Plan Submission.

Section 12. Trees and Foliage. Trees measuring six (6) inches or more in diameter, at a point two (2) feet above ground level, and any flowering trees or shrubs above five (5) feet in height may not be removed from The Properties without the written approval of the Committee, unless located within ten (10) feet of a Dwelling Unit, or site for such Dwelling Unit, or in the path of driveways and walkways located or to be located on any Lot. Excepted from this provision shall be damaged trees or trees which must be removed because of an emergency.

Section 13. Unightly Conditions. It is the responsibility of each Owner to prevent any unclean, unsightly or unkept conditions to exist on his Lot, Dwelling Unit, or grounds which shall tend to decrease the beauty of The Properties, specifically or as a whole. During the construction of any improvement to a Lot in The Properties, the Lot, roads, bike paths, landscaping and Common Areas adjacent thereto shall be kept in a neat and orderly condition so as not to cause an unsightly condition to exist or damage to occur. In the event the Owner or his agent or employee (including, without limitation, any contractor or subcontractor) shall fail to maintain the Lot and adjoining areas as specified herein or allow damage to occur and such failure continues or damage remains unrepaired for seven (7) days following delivery of written notice thereof from Declarant or the Association, Declarant or the Association shall have the right, exercisable in its sole discretion, to summarily abate any unsightliness, make needed repairs, and to remove any rubbish, refuse, unsightly debris and/or growths from the Lot and adjoining area. In the event the Declarant or the Association, after such notice, causes the subject work to be done, the costs of such work shall be reimbursed by the Owner to the Association and shall become a continuing lien on the Lot until paid in full.

Section 14. No Offensive Activity or Fires. No noxious or offensive activity or excessive noise shall be carried on upon any portion of The Properties, nor shall anything be done tending to cause embarrassment, discomfort, annoyance or nuisance to any Owner, tenant or guest thereof, in any portion of The Properties. Fires on any Lot or Dwelling Unit or on any portion of the Common Properties are prohibited unless procedures adopted by the Board are strictly followed.

Section 15. Certain Plants, Animals and Pets. Except as otherwise permitted herein, or in any amended Declaration, no plants, animals, devices or things of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may tend to diminish or destroy the enjoyment of any other Lot or Dwelling Unit by Owners, or tenants and guests thereof, may be maintained on a Lot or in a Dwelling Unit. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot or in any Dwelling Unit, except that a reasonable number, but no more than a total of three dogs, cats or other household pets may be kept,

provided that they are not kept, bred or maintained for any commercial purpose. At no time shall any household pets be allowed to run free, and at all times when off the Owner's Lot, such household pets shall be on a leash.

Section 16. Discharge of Firearms. Hunting and trapping of wild animals, fowl and game and the discharge of firearms and/or bows and arrows within The Properties is prohibited unless required for public safety.

Section 17. Motorized Vehicles, Prohibited Parking. All motorized vehicles operating within The Properties must be properly muffled so as to eliminate noise which might be offensive to others. All motorized vehicles and motorized bicycles are prohibited from being used or operated anywhere other than on the roads within The Properties. No motorized vehicles shall be allowed to remain on any street right-of-way overnight. No boat, boat trailer, other trailer, camper, recreational vehicle, utility vehicle or truck (to the extent that a truck is rated as a one ton truck or larger) shall be allowed to remain on any street right-of-way or on any Lot or on any portion of the Common Properties overnight unless (i) it is enclosed within a garage on such Lot that has been constructed in accordance with the provisions of this Declaration, or (ii) it is screened from public view on such Lot by a screening material or shrubbery approved by the Committee. In addition, each Owner shall provide as a part of his Dwelling Unit or as a part of an accessory building thereto an enclosed garage or other suitable approved enclosure for the parking, out of public view, of two full-sized automobiles.

Section 18. Signage. No "For Sale" or "For Rent" signs or other signs of any kind shall be displayed in public view on any Lot, Dwelling Unit, facility, appurtenance, short or long term parked vehicle, accessory building or structure unless such signs comply with size limitations and criteria established by the Committee. Notwithstanding the foregoing, the Declarant shall have the right to locate or permit the location of a sign or signs indicating the location of sales centers, identify model homes or living units and their builder, any Recreational Facilities and such other informational signs of any type as may be necessary or desirable, in Declarant's sole opinion, to facilitate Declarant's plans for development and sales at Wakefield Estates.

Section 19. Pavement of Joint Walkways. Any joint walkway (Limited Common Properties) shown on any recorded subdivision map of The Properties, if and when improved, shall be improved and maintained by the Owners of the Lots on which such joint walkway abuts.

Section 20. Vegetation. No existing vegetation shall be disturbed during construction without the express written consent of the Committee. The Committee shall require written proposals for the restabilization of any such disturbed area. Any vegetation disturbed during construction shall be repaired to the satisfaction of the Committee prior to the Owner applying for an occupancy permit from Wake County or the appropriate municipal body. This shall not prevent or limit in any way the Declarant from engaging in such earthmoving, clearing, moving, and pruning activities as are necessary to effect the overall plan of development.

Section 21. Mail and Delivery Boxes. The Committee shall determine the standards and issue guidelines for the location, material, color and design for mail and newspaper boxes, if any, and the manner in which they shall be identified. All Owners must display the County-assigned street address on their mail boxes, or other appurtenance, pursuant to the then-current regulations of Wake County.

Section 22. Fences. Fences are subject to the complete jurisdiction of the Committee as to location, style, materials and height. As used herein, fences shall include walls, barricades, shrubbery or other impediments to reasonable mobility and visibility. Absent an extraordinary showing of need by the Owner of a Lot or Dwelling Unit, no fence shall be allowed along any Lot or Dwelling Unit property line. The Committee shall only approve the construction of a fence upon a determination that the fence is aesthetically pleasing, and does not detract from the reasonable value of any Lot or Dwelling Unit.

Section 23. Elevated Walkways. No elevated or suspended walkways of any kind, or any other manmade structure whatsoever, shall be constructed in or over any lake, pond, waterway, marsh, off-property wetland, other water course, Common Properties, or any other place, by any one other than the Declarant. To the extent that any of such are constructed by the Declarant, the Declarant may limit the time or nature of the use of the same.

Section 24. Driveways. All driveways, guest parking and turnabouts will be of non-porous materials and such special materials, surface treatments and/or accents as are required by the Committee.

Section 25. Timely Completion. When construction of any Dwelling Unit, structure, improvement, or addition thereto has once begun, work thereon shall be prosecuted diligently and continuously until the full completion thereof. Dwelling Units under construction in The Properties shall be "dried-in" with exterior finishes installed (roofing, windows and finish siding and trim in place) within one hundred twenty (120) days of starting construction, and all phases of work, including execution of the Landscape Plan, shall be complete within one year of Committee approval. In the event that completion should be delayed beyond one year from Committee approval, then in that event, the Committee, may, so long as the Owner is notified within thirty days of the one-year period expiring, by way of unanimous vote of its Members, rescind the existing approval and require that the Owner reapply and seek new approval.

ARTICLE SIX: MEMBERSHIP, VOTING RIGHTS IN THE ASSOCIATION, RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION

Section 1. Membership. Every person or entity who is a record Owner of a fee simple interest in any Lot or Dwelling Unit within The Properties is subject by this and any other declarations to all rights, responsibilities and assessments of the Association and shall be a Member of the Association; provided, however, any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

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

a) Class I. The Class I Members shall be all Owners of Lots or Dwelling Units within The Properties, other than the Declarant as long as Class II membership exists. In the case of multiple ownership of any property, those multiple Owners shall be treated collectively as one Owner. Any Class I Member in The Properties shall be entitled to one (1) vote for each Lot which it owns.

b) Class II. The Class II Member shall be the Declarant, who shall be entitled to three (3) votes for each Lot or Dwelling Unit owned by it within The Properties. The Class II Membership shall cease and be converted to Class I Membership on the happening of the first to occur of the following events:

- i. Declarant has sold and closed the sale of 90% of all Lots within The Properties and is not the owner of (or has no contractual right to purchase) acreage comprising the Second Phase of Wakefield Estates Phase III, or
- ii. December 31, 2017.

If the Class II membership has been terminated or has expired and subsequently additional properties owned by the Declarant thereafter become subject to this Declaration pursuant to Article One, Section 2, the Class II membership shall immediately be reinstated as of the date such additional properties become subject to this Declaration.

Section 3. Rights and Responsibilities of the Association. Subject to the rights of Owners, Declarant (specifically including Anvil as herein described) as set forth in this Declaration, the Association has exclusive management and control of the Common Properties and all improvements thereon and all furnishings, equipment and other personal property relating thereto.

The Association's duties with respect to such Common Properties include, but are not limited to, the following:

- a) maintenance of the Common Properties;
- b) management, operation, maintenance, repair, servicing, replacement and renewal of all landscaping, improvements, equipment and personal property constituting part of the Common Properties or located upon the Common Properties so as to keep all of the foregoing in good, clean, attractive, sanitary, safe and serviceable condition, order and repair;
- c) all landscaping of the Common Properties;

d) maintenance of adequate public liability insurance insuring the Association and its officers and directors, and adequate property casualty or hazard insurance for the benefit of the Association with respect to the Common Properties; and

e) payment of all taxes and assessments validly levied, assessed or imposed with respect to the Common Properties.

The Declarant (that is, Wakefield Estates LLC, and specifically excluding in this context Anvil) is responsible for construction of and maintenance of streets and roads shown on the Recorded Plat until such roads are accepted for maintenance by the applicable governmental authority. Notwithstanding the foregoing, the Association shall be entitled to undertake (but is not obligated to undertake) the management, operation, maintenance, repair, servicing, replacement and renewal of all streets and roads within The Properties and all improvements thereon; provided, however, following any irrevocable acceptance of the streets and roads for maintenance as public rights of way by applicable governmental entities, the maintenance obligations of the Association for the streets and roads shall only be to the extent such activities are not performed by the applicable governmental entities.

The Association may obtain and pay for the services of any personnel to manage its affairs to the extent the Board deems advisable, as well as such other personnel as the Board determines is necessary or desirable, whether such personnel are furnished or employed directly by the Association or by any person with whom it contracts. Without limitation, the Board may obtain and pay for legal, accounting, engineering or other professional services necessary or desirable in connection with the Common Properties or the enforcement of this Declaration, the Association's Articles of Incorporation, Bylaws, rules or regulations.

The Association may acquire, hold, and dispose of real property and tangible and intangible personal property, subject to such restrictions as from time to time may be contained in the Association's Articles of Incorporation and Bylaws.

The Association, from time to time, may adopt, alter, amend, rescind and enforce reasonable rules and regulations governing use and operation of the Common Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. The validity of the Association's rules and regulations, and their enforcement, shall be determined by a standard of reasonableness for the purpose of protecting the value and desirability of The Properties.

The Association may, acting through its Board, contract with other residential associations or commercial entities, neighborhoods or clubs to provide services or perform services on behalf of the Association and its Members. In addition, the Association may contract with other residential associations or commercial entities, neighborhoods or clubs within Wakefield to provide services therein or perform services on behalf of such other associations, neighborhoods or clubs.

ARTICLE SEVEN: PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3 of this Article Seven, every Member shall have a right and easement of enjoyment in and to all of the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Lot or Dwelling Unit in The Properties.

Section 2. Title to Common Properties. The Declarant may retain the legal title to any Common Properties shown on any recorded plat of The Properties, until such times as it has completed improvements, if any, thereon and until such times as Declarant so wishes and/or, in the opinion of the Declarant, the Association is able to maintain the same. The Declarant shall be entitled to substitute other properties within The Properties for Common Properties to which it or the Association holds fee title. Any such substitution shall be shown on a recorded plat that identifies the tracts so substituted and is recorded in the Wake County Registry. Notwithstanding any provision to the contrary herein, the Declarant hereby covenants, for itself, its successors and assigns, that it shall convey, and upon such conveyance the Association shall accept, any such Common Properties to the Association not later than December 31, 2017.

Section 3. Extent of Members' Easements . The rights and easements of enjoyment created herein shall be subject to the following:

a) the right of the Declarant, in its sole discretion, to grade, pave or otherwise improve any road or street shown on any recorded plat of The Properties;

b) the right of the Association, as provided in its Articles of Incorporation or Bylaws, to suspend the enjoyment rights of any Member for any period during which any assessment of that Member remains unpaid, and for any period not to exceed thirty (30) days for any infraction of any published rules and regulations adopted by the Board;

c) the right of the Association or its assignee to charge reasonable admission and other fees for use of any of the Association's Recreational Facilities situated upon its Common Properties; and

d) the right of the Association to dedicate or transfer all or any part of the Common Properties (which includes streets and roads) to any public agency, authority or utility for such purposes and or as to such conditions as may be agreed to by the Members; provided, however, no such dedication, transfer, or determination as to the purposes or as to the conditions thereof, shall be effective unless fifty-one percent (51%) of the votes of Members entitled to vote, at a Special Meeting of the Members called in accordance with the Bylaws (any consents in writing presented to the Secretary or other officer of the Association at or prior to such meeting shall constitute votes of Members), consent to and approve of such dedication, transfer, purpose or condition. (If so agreed to and approved by the Members, such dedication and transfer, specifying the purpose(s) and condition(s) thereof, shall be executed by the President and Secretary of the Association with the same formalities of a deed and recorded in the Office of the Register of Deeds of Wake County.)

The rights of Members of the Association shall in no way be altered or restricted because of the location of Common Properties in any additions to The Properties in which such Member is not a resident. The use of Common Properties belonging to the Association shall be a membership entitlement.

Section 4. Driveway Culverts. Each Owner, if required by the Committee as a condition to approval of his Plans, when making a driveway connection to the street or to a cul-de-sac, will provide a suitable drainage culvert so as to allow for unimpeded water movement along the existing roadway swale, and will maintain that culvert at all times in such a way that it does not become an eyesore or disturb the desired drainage patterns in the swale system.

Section 5. Stormwater Management Improvements. Each Owner shall be responsible for the maintenance of any stormwater management systems located on its Lot or Dwelling Unit that are not a part of the Common Properties. Such maintenance shall include removal of sediments within the swales and channels, restabilization of the swales and channels as needed, checking dam repairs, flushing of driveway culverts and maintenance of the vegetation cover as necessary. The Association, however, may elect to either monitor or enforce an Owner's compliance with the foregoing requirements or may elect to assume responsibility for one or more components of the stormwater management facilities (as it deems necessary) within The Properties. If the Association elects to assume overall responsibility for stormwater management facilities, any costs thereof shall be an expense borne by the Association. If the Association has not elected to so assume overall responsibility, the Association may treat any expenses so incurred by the Association as Limited Common Expenses.

Section 6. Private Roads. In the development of The Properties, the Declarant may construct certain private streets or roads within The Properties connecting parcels of The Properties to public rights of way. The Owners of Lots or Dwelling Units shall have no more than an easement for ingress and egress for themselves, their tenants, agents, employees, representatives, invitees and assigns over such private streets and roads, and there shall be no public rights of any kind therein, unless approved by the Members in accordance with the provisions of Section 3 of this Article Seven. Declarant reserves the right to name and revise from time to time the names or other designations given to such private streets or roads.

ARTICLE EIGHT: COVENANT FOR PAYMENT OF ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. Each Member, other than the Declarant, who is the owner of any Lot or Dwelling Unit, by acceptance of a deed therefor, and all other Members, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and does hereby covenant and agree to pay as limited below, to the Association:

a) annual Assessments or Common Charges as herein provided or provided in the Bylaws,

b) special Assessments for capital improvements (such annual and special Assessments to be fixed, established, and collected from time to time as herein or in the Bylaws provided); and

c) any fines assessed by the Association for an Owner's violations of the terms and conditions of this Declaration and any liquidated damages or summary charges imposed under authority contained in the Bylaws, together with costs, fees and expenses (including reasonable attorneys' fees) incurred by the Association incidental to the enforcement of any rules and regulations, collection of Assessments (both annual and special) or collection of damages or charges arising under the Bylaws.

d) a working capital assessment in an amount equal two months of the maximum regular annual assessment for a Lot, such assessment due and payable by the grantee at the time such Lot is conveyed by the Declarant.

The annual and special Assessments of an Owner and any liquidated damages or summary charges as herein or in the Bylaws provided, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the Lot or Dwelling Unit against which each such Assessment is made. Each such Assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person or persons jointly and severally, who is (are) the Owner(s) of such properties at the time when the Assessment fell due.

Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, access, maintenance of property values, security, safety and welfare of the residents of The Properties and other Members, and in particular for:

a) improvement, maintenance, and replacement of any of the Association's Common Properties including, without limitation, any Recreational Facilities and payment of the Common Expenses;

b) implementation and enforcement of proper maintenance of exteriors of Dwelling Units and related improvements on Lots in The Properties, if necessary, subject to reimbursement by the Owner(s) of such property pursuant to Article Nine, Sections 1 and 2 of this Declaration;

c) establishment of capital replacement reserves and establishment of a working capital reserve; and

d) acquisition of services and facilities devoted to the foregoing purposes or for the use and enjoyment of the Association's Common Properties, including but not limited to, the cost of repairs, replacements, additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against those Common Properties, the procurement and maintenance of insurance related to those Common Properties, any Recreational Facilities and use

in accordance with the Bylaws, the employment of attorneys to represent the Association if necessary, and such other requirements as are necessary to perform all of the aforesaid functions and purposes.

Section 3. Assessment of Uniform Rates Within Different Categories or Forms of Ownership. Both annual and special Assessments shall be fixed at uniform rates for every Lot or Dwelling Unit within The Properties, within the category or form of ownership applicable to such property. There will be no difference between assessments as to Lots, or between Assessments as to Dwelling Units. In addition, the Owner(s) of some Dwelling Unit(s) may be subject to an assessment for the maintenance, improvement and replacement of any Limited Common Properties located on or adjacent to or related to the Lot on which such Dwelling Unit is located.

Section 4. Application of Maximum Assessment. The Association may make regular assessments from time to time throughout the course of a calendar year and the references herein to "annual assessment" shall not be construed to limit the power of the Association to levy more than one assessment in a calendar year, subject to the limitations set out herein. Subject to the limitations set out in Section 6 of Article Eight, in no event shall the sum of all the annual regular Assessments for any calendar year exceed the applicable maximum regular annual Assessment.

The regular annual Assessment maximum amounts shall be the sums calculated in accordance with the following schedule as may be increased in each instance by an adjustment for inflation as set forth below.

<u>Owner Members</u>	<u>Maximum Regular Annual Assessments</u>
Per Lot	\$1,000.00
Per Dwelling Unit	\$1,600.00

Commencing with the calendar year beginning January 1, 1999, and on the first day of each year thereafter, the maximum regular annual Assessments shall automatically be increased unless the Board, by majority decision, shall determine otherwise, by ten percent (10%) per annum, compounded annually. In the alternative, the Board, by majority decision, may determine that the amount of the automatic ten percent (10%) increase is inadequate and that the amount of the annual increase should be determined by multiplying the fee paid during the last year just ended by a fraction, the numerator of which shall be the Consumer Price index for All Urban Consumers, All Items - All Cities (1982-84=100), hereafter called the "CPI-U," as determined by the United States Department of Labor for the first month of the current year for which the fee is being adjusted and the denominator of which shall be the index for the first month of the last year just ended. In the event that the CPI-U shall be discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living.

In the event that the Association merges with another owners association, as provided in Article I, Section 2(c), the foregoing limitations on assessments shall be inapplicable, and any limitations on assessments set out in the surviving association's organizational documents shall be applicable in lieu thereof.

Section 5. Special Assessments for Capital Improvements.

a) In addition to the regular annual Assessments authorized by Section 4 of this Article Eight, the Association may levy in any Assessment year, a special Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of professional or consulting fees, any construction or reconstruction, unexpected repairs or replacement of any capital improvements (including, without limiting the generality thereof, any lake, waterway, or pond) located upon the Association's Common Properties, including the necessary fixtures and personal property related thereto, provided any such Assessment shall have the consent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall have been sent to all Members in accordance with the provisions of the Bylaws for Special Meetings.

b) In addition to the foregoing special Assessment approved by the Members, as described in the preceding paragraph, the Association may levy a special Assessment, no more than once every five calendar years, without the consent of the Members. The amount of such Assessment, however, may not exceed \$500.00 per Owner (subject to the adjustment provisions of Article Eight, Section 4).

Section 6. Change in Maximum Amount of Annual Assessments. The Association may change the maximum amount of the regular annual Assessments fixed by Section 4 of this Article Eight prospectively for any period provided that any such change shall have the consent of two-thirds (2/3) of the votes of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall have been sent to all Members in accordance with the provisions of the Bylaws for Special Meetings. The limitations of Section 4 of this Article Eight shall not apply to any change in the maximum amount of the Assessments undertaken as an incident to a merger or consolidation in which the Association is authorized by law to participate or as an incident to any (a) additions to The Properties under Article One, Section 2 or (b) submission of additional property pursuant to Article One, Section 2 of this Declaration.

Section 7. Quorum for any Action Under Sections 5 and 6. The quorum required for any action authorized by Sections 5 and 6 of this Article Eight shall be as follows:

At the first meeting called as provided in Sections 5 and 6 of this Article Eight, the presence at the meeting of Members, or of proxies, entitled to cast a majority of all the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at such meeting, another meeting may be called, subject to the notice requirement set forth in Sections 5 and 6 of this Article Eight, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the

required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than fifty (50) days following the preceding scheduled meeting.

Section 8. Date of Commencement of Annual Assessment: Due Dates. The regular annual Assessments provided for herein shall be paid (as determined by the Board) in quarterly, semiannual, or annual installments. The payment of the regular annual Assessment by Owners shall commence as to each Lot and Dwelling Unit on the first day of the month following the conveyance of that property by the Declarant, but no earlier than January 1, 1998. The first regular annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the regular annual Assessment at least fifteen (15) days in advance of each regular annual Assessment period. Written notice of the regular annual Assessment shall be sent to every Member subject thereto. The due dates shall be established by the Board. The Association, upon any qualified demand (as determined by the Board) at any time and upon the payment of a fee, as determined by the Board, for the purpose of defraying the costs of providing such a certificate, shall furnish a certificate in writing signed by an officer of the Association setting forth whether any specific Assessment has been paid. Such properly executed certificate of the Association as to the status of the Assessment is binding upon the Association as of the date of its issuance.

The first Assessments levied against any additions to The Properties not now subject to the levying of Assessments, at a time other than the beginning of any Assessment period, shall be an amount which bears the same relationship to the regular annual Assessment provided for in Section 4 of this Article Eight as the remaining number of months in that year bear to twelve.

The due date of any special Assessment under Section 5 of this Article Eight or any other Assessments permitted by the Declaration shall be fixed in the resolution or resolutions authorizing such Assessment.

Section 9. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement, and the amount of the Assessment or Assessments against each Member, for each Assessment period, at least fifteen (15) days in advance of such date or period and shall, at that time, prepare a roster of the Members and Assessments applicable thereto which shall be kept in the office of the Association, or at any other place designated by the Board upon notice to the Members, and which shall be open to inspection by any Member. Written notice of the Assessment or Assessments thereupon shall be sent to every Member subject thereto.

Section 10. Effect of Non-Payment of an Owner's Assessment: The Personal Obligation of the Owner; the Lien; Remedies of Association. If the Assessments of an Owner are not paid within ten (10) days following the date due (being the dates referred to in Section 8 of this Article Eight), then such Assessments shall become delinquent and shall, together with late charges assessed and such interest thereon and costs of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot(s) or Dwelling Unit(s), which shall bind such Lot(s) or Dwelling Unit(s) in the hands of the then-Owner, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then-Owner to pay such Assessment shall remain his personal

obligation for the statutory period; and, in addition, shall pass to his successors in title (as an encumbrance or lien against the Lot or Dwelling Unit) unless expressly waived by the Board.

If the Assessment(s) is not paid within thirty (30) days after the delinquency date, the Association may impose a late charge in an amount determined by the Board with respect to such Assessment. In addition such Assessment(s) shall bear interest from the date of delinquency at the rate of one and one-half percent (1.5%) per month and the Board, acting on behalf of the Association, may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Lot(s) or Dwelling Unit(s), and there shall be added to the amount of such Assessment (including late charges and interest), the costs of such action and reasonable attorneys' fees or other costs incurred by the officers of the Association pursuant to authority of the Board. In the event a judgment is obtained against any Owner for such Assessments, such judgment shall include interest on the Assessment as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action.

Section 11. Subordination of the Lien on an Owner's Property to Mortgages or Deeds of the Trust. The lien on an Owner's property of the Assessments provided for herein shall be absolutely subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon any Lot(s) or Dwelling Unit(s) subject to Assessments. The subordination shall not relieve any Lot(s) or Dwelling Unit(s) from liability for any Assessments now or hereafter due and payable, but the lien thereby created shall be secondary and subordinate to any first mortgage or deed of trust as if said lien were a second mortgage, irrespective of when such first mortgage or deed of trust was executed and recorded.

Section 12. Exempt Property. The following property subject to this Declaration shall be exempted from the Assessments, charges and liens created herein:

a) all Common Properties and all Septic Field Lots as defined in Article Two of this Declaration; and

b) all properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemption. (Homestead exemptions shall not be considered an exemption.)

Notwithstanding any provisions of this Section 12, no Lot (specifically excluding all Septic Field Lots) or Dwelling Unit shall be exempt from said Assessments, charges or liens.

Section 13. Declarant's Obligations for Assessments. At any time there exists a Class II membership, the Declarant's obligation for Assessments on unsold Lots or Dwelling Units subject to this Declaration will be limited to the difference between the actual operating costs of the Association, excluding reserves on the Common Properties, and the Assessments levied on the existing Members other than the Declarant. In no event, however, will the Declarant be required to make a deficiency contribution in any amount greater than it would otherwise be liable for if it

were paying Assessments on unsold Lot(s) and Dwelling Unit(s) owned by Declarant. At any time when Class II membership interests do not exist, Declarant shall pay assessments as would any other Owner for each Lot or Dwelling Unit owned by the Declarant. Anvil shall have no obligation to pay Assessments or other sums owing under this Section.

ARTICLE NINE: EXTERIOR MAINTENANCE AND INSURANCE

Section 1. Exterior Maintenance. After thirty (30) days written notice to an Owner specifying any required maintenance, the Association shall have the right but not the obligation to provide (a) maintenance upon any Lot and (b) maintenance upon any Dwelling Unit which is subject to Assessments under Article Eight hereof. Such maintenance includes (but is not limited to) painting, repairing, replacing and care of roofs, gutters, downspouts, removal of signs in violation of this Declaration, and exterior improvements on any Dwelling Unit. Such maintenance may include the mowing of grass and weeds (including maintenance of any portion of the unpaved right of way adjoining such Lot or Dwelling Unit), the trimming of shrubs, or the removal of trash and litter, the maintenance (including repair and replacement, if necessary) of any stormwater management facilities, and the maintenance (including repair and replacement, if necessary) of any septic system improvements within roadways or on Septic Field Lots.

Section 2. Assessment of Cost on Exterior Maintenance. The cost of any such maintenance shall be assessed against the Lot or Dwelling Unit upon which such maintenance is done and shall be added to and become part of the regular annual Assessment or charge to which such Lot or Dwelling Unit is subject and, as part of such regular annual Assessment or charge, it shall be a lien against any such Lot or Dwelling Unit, as heretofore defined and limited, and a personal obligation of the Owner and shall become due and payable in all respects as provided herein.

ARTICLE TEN: RECREATIONAL FACILITIES

The Declarant and the Association may (but shall not have any obligation to) construct recreational amenities (including without limitation tennis court(s), pool(s), walking trails, bike paths or open space) in any areas shown as either "Common Area," "Present Recreational Facilities" or "Other recreational facilities" on any recorded plat of The Properties (the "Recreational Facilities"). Any such Recreational Facilities shall be provided for the benefit of all Owners of Lots or Dwelling Units, their tenants and guests within the Existing Property and, at the sole option of Declarant, to other owners of Lots or Dwelling Units within other additions submitted to this Declaration, their tenants and guests, and shall be maintained, as part of the Common Properties out of assessments imposed on all Owners who have the right of access to and the use of the Recreational Facilities in accordance with the provisions of Article Eight. Owners of Lots in additions to the Existing Property may have the right, as and to the extent designated by the Declarant, to use the Recreational Facilities, provided they pay assessments for maintenance equal in amount to that paid by Owners of Lots or Dwelling Units within the Existing Property. Nevertheless, the Board shall have the right to form an affiliated association (the "Operator") which may be a separate corporation or a division of the Association and assign to it the responsibilities of maintenance and operation of the Recreational Facilities on a non-profit basis and upon such terms and conditions, not inconsistent

herewith, as the Board may deem reasonably necessary. The Operator shall maintain and operate such portions of all Recreational Facilities as are designated to be maintained and operated by such Operator for the benefit of every Owner in good standing with the Association. The Association (by action of its Board) or the Operator, as the case may be, may charge dues and membership fees sufficient to defray operating costs and require that current payments be made in order for any Owner to enjoy the use of the Recreational Facilities. The Operator or the Board, as the case may be, may also permit use of any such Recreational Facilities by non-owners and non-residents of The Properties upon payment of required dues or membership fees, including without limitation an initiation fee. The Operator may impose reasonable regulations regarding the use of any such Recreational Facilities to insure accessibility, safety, harmony and preservation of any such Recreational Facilities. The Association reserves the right to revoke an assignment made by it to an Operator and to assume the operation of any such Recreational Facilities, on a membership basis, and to impose special fees, charges or assessments against the Owners with respect thereto. The cost of the management, operation, maintenance, repair, servicing, replacement and renewal of the Recreational Facilities shall be deemed Common Expenses as to all Owners who have the right of access to and use of the Recreational Facilities.

ARTICLE ELEVEN: AMENDMENT TO DECLARATION

Section 1. Owner/Member Initiated. An amendment to this Declaration may be proposed upon a majority of the votes of the Owners whether meeting as Owners or by an instrument in writing signed by them. Any proposed amendment to this Declaration shall be transmitted in writing to all current Owners, and there shall be called a Special Meeting of the Owners for a date not sooner than ten (10) days nor later than fifty (50) days from date of notice. It shall be required that each Owner be given written notice of such Special Meeting, stating the time and place, and reciting the proposed amendment in reasonably detailed form, which notice, if mailed, shall be mailed not less than ten (10) days nor more than fifty (50) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail, certified with return receipt requested, addressed to the Owner at his address as it appears on the records of the Association, the postage thereon prepaid. Any Owner may, by written waiver of notice signed by such Owner, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such Owner. At the meeting, the amendment proposed must be approved by an affirmative vote of sixty-six percent (66%) of the votes (with the votes being calculated as provided in Article Six, Section 2) of Owners (including the Declarant) entitled to vote in order for such amendment to become effective. At any meeting held to consider such amendment, the written vote of any Owner shall be recognized and counted even if such Owner is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to or at such meeting. If so approved, such amendment of this Declaration shall be properly transcribed and certified by two (2) officers of the Association as having been duly adopted and approved by the requisite percentages of Owners. The original or an executed copy of such amendment, properly executed with the same formalities as a deed, shall be recorded in the Office of the Register of Deeds of Wake County, and no such amendment to this Declaration shall

be effective until so recorded. If any amendment to the Declaration creates an inconsistency in the Bylaws, to the extent such inconsistency exists, the Declaration shall control.

Section 2. Declarant Initiated. Declarant, or its successor or assigns, shall be allowed to make (i) any amendments to this Declaration necessary, in the Declarant's opinion, for compliance with laws or regulations relating to FHA, VA, or Office of Interstate Land Sales or necessary to establish the nonprofit qualifications of the Association, or (ii) minor (non-substantial) amendments to this Declaration, notwithstanding any other provision contained herein, and without joinder of any other party, for the purposes of correcting any discovered typographical error contained herein, clarifying any ambiguity contained herein, or adding or deleting any incidental provisions deemed in the sole discretion of Declarant to be in the best interest of The Properties, and the Owners therein. This right may be exercised, and shall be effective only upon the recordation of a "Corrected Declaration" in the Office of the Register of Deeds of Wake County, which Corrected Declaration shall specifically reference this document, and the provision impacted.

ARTICLE TWELVE: CAPTIONS, INTRODUCTIONS AND GENDER

The captions and introductory material herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provision hereof. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine and neuter genders, and the use of the singular shall be deemed to refer to the plural, and the use of the plural shall be deemed to include the singular, whenever the context so requires.

ARTICLE THIRTEEN: SEVERABILITY AND GOVERNING LAW

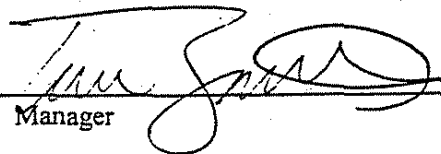
If any provision of this Declaration is found to be invalid by any court, the invalidity of such provision shall not affect the validity of the remaining provisions hereof, and for the purposes hereof all covenants as contained herein shall be deemed to be severable each from each other without qualification. This Declaration and the separate provisions thereof shall be construed and enforced in accordance with the laws of the State of North Carolina without regard to principles of conflict of laws.

IN WITNESS WHEREOF, the Declarant and Anvil have caused this Declaration to be duly executed under seal as of the date first above written.

WAKEFIELD ESTATES LLC,
a North Carolina limited liability company (SEAL)

By:  (SEAL)
Manager

ANVIL INVESTMENTS LLC, a North Carolina
limited liability company (SEAL)

By:  (SEAL)
Manager

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Avery Conkling, a Notary Public of the County and State aforesaid, do hereby certify that Daniel Irwin Cotton, Manager of Wakefield Estates LLC, a North Carolina limited liability company, personally came before this day and acknowledged the due execution of the foregoing instrument as his act and deed and as the act and deed of the Company.

Witness my hand and official stamp or seal, this the 16 day of October, 1997.

Avery Conkling
Notary Public

My Commission Expires:

[Notary Seal]

8/13/2002

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Avery Conkling, a Notary Public of the County and State aforesaid, do hereby certify that Tim Smith, Manager of Anvil Investments LLC, a North Carolina limited liability company, personally came before this day and acknowledged the due execution of the foregoing instrument as his act and deed and as the act and deed of the Company.

Witness my hand and official stamp or seal, this the 16 day of October, 1997.

Avery Conkling
Notary Public

My Commission Expires:

[Notary Seal]

8/13/2002

EXHIBIT B
**To Declaration of Covenants, Conditions and Restrictions
for Wakefield Estates, Phase III**

Being all of the property shown on that certain survey entitled "Survey for: Anvil Investments, LLC, Wakefield-Estates Phase III, New Light Township, Wake County North Carolina," prepared by Derward Baker & Associates, dated September 24, 1997, and recorded in Book of Maps 1997, Pages 1655 through 1656, Wake County Registry, SAVE AND EXCEPT those lots conveyed by Anvil Investments LLC to Wakefield Estates LLC, by deed recorded in Book 7692, Page 358, Wake County Registry, and also described in Exhibit A attached hereto and incorporated herein by reference.