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**DECLARATION OF
COVENANTS, RESTRICTIONS AND EASEMENTS
FOR
HENSLEY HOMEOWNERS' ASSOCIATION**

**This document regulates or prohibits the display of flags,
including the flag of the United States of America and State
of North Carolina.**

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EXHIBIT A

**DECLARATION OF
COVENANTS, RESTRICTIONS AND EASEMENTS
FOR HENSLEY HOMEOWNERS' ASSOCIATION, INC.**

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS (this "*Declaration*") is made this 6th day of April, 2017, by HHHunt Shaffer, LLC, a North Carolina limited liability company (hereinafter referred to as the "*Declarant*").

WITNESSETH:

WHEREAS, Declarant is the owner, or has the consent of the owner, of all that tract or parcel of land lying and being located in Wake County, North Carolina which is more particularly described on Exhibit A attached hereto (hereinafter referred to as the "*Property*"); and

WHEREAS, Declarant intends to impose on the Property mutually beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the Property and to establish a procedure for the overall development, administration, maintenance and preservation of the Property; and

WHEREAS, in furtherance of such plan, it is desirable to create an association to own, operate and maintain the Area of Common Responsibility (as defined below), to administer and enforce the covenants and restrictions imposed hereby and to collect, hold, and disburse the charges and assessments provided in the Declaration; and

WHEREAS, it is intended that every owner of any of the Lots automatically, and by reason of such ownership in this Declaration, become a member of the Association and be subject to its rules, regulations, assessments and charges.

NOW, THEREFORE, Declarant does hereby submit the Property to the provisions of this Declaration. This document establishes a mandatory membership Owners association.

ARTICLE I. DEFINITIONS

As used in this Declaration, the following terms shall have the meanings ascribed to them in this Article I, such definitions being cumulative of those set forth elsewhere in this Declaration.

"*Act*" shall mean the North Carolina Planned Community Act.

"*Additional Property*" shall mean any and all real property lying and being within five (5) miles of the Property.

"*Annual Assessment*" shall have the meaning specified in Article V entitled "ASSESSMENTS", and shall constitute the assessments which, pursuant to the provisions of such Article, shall be levied by the Association against the Lots each year for the purpose of raising the funds necessary to pay the "Common Expenses" (as that term is defined in such Article).

"*Area of Common Responsibility*" shall mean the Common Areas, as defined herein, together with those areas, if any, which by the terms of this Declaration or by contract or agreement with any other person become the responsibility of the Association regardless of the owner entity.

"*Articles of Incorporation*" shall mean the Articles of Incorporation of Hensley Homeowners' Association, Inc., filed with the Secretary of State of North Carolina, as the same may be amended from time to time.

"Assessment Unit" shall mean and refer to the number that will be multiplied by the Base Annual Assessment rate for each class of membership to determine the total Annual Assessment for that Member pursuant to Article V.

"Association" shall mean the Hensley Homeowners' Association, Inc., a North Carolina non-profit corporation.

"Authorities" shall mean all federal, state, and local governmental and quasi-governmental agencies, bodies, entities, boards, and authorities that have jurisdiction over: the Property; the furnishing of utilities or other services to the Property; improvement, development, occupancy, sale, or use of the Property; or any one or more of the foregoing.

"Base Assessment Rate" shall mean and refer to the Annual Assessment amount assessed against the Owner of an Improved Lot, as determined by the Board of Directors pursuant to Article V.

"Board of Directors" shall mean the body responsible for the administration of the Association, selected as provided in the Bylaws.

"Bylaws" shall mean the Bylaws of the Hensley Homeowners' Association, Inc., and incorporated herein by reference, as the same may be amended from time to time.

"Common Area" shall mean and refer to all real and personal property now or hereafter owned by the Association for the common use and enjoyment of every Owner, subject only to the limitations set forth in Article III hereof. The recordation by Declarant of a subdivision plat, condominium plats and plans, or any other plat recorded by the Declarant in the office of the Register of Deeds shall constitute the granting by Declarant to the Association of a non-exclusive easement in common with Declarant for the use, benefit, and enjoyment of all areas designated as common areas or common area easements thereon and shall also cause any such property to be maintained by the Association, irrespective of conveyance of such property to the Association by recorded Deed, provided that Declarant shall have the right to amend, relocate or terminate any such easement comprising Common Area by recording an amendment to any such plat in the office of the Register of Deeds at any time prior to the termination of the Declarant Control Period. Common Area shall also include any real or personal property (including property in which the Association has previously been granted an easement) which may be conveyed in fee by deed from the Declarant to the Association at any time. The Association shall be obligated to accept as Common Area any property or interest therein conveyed to it by the Declarant regardless of the condition of the property, and the Declarant shall have the unilateral right to convey Common Area property to the Association through the Declarant's recordation of a Deed of conveyance. The Declarant or the Association has no obligation pursuant to this Declaration to plant or grow grass, shrubs or trees in or to actively landscape any area designated as a "buffer" on any plat or plan related to the construction or development of the Properties, including any Lot.

"Common Expense(s)" shall mean the costs and expenses which the Association shall incur in connection with the performance of its duties and responsibilities pursuant to the North Carolina Planned Community Act, this Declaration, the Articles of Incorporation and the Bylaws.

"Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Property. Such standard may be more specifically determined by the Board of Directors or the Hensley Architectural Committee ("HAC", as defined herein).

"Courtyard Area" shall mean the fenced yard area adjoining and accessed through an Owner's home, the boundaries of which shall be established only by the Declarant or an authorized Builder and may not be changed thereafter without the mutual consent of both affected Lot Owners.

"Deck" shall mean the wooden deck, if any, that is constructed as part of the original construction of each Improved Townhome Lot.

"Declarant" shall mean HHHunt Shaffer, LLC, a North Carolina limited liability company and shall include any successor or assign who shall acquire any portion of the Property for the purpose of development or sale and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant; provided, however, that there shall be only one "Declarant" hereunder at any one time.

"Declarant Control Period" shall mean the period of time during which the Declarant, or persons designated by the Declarant, may appoint and remove the members of the Board of Directors. Termination of the Declarant Control Period shall be as detailed in Article IV.

"Declaration" shall mean this Declaration of Covenants, Restrictions and Easements of the Association, as the same may be hereafter amended in accordance with the terms hereof.

"Design Standards" shall mean the design and development guidelines promulgated by the HAC governing construction within the Properties, which shall include application and review procedures to be followed in submitting an application for approval.

"Development Period" shall mean the period of time during which the Declarant owns any property that is subject to this Declaration or has the unilateral right to subject Additional Property to this Declaration pursuant to Article II. The Declarant may, but shall not be obligated to, unilaterally relinquish its rights, or a portion of its rights, under this Declaration and terminate the Development Period by recording a written instrument with the Register of Deeds.

"Eligible Holder" shall mean an institutional holder, insurer, or grantor of a First Mortgage, who provides a written request to the Association for information as detailed in Article IX.

"First Mortgage" shall mean a deed or other document by means of which title to any Lot is conveyed or encumbered to secure a debt of first priority.

"Improved Lot" or "Improved Townhome Lot" shall mean a Lot (i) upon which there is located a structure for which a certificate of occupancy has been issued by the applicable Authorities, and (ii) which has been sold to a Person who is not the Declarant.

"Hensley Architectural Committee" ("HAC") shall mean those individuals with the authority to review plans and specifications as more fully described in Article VI of this Declaration.

"Legal Requirements" shall mean the rules, regulations, laws, ordinances, standards, permits, approvals, and other requirements of the Authorities regarding the development, ownership, use, or maintenance of the Property, the Lots, the Area of Common Responsibility or any of the foregoing.

"Limited Common Areas" shall mean those portions of the Common Areas primarily benefiting one or more, but less than all, Neighborhoods or Lots, and which are designated as such by the Association, or, if during the Development Period, the Declarant, as more particularly described in Section 5.02 herein.

"Lot" shall mean each portion of the Property which may be independently owned and conveyed and which is intended for development, use, and occupancy as a residence for a single family, as shown on the Plat. The term "Lot" includes both "Improved Lots" and "Unimproved Lots."

"Modifications Committee" ("MC") shall mean the committee appointed by the Board of Directors having exclusive jurisdiction over modifications, additions, or alterations made on or to existing Lots or structures containing Lots and the open space, if any, appurtenant thereto.

"Member" shall mean a Person subject to membership in the Association pursuant to Article IV hereof.

"Mortgagee" shall mean a lender or bank that holds a mortgage.

"Neighborhood" shall mean a group of Lots designated as a separate Neighborhood pursuant to Article II for purposes of sharing one or more Limited Common Areas and/or receiving other benefits or services from the Association which may be common to those Lots and not provided to all Lots. A Neighborhood may be comprised of more than one housing type and may include noncontiguous parcels of property. Neighborhood boundaries may be established and modified as provided in Article II hereof.

"Neighborhood Assessments" shall mean assessments levied against Lots in a particular Neighborhood to fund Neighborhood expenses, as described in Article V herein.

"Occupant" shall mean Owner and occupants, residents, tenants, guests and invitees of any Lot or Owner.

"Owner" shall mean any Person who is or shall be a record owner by purchase, transfer, assignment or foreclosure of a fee or undivided fee interest in a Lot; provided, however, that any Person who holds such interest merely as security for the performance of an obligation shall not be an Owner.

"Patio Area" shall mean the poured concrete area extending from the rear of the residence constructed on a Townhome Lot as part of the original construction of each such Improved Townhome Lot.

"Person" shall mean a natural person, corporation, trust, partnership or any other legal entity.

"Plat" shall mean the Hensley Subdivision Phase 1 plat, prepared by M III, recorded in the Register of Deeds Office, at Book of Maps 2017, Pages 622 through 677, together with all amendments thereto and any and all other plats for Hensley Subdivision that are hereafter recorded in the plat book records of the Register of Deeds, pursuant to the provisions of the Declaration.

"Property" shall have the meaning ascribed to it hereinabove with the plural, "Properties" having the same meaning.

"Register of Deeds" shall mean the Wake County, North Carolina Register of Deeds.

"Supplemental Declaration" shall mean an instrument filed with the Register of Deeds which imposes additional restrictions or obligations on the land described in such instrument.

"Stoop" shall mean the front stoop that is constructed as part of the original construction of each Improved Townhome Lot.

"Stormwater Agreement" shall mean and refer to any agreement approved by the Authorities, as the same may be amended from time to time with the approval of the Authorities, which term shall also include any other agreement, maintenance manual or other document, by whatever name, between or among any combination of the Authorities, the Declarant, the Association, and one or more Owners, relating to maintenance of Stormwater Control Measures.

"Stormwater Control Measures" shall mean and refer to any one or more of the following that serves or benefits any part or all of the Property or is required by applicable city, county, or state laws and regulations or other Legal Requirement in connection with any part or all of the Property, whether located in the Property or outside of the Property: (i) storm water drainage easements (also sometimes referred to herein as "storm water easements" and

“drainage easements”) that are shown on plats of the Property recorded in the Register of Deeds or established by written instruments recorded in the Register of Deeds, and which either are located on the Common Area or benefit or serve more than one (1) Lot; and (ii) storm water management facilities for the Property, including ponds, man-made or natural areas and planned or landscaped areas into which storm water drains or in which storm water is collected or from which it is discharged, drains, pipes, conduits, inlets, channels, dams, ditches, filters, buffers, spreaders, bio-retention areas, and other equipment, facilities and storm water management measures used for inspecting, monitoring, measuring, collecting, controlling, transporting, conveying, handling, storing, discharging and managing storm water. Except as otherwise provided herein, Stormwater Control Measures are part of the Common Property and maintenance of Stormwater Control Measures shall be a Common Expense. References in the Declaration to storm water management shall include all applicable Stormwater Control Measures and Stormwater Agreements.

“*Street Trees*” shall mean and refer to trees located in or near the right-of-way adjacent to each Lot, controlled by the Town of Holly Springs, and required by Legal Requirements. Street Trees shall be maintained by the Lot Owners pursuant to Article VIII.

“*Tree and Vegetation Protection Zone*” shall mean and refer to those Common Areas or areas of open space on individual Lots, or in front of Lots within a Town of Holly Springs right-of-way (the “ROW”) indicated as such on the final recorded plat(s) for the Property.

“*Townhome Lot*” shall mean a Lot which is intended for development, use, and occupancy as a townhome or a single-family attached residence, as shown on the Plat, but are distinguished from the single family homes which may share a common Courtyard Area.

“*Unimproved Lot*” shall mean a Lot which is not an Improved Lot or Unimproved Townhome Lot.

ARTICLE II. PROPERTY SUBMITTED TO THIS DECLARATION

2.01 Lots Hereby Subjected to this Declaration. The Declarant, for itself and its successors and assigns, does hereby submit the Property and the Lots to this Declaration. Every Owner, by taking record title to a Lot, agrees to all of the terms and provisions of this Declaration. Each of the Lots is subject to all the burdens, and enjoys all the benefits, made applicable hereunder.

The Property shall hereafter be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration, including, but not limited to, the lien and assessment provisions set forth herein. All of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration as applicable to the Lots shall be a permanent charge thereon, and shall run with the Lots.

2.02 Annexation of Additional Property.

(a) **Annexation without Approval of Class “A” Membership.** The Declarant shall, at any time, and from time to time, have the unilateral right, but not the obligation, to annex any property described in Exhibit “B” of the Declaration or any other property, whether such property is now owned or subsequently owned by the Declarant (or any successor), which is adjacent or contiguous to or located within a five (5) mile radius of property already forming part of the Association, measured from the then existing boundary of the Association, into the Association and subject said annexed property to the Declaration and to the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration by executing and recording with the Register of Deeds an amendment to this Declaration describing the property being annexed. For purposes of this Section, adjacent or contiguous property includes any property which is separated from property forming part of the Association by a natural or man-made

barrier including, but not limited to any lakes, rivers, roadways, paths or other barriers. Such annexation shall be accomplished by filing with the Register of Deeds a Supplemental Declaration annexing such property.

From and after such recording, the annexed property shall be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration, including, but not limited to, all lien and assessment provisions set forth herein. All of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration shall be a permanent charge on, and shall run with, such annexed property.

In addition to the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens set forth in this Declaration, Declarant shall further have the right at its election, without the consent of any Owner or Owners, to subject any such annexed property to varying or additional controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens by filing a Supplemental Declaration with the Register of Deeds covering only such annexed property. The Association shall have the right and authority to enforce all controls, covenants, conditions, restrictions, easements, and developments contained in such Supplemental declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the annexed property in order to reflect the different character and intended use of such property. Such additional covenants may also include subjecting the annexed property into a separate mandatory membership homeowners or condominium association which, if created, would be a sub-association to the Association.

No approval from any member of the Association, or from anyone else whomsoever, shall be required for the Declarant to subject Additional Property to this Declaration. Declarant shall have the unilateral right to transfer to any other Person the right, privilege, and option to annex Additional Property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the real property described in Section 2.02(a) above of this Article, and that such transfer is memorialized in a written, recorded instrument executed by the Declarant.

Declarant's right of annexation shall survive termination of its Class "B" membership status and the termination of the Declarant Control Period.

The Declarant is under no obligation, pursuant to this Section 2.02, to add common area or recreational facilities and subject the same to this Declaration, regardless of annexation of Additional Property for development.

(b) Annexation with Approval of Class "A" Membership. Subject to the consent of the owners thereof, the Association may annex real property other than that described in subsection (a) above of this Article, or may annex property which Declarant now owns or subsequently becomes the owner of, to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall require the affirmative vote of a majority of the total available votes of the Class "A" votes of the Association (other than those held by Declarant) or such other percentage of votes as may be required by the Act, present at a meeting duly called for such purpose and the approval of the Declarant, so long as Declarant owns property subject to this Declaration or which may become subject hereto in accordance with Section 2.02(a) of this Article.

(c) Acquisition of Additional Common Area. Declarant may convey to the Association additional real estate, improved or unimproved, located within the Properties described in subsection (a) of this Article, which upon conveyance or dedication to the Association shall be accepted by the Association, irrespective of the condition of the property. However, any Common Areas or Common Area Easements to be conveyed to the Association shall be maintained immediately by the Association at its expense for the benefit of all its Members upon the recordation of a plat in accordance with this Declaration, irrespective as to whether such property has actually been conveyed to the Association. The Association shall be obligated to accept as Common Area any property or interest therein conveyed to it by the Declarant and the Declarant shall have the unilateral right to convey Common

Area property to the Association through the Declarant's recordation of a Deed of conveyance.

(d) Amendment. This Article shall not be amended without the prior written consent of Declarant, so long as the Declarant owns any property described in Exhibits "A" or "B" of the Declaration, as amended, or susceptible to being subject to the Declaration.

2.03 Withdrawal of Property. The Declarant reserves the right to amend this Declaration during the Development Period, for the purpose of removing any portion of the Property from the coverage of this Declaration, provided such withdrawal is not contrary to the overall, uniform scheme of development for the Property. Such amendment shall not require the consent of any Person other than the Owner of the property to be withdrawn, if same is not the Declarant.

2.04 All Lots Bear the Burdens and Enjoy the Benefits of this Declaration. Every Owner, by taking record title to a Lot, agrees to all of the terms and provisions of this Declaration. Each of the Lots is subject to all burdens, and enjoys all benefits, made applicable hereunder.

2.05 Easements. The Lots shall be subjected to, and the Declarant does hereby grant, the following non-exclusive perpetual easements:

(a) Easements Over Lots.

(i) Easements for Utilities, Etc. There is hereby reserved unto Declarant, so long as the Declarant owns any property described on Exhibit "A" or "B" of the Declaration, as amended, the Association, and the designees of each (which may include, without limitation, Wake County, North Carolina, the Town of Holly Springs, and any utility), blanket easements upon, across, over and under all of the Properties for the purpose of replacing, repairing and maintaining cable television systems, current or future technology systems, roads, walkways, bicycle pathways, lakes, ponds, wetlands, drainage systems, street lights, signage and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas and electricity, and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes on recorded plats of the Properties.

Notwithstanding anything to the contrary herein, this easement shall not entitle the holders to construct or install any of the foregoing systems, facilities or utilities over, under or through any existing dwelling on a Lot, and any damage to a Lot resulting from the exercise of this easement shall promptly be repaired by the holders. The exercise of this easement shall not unreasonably interfere with the use of any Lot.

Without limiting the generality of the foregoing, there are hereby reserved for the local water supplier, electric company and natural gas supplier, and other utility suppliers, easements across all Lots and the Common Areas for ingress, egress, installation, reading, replacing, repairing and maintaining utility meters and boxes. The exercise of this easement shall not extend to permitting entry into the dwelling on any Lot. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Properties, except as may be approved by the Association's Board of Directors or as provided by Declarant.

Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement over the Properties without conflicting with the terms hereof. The easements provided for in this Article shall in no way adversely affect any other recorded easement on the Properties.

The Board shall have, by a two-thirds (2/3) vote, the power to grant easements, leases, licenses and concessions, including grants that might be characterized as a dedication to Wake County, North

Carolina, the Town of Holly Springs, or to any other local, state or federal governmental entity, over, under and through the Common Area. Any dedication of real property to Wake County or the Town of Holly Springs pursuant to this Section shall be in conformance with all ordinances.

(ii) Easements Shown on Plat. Each Lot shall be subject to all easements, borders, buffers and the like which are shown and depicted on the Plat as affecting and burdening such Lot.

(iii) Slope Control. Each Lot shall be subject to an easement for slope control purposes, including the right to grade and plant slopes and prevent the doing of any activity that might interfere with slopes or which might create erosion or sliding problems or which might change, obstruct or retard drainage flow. Such easements shall benefit the Association, Declarant, their designees or assigns.

(iv) Authorized Entry. Each Lot shall be subject to an easement for the entry by the authorized agents and representatives of the Association and Declarant to go upon such Lot under such circumstances and for such purposes as are described elsewhere in this Declaration.

(v) Inadvertent Encroachments. The Owner of each Lot upon which there is a party wall or upon which a wall of a residence is permitted to abut the side boundary line of the Lot is declared to have an easement and the same is granted by the Declarant, over each adjoining Lot and the Common Area, as the case may be, for overhanging roofs, eaves and attached improvements on the Lot, including utility boxes located on zero lot line Lots, provided, however, that such encroachments may not exceed one (1) foot. Such easements, by virtue of this Declaration, shall run with the title to the Lot. No such easement shall be created in favor of a Lot if the encroachment occurred due to the willful misconduct of the Owner. Every Lot shall have a one and one-half (1½) foot easement as measured from the common boundary between such Lot and any adjoining Lot for purposes of driveways or fence encroachments which may be erected in said easement areas, unless such encroachment was due to a willful act of the Owner of the Lot.

(vi) Drainage. Each Lot shall be subject to a perpetual easement in favor of the Association and all other Lots for the drainage of surface waters over and across such Lot.

(vii) Easement for Street Trees, Hedges, and Fences and General Maintenance. Each Lot and its Owner are declared to have an easement and the same is granted by the Declarant, for encroachments on adjoining Lots or Common Area, as the case may be, for general maintenance on a Lot due to Street Trees, hedges or fences, if any, (which shall have been previously approved by the HAC or MC, if created) belonging to such Lot, to the extent such Street Tree, hedge, or fence encroaches on adjoining Lots or Common Area, provided such encroachments do not exceed one (1) foot or interfere with the use of any improvements on the serviette property. No such easement shall be created in favor of an Owner if the encroachment occurred due to the willful misconduct of the Owner.

(viii) Easements for River and Pond Maintenance and Flood Water. Declarant reserves for itself and its successors, assigns and designees the non-exclusive right and easement, but not the obligation, to enter upon the rivers, ponds, streams and wetlands located within the Area of Common Responsibility to fulfill its maintenance responsibility as provided in this Declaration. Declarant's rights and easements provided in this Section shall be transferred to the Association at such time as Declarant may determine in its sole discretion. The Declarant, the Association and their designees shall have an access easement over and across any of the Properties abutting, or containing any portion of any of, the rivers, ponds, streams or wetlands to the extent reasonably necessary to exercise their rights and responsibilities under this Section.

(ix) Street Trees. Each Lot shall be subject to a perpetual easement in favor of the Association for the care, maintenance, and replacement of Street Trees including, but not limited to, the discharge of any Owner obligations to maintain or replace Street Trees but not discharged by the Owner.

(b) Easements Over Common Area

(i) **Member's Rights in Association Property.** Every Owner of any Lot shall have a non-exclusive right and easement of enjoyment and use and to the Common Areas and such right and easement shall be appurtenant to, and shall pass with, the title to the Lot owned by such Owner. Such right and easement of enjoyment and use are and shall be subject to 1) the easements which are described in this Article II, and 2) to the right of the Association to promulgate reasonable rules and regulations regarding the use of Common Areas, and 3) the right of the Association, as provided in the Bylaws, to suspend the enjoyment rights of the owner of any Lot during any period in which any assessment which is due to the Association from such owner remains unpaid, and such period as the Board of Directors may consider appropriate for any infraction of its published rules and regulations, and 4) the right of the Board to assess charges against an Owner for Owner's families', tenants', guests', residents' or other invitees' violation of any provision of this Declaration, Bylaws or rules of the Association, after notice and an opportunity for a hearing have been provided to the Owner pursuant to state law. In addition, the Board of Directors may permit other persons who are not residents of any Lot to use the Common Areas upon such terms and conditions, and for the payment of such fees, if any, as shall be determined by the Board of Directors.

In consideration for being permitted to utilize any Common Area or Common Area facility, Occupant, Owner, for himself or herself and any personal representatives, heirs, next of kin, guests, and other invitees hereby acknowledges, agrees and represents that he or she has, or immediately upon entering will inspect and carefully consider such Common Area and Common Area facilities. It is further warranted that such entry into or onto the property of the Association, including Common Area, for observation or use of any facilities or equipment constitutes an acknowledgment that such Common Area and all facilities and equipment thereon and such affiliated programs have been inspected and carefully considered and that the Owner finds and accepts the same as being safe and reasonably suited for the purpose of such observation or use.

The Property and all Common Areas shall be subject to, and Declarant and the Association do hereby grant, the following easements:

(ii) An easement across, in, under, over and through the Common Areas for purposes of the construction, installation, repair, maintenance and use of all utility and Stormwater Control Measures serving any portion of the Property;

(iii) An easement in favor of Declarant for the exclusive use of such portions of the Common Areas as may be reasonably desirable, convenient or incidental to the construction and installation of improvements on, and the sale of, any Lots, including, but not limited to, sales and business offices, storage areas, construction yards, Stormwater Control Measures and signs. Such easements shall be exercisable by any and all persons who the Declarant shall authorize to exercise the same, including, without limitation, real estate sales agents and brokers and builders, and their subcontractors, of residences upon the Lots, irrespective of whether such persons are affiliated with the Declarant. Such easements shall exist notwithstanding any provision of this Declaration which might be construed to the contrary. Such easements shall and do exist without affecting the obligation of the Owner of any Lot to pay assessments or charges coming due during such period of time as portions of the Common Areas shall be used by authorized persons pursuant to the exercise of the easements herein stated; and

(iv) Notwithstanding any provision contained in this Declaration, the Bylaws, the Articles of Incorporation, use restrictions, rules and regulations, or any amendments thereto, it shall be expressly permissible for Declarant to maintain and carry on, upon such portion of the Property as Declarant may deem necessary, such facilities and activities as may reasonably be required by the Declarant, including but without limitation, the right of access, ingress and egress for vehicular and pedestrian traffic over, under, on or in the Property; the right to tie into any portion of the Property with driveways, parking, areas and walkways; the right to tie into or maintain and repair any device (without a tap-on or any other fee for doing so), replace, relocate, maintain, and repair any device which provides utility or similar service including, without limitation, electrical, telephone, natural gas,

water, sewer and drainage lines and facilities constructed or installed in, on, under, or over the Property; the right to carry on sales and promotional activities on the Property including installation of signage; and the right to construct and operate business offices, signs, construction trailers, and model residences.

The Property, including all Common Areas, shall be subject to all easements, borders, buffers and the like which are shown and depicted on the Plat as affecting and burdening such Common Area.

(c) Easements to Serve Additional Property. For the Declarant and its duly authorized agents, representatives and employees, as well as its successors, assigns, licensees and mortgagees, there is hereby reserved an easement over the Common Areas for the purposes of enjoyment, use, access and development of the Additional Property described in Exhibit "B" attached hereto and by this reference incorporated herein, regardless of whether such Additional Property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Areas for construction of roads and for tying in and installation of utilities on Additional Property.

Declarant agrees that it, its successors or assigns, shall be responsible for any damage caused to the Common Areas as a result of vehicular traffic connected with development of the Additional Property.

(d) Easements Over Townhome Lots. The Townhome Lotss shall be subject to, and the Declarant does hereby grant, in addition to the easements described above, the following non-exclusive perpetual and temporary easements for the enjoyment of Declarant, the Association, any builders and subcontractors authorized by Declarant, the Members, the Owners, and the successors-in-title of each:

(i) Townhome Lot Maintenance. There is reserved for the benefit of each Owner of a Townhome Lot a reciprocal appurtenant easement between all adjacent Townhome Lots for the purpose of maintaining or repairing the improvements located on each Townhome Lot, which easement shall extend to a distance of five (5) feet as measured from any point on the common boundary between the Townhome Lots. This easement shall be used only for such period of time as is reasonably necessary in order to complete the maintenance or repair. The Owner exercising this easement right shall be liable for the prompt repair of any damage to the adjacent Townhome Lot over which this easement is exercised which arises out of such maintenance or repair work. In addition, each Townhome Lot shall be subject to a perpetual easement in favor of the Association and its contractors for the maintenance of the Townhome Lot, any structures located thereon for which the Association is obligated to provide maintenance pursuant to a recorded supplemental declaration, and of the landscaping and other features located on the Townhome Lot.

(ii) Maintenance. Each Townhome Lot shall be subject to a perpetual easement in favor of the Association and its contractors for the maintenance of the Lots as provided for in the Article VIII herein.

(iii) Townhome Lot Construction and Boundary Line Improvements. Each Townhome Lot shall be subject to a temporary construction easement in favor of the Declarant, authorized builders and subcontractors, and adjoining Lot Owners for the construction of any Lot, including, but not limited to, installation of boundary line improvements such as fences, walls and hedges. Any boundary line improvement made by an adjoining Lot Owner shall first be approved by Declarant or the Association prior to installation.

2.06 Townhome Lot Boundaries. The boundaries of each Townhome Lot constructed on the Property shall be as shown on the recorded plat or plats; provided, however, that the side boundary of each Townhome Lot shall be a line consistent with and along the center of all firewalls separating one Townhome Lot from another Townhome Lot. In the event of any discrepancy between the boundaries of a Townhome Lot, as described herein and the boundaries of such Townhome Lot when shown on the recorded Plats, the description of the boundaries of the Townhome Lot set forth herein shall control. All of the area within the boundaries of each of the Townhome Lots, as

herein described, shall for all purposes constitute real property which may be owned in fee simple, subject to the terms, provisions, liens, charges, covenants, easements and restrictions of this Declaration.

2.07 Neighborhoods. The Declarant, in its sole discretion, may establish Neighborhoods within the Property by amendment to the Declaration and/or Plats in order to subject such Lots to additional covenants and restrictions or to benefit said Lots differently from other Lots on the Property. During the Development Period, the Declarant may unilaterally amend this Declaration and any plat from time to time to assign property to a specific Neighborhood, to redesignate Neighborhood boundaries, or to remove property from a specific Neighborhood.

Any Neighborhood may, but shall not be required to, elect a Neighborhood committee to represent the interests of the Owners in such Neighborhood. No Neighborhood committee shall be formed, however without the prior submission to and written approval of the Board of Directors.

Any Neighborhood may request that the Association provide a higher level of service or special services for the benefit of Lots in such Neighborhood and upon written consent of a majority of Owners of the Lots within the Neighborhood, the Association may, in its sole discretion, provide the requested services. The cost of such service, which may include a reasonable administrative charge in such amount as the Board of Directors may deem appropriate (provided such administrative charge shall apply at a uniform rate per Lot to all Neighborhoods receiving the same service), shall be assessed against the Lots within such Neighborhood as a Neighborhood Assessment pursuant to Article V herein.

No action may be taken by a Neighborhood which is adverse to the interests of the Association or its Members or that is inconsistent with this Declaration, the Bylaws, or Articles of Incorporation. If the Neighborhood fails to comply with such requirements of the Association as specified by the Association in writing, the Association may assess the Lots within such Neighborhood for any expense incurred by the Association to correct the inconsistency or deficiency.

ARTICLE III. ASSOCIATION PROPERTY

3.01 Common Areas and Association Property. The Declarant shall have the right to transfer and convey to the Association any portion of the Property. All portions of the Property which the Declarant shall so transfer or convey to the Association shall thereafter constitute Common Areas. Said right may be exercised by the Declarant any time during the Development Period, and from time to time.

The Common Areas shall be conveyed to the Association by special warranty deed free of debt encumbrance, and subject to the rights and easements set forth in this Article III, irrespective of whether the deed of conveyance shall make a specific reference to such rights and easements. Common areas, including any facilities, recreational or otherwise, if any, constructed upon them, are an enhancement to the Property. The sizing and the extent of the Common Area facilities built by Declarant is not such that the Common Area and facilities could accommodate every Member at any one time. As a result, there may be peak times when use demand exceeds capacity. The Property is designed as a pedestrian community. As such, parking lots for Common Area facilities, if any, are not designed to accommodate the entire membership and there may be peak times that the parking facilities are full.

3.02 Limited Common Areas. Certain portions of the Common Area may be designated as Limited Common Area and reserved for the exclusive use of primary benefit of Owners. By way of illustration and not limitation, Limited Common Areas may include patio areas, recreational facilities, landscaped areas, and other portions of the Common Area. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be an Association expense allocated, in any reasonable manner established by the Association, among the Owners.

Limited Common Areas may be designated as such in the deed conveying such area to the Association or on the Plat relating to such Common Area; provided, however, any such assignment shall not preclude Declarant from later assigning use of the same Limited Common Area to additional Lots, so long as Declarant has a right to subject additional property to this Declaration pursuant to Article II, and provided further that any assignment that would have a material adverse effect on Lots owned by a builder or Lots a builder is under contract to purchase from Declarant will require the consent of such builder, which consent shall not be unreasonably conditioned, delayed or denied.

After recording the initial deed conveying such area to the Association or the Plat relating to such Common Area, a portion of the Common Area may be assigned as Limited Common Area and Limited Common Area may be reassigned upon approval of the Declarant during the Development Period and thereafter by the Board of Directors and the vote of such Owners representing a majority of the total votes in the Association. As long as Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Article II, any such assignment or reassignment shall also require Declarant's written consent.

3.03 Condemnation. In the event that any part of the Common Areas shall be either: (a) taken by any authority having the power of condemnation or eminent domain, or (b) conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of at least eighty percent (80%) of the Class A votes (and, if during the Development Period, the written consent of Declarant), then the Association shall restore or replace the improvements on the remaining land included in the Common Areas to the extent available unless, within sixty (60) days after such taking, at least sixty-seven percent (67%) of the Class A votes (and Declarant, if during the Development Period) otherwise agree. The provisions of Section 3.04 below regarding funds for the repair of damage or destruction shall apply. If the taking or conveyance does not involve any improvements on the Common Areas, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds may be used by the Association for such purposes as the Board shall determine.

3.04 Damage or Destruction. In the event that any improvements located on any Common Areas shall be damaged or destroyed on account of the occurrence of any casualty, the Board of Directors shall proceed with the filing and settlement of all claims arising under any policy of insurance maintained by the Association with respect to such improvements and shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed improvements.

Any such damage or destruction shall be repaired or reconstructed unless it shall be decided, within sixty (60) days after the occurrence of casualty, by at least sixty-seven (67%) of the Class A votes (and by Declarant, if during the Development Period), not to so repair or reconstruct such damage. In the event that it shall be so decided not to repair or reconstruct some damage or destruction, the proceeds of any insurance as may become payable to the Association as a result of such damage or destruction shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot. If the insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Class A Members, levy Special Assessments to cover the shortfall.

In the event that it should be determined in the manner described above that the damage or destruction to the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then the affected portion of the Properties shall be cleared of all debris and ruins and maintained by the Association, as applicable, in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

If the damage or destruction to the Common Area for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a Special Assessment against those Owners of Lots responsible for the premiums for the applicable insurance coverage under this Article. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

3.05 Actions Requiring Owner Approval. Any conveyance or mortgaging of the Common Areas will require the consent of at least eighty percent (80%) of the Class A votes held by Members other than the Declarant and, if during the Development Period, the consent of Declarant. Notwithstanding anything to the contrary in this Section, however, the rights of the Association under Section 2.05 shall remain and not be limited or diminished.

3.06 No Partition. The Common Areas shall remain undivided and no Owner shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the Property and without the written consent of all holders of all mortgages encumbering any portion of the Property.

3.07 Insurance. The Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket "all-risk" property insurance, if reasonably available, for all insurable improvements on the Common Area. This insurance shall provide, at a minimum, fire and extended coverage and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard.

The Board shall also obtain a public liability policy covering the Area of Common Responsibility, insuring the Association and its Members for all damage or injury caused by the negligence of the Association, any of its Members, employees or agents, or any other person who has a right to occupy a Lot.

In addition to the other insurance required by this Section, the Board shall obtain, as a Common Expense, if and to the extent required by law, workers' compensation insurance, directors' and officers' liability coverage, flood insurance for Common Areas, if reasonably available and needed or required, and any other insurance which may become required by the Act or any Authority.

Premiums for all insurance required of the Association shall be Common Expenses, which shall be included in the Base Assessment Rate.

Policies may contain a reasonable deductible as determined by the Board of Directors and all such insurance coverage shall be written in the name of the Association.

All insurance coverage obtained by the Association shall be written so that the Association and the Board shall be named insureds. During the Declarant Control Period, it is understood that the requirements detailed herein may be met through the Declarant's umbrella insurance policy.

3.08 Taxes and Governmental Assessments. The Association shall pay when due, and in any case before the accrual of penalties thereon, all taxes, assessments, license fees, permit fees and other charges imposed by any Authority in connection with the Association's ownership or operation of the Areas of Common Responsibility and assessments for public and private improvements made to or for the benefit of the Association upon the Areas of Common Responsibility. Provided, however, that the Association may institute an appropriate legal proceeding for the purpose of contesting or objecting to the amount or the validity of any such tax, assessment, fee, or charge by appropriate legal proceedings. Upon default by the Owners' Association in the payment to the Authority entitled thereto of any charge, assessments, or tax levied against the Association or its property, which default shall continue for a period of six (6) months, each Owner shall become personally obligated to pay to the Authority a portion of the charge, tax, or assessment in an amount determined by dividing the charge, tax, or assessment due to the Authority by the total number of Lots. If the sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, the sum shall become a continuing lien on the Lot of the Owner, Owner's heirs, devisees, personal representatives, and assigns. The Authority may either bring an action at law against the Owner personally obligated to pay the same, or may elect to foreclose the lien against the Lot.

3.09 Watershed Protection. Amendments to the Declaration, Bylaws or Articles of Incorporation relating to the maintenance and ownership of Stormwater Control Measures shall not be permitted without review and

approval by the Authorities having jurisdiction for watershed protection. The Association is responsible for maintaining the completed Stormwater Control Measures as directed by the Authorities having jurisdiction for watershed protection. If the Association should be dissolved or cease to exist, then in that event all the Owners of record at the time of required maintenance shall be jointly and severally liable for any and all costs attendant thereto.

3.10 Relationships with Other Persons and Entities. The Association may enter into contractual agreements or covenants with any Person or entity regarding cost sharing or use of property, amenities or services.

3.11 Potential Common Area Features. Without the obligation to do so, the Declarant may construct certain recreational facilities on the Common Area including, but not limited to, a recreational field and open space, walking trails, dog walk, and garden plot. In the event such facilities are constructed, all Owners shall automatically have the right to use such facilities, subject to any rules and regulations detailed by the Board as provided in Section 4.10 herein, all costs associated with the operation and maintenance of the same shall be Common Expense and shall be collected by the Association.

3.12 Representations of Seller or Seller's Agent. With respect to any recreational facilities, Common Area and any aspect of the management or operation of the Association, the provisions of the Declaration, Articles of Incorporation, Bylaws, and recorded plats and plans approved by Wake County shall control if in conflict with any representations by a seller of a Lot or seller's agent.

3.13 Entrance Area and Landscape Buffers. The Declarant may choose, but is under no obligation, to create an entrance area and landscape buffers. Once created, the Association shall have the obligation to maintain, repair and replace such areas, including lighting, landscaping and sign features as part of the Area of Common Responsibility. The Declarant reserves the right to include "An HHHunt Community" on any entrance sign for the Property and any such sign may not be removed or changed without the express written consent of the Declarant, its successors or assigns. Likewise the Declarant may remove the reference to HHHunt at its sole discretion and shall have the right to update the reference if the logo for HHHunt changes. If the reference so exists on the sign, all future and replacement signs shall include the reference. This Section 3.13 may not be amended in accordance with the Amendment provisions in this Declaration without the express written consent of the Declarant, its successors or assigns, and this provision shall survive termination of the Development Period.

3.14 Irrigation. There are no requirements or obligations of the Declarant to install irrigation systems on any portion of the Property, however, Declarant has the right, at its discretion and expense, to install irrigation systems on any portion of the Property during the Development Period. The maintenance, repair and replacement obligation for any irrigation system or component installed by the Declarant on any Common Area. Common Area Easement or Area of Common Responsibility shall be the obligation of the Association and such obligation shall begin immediately upon the installation.

3.15 Street Trees. For the purposes of this provision, all of the rights and obligations conferred upon the Declarant may be held by builder(s) designated by Declarant with respect to the Properties. A "Street Tree Program" shall be implemented throughout the Property. To achieve the objectives of this Street Tree Program, the Declarant shall have an easement of access in, upon and through the Lots for the purpose of planting a tree or trees on the Lot, and replacing the tree or trees, if necessary, within one year from the date planted. The size and species of the tree or trees and the location of the planting(s) shall be in accordance with the requirements of the Town of Holly Springs and Wake County (the "Street Tree Plan") and shall be initially planted at the expense of the Declarant. Access on this easement may be after closing on the Lot by the initial residential purchaser, and the Owner shall not interfere with this easement right. The Declarant shall have the right, at its discretion, to require the planting of more than one tree on a Lot, within the designated easement, as part of the Street Tree Program, provided, however, that such trees must comply with the applicable Street Tree Plan.

Within the first year from the date of the initial planting, Declarant shall cause to be replaced any

tree(s) that was part of the Street Tree Program that has died, FOR ONE TIME ONLY, unless such death was the result of drought, frost, vandalism, theft or neglect, in which case the replacement cost shall be borne by the Owner. After one year from the initial date of planting of a tree(s) in a Street Tree Program, the Owner shall have the obligation to replace such tree(s) as approved in writing by the HAC, with respect to size, species and location. At all times following the planting of a tree(s) in a Street Tree Program, the Owner shall have the obligation to maintain the tree(s), at Owner's expense. Maintenance may include the obligation to trim or remove dead or overhanging branches, as determined by the HAC or the Association, which would be at the expense of the Owner. Declarant and the Association shall not be liable for any damage to person or property caused by the planting of a tree(s) in the Street Tree Program. In the event an Owner fails to maintain or replace any tree that is part of the Street Tree Program, the Association shall have the right, but not the obligation, to maintain or replace such tree and assess the cost of such maintenance or replacement to the Owner of the Lot on which the tree is located. With respect to any Street Tree Program, Owner shall comply with the applicable provision of the Design Standards, as amended, to the extent not in conflict with this provision. Trees planted or intended to be planted in a Street Tree Program shall be deemed part of an Owner's overall landscape plan for the Lot.

Declarant and the Association shall not be liable for any damage to person or property caused by the planting of a Street Tree pursuant to this Section 3.15.

ARTICLE IV. THE ASSOCIATION, MEMBERSHIP, AND VOTING RIGHTS

4.01 The Association. Prior to the date this Declaration has been filed for record with the Register of Deeds, Declarant has caused the Association to be formed, and the Association now exists, under its Articles of Incorporation and Bylaws.

The Association is and shall be responsible for the maintenance of the Area of Common Responsibility, enforcement of the covenants and restrictions set forth in this Declaration, and the performance of such other duties and services as are required of the Association hereunder or as the Board of Directors shall deem to be in the best interests of the Members of the Association.

4.02 Membership. Every Owner is and shall be a Member of the Association. In no event shall such membership be severed from the ownership of such Lot. No Owner, whether one or more Persons, shall have more than one membership per Lot owned. In the event a Lot is owned by more than one Person, all such co-owners shall be entitled to the privileges of membership, subject to the restrictions on voting set forth in Section 4.03 of this Article IV and in the Bylaws, and all such co-owners shall be jointly and severally obligated to perform the responsibilities of Owners hereunder. The rights and privileges of membership may be exercised by a Member, subject to the provisions of this Declaration and the Bylaws. The membership rights of a Lot owned by a corporation or partnership shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association. The foregoing does not include persons or entities which hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessments.

4.03 Classes of Membership; Voting Rights. The Association shall have two classes of membership: Class A and Class B.

(a) **Class A.** The Class A Members shall be all those Persons holding an interest required for membership in the Association, as specified in this Article IV, except for those Persons who are Class B members.

Class A members shall be entitled to cast one (1) vote for each Lot in which that Owner holds an interest required for membership.

(b) Class B. Declarant shall be the only Class B Member. Class B Members shall be entitled to cast one (1) vote for each Lot permitted for the Property under the zoning case less the Lots that have been transferred to a Class A Member. Class B membership shall terminate at such time as the Declarant no longer owns property that is or may be subjected to this Declaration or at such earlier time as the Declarant may determine in its sole discretion.

The Class B Member shall be entitled to appoint a majority of the members of the Board of Directors during the Declarant Control Period, as specified in Article III, Section 3.03 of the Bylaws. The Declarant Control Period shall terminate as detailed in Article III, Section 3.03 of the Bylaws.

From and after the date at which the Class B membership terminates and ceases to exist, such membership shall not be renewed or reinstated.

4.04 Suspension of Membership Rights. The membership rights of any Class A Member of the Association, including the right to vote, may be suspended by the Board of Directors pursuant to the authority granted in the Declaration and Bylaws. Any such suspension shall not affect such Member's obligation to pay assessments coming due during the period of such suspension and shall not affect the permanent charge and lien on the Member's Lot in favor of the Association.

4.05 Meetings of the Membership. All matters concerning the meetings of Members of the Association, including the time at which and the manner in which notice of any said meeting shall be given to Members, the quorum required for the transaction of business at any meeting, and the vote required on any matter, shall be as specified in this Declaration, or in the Articles of Incorporation or the Bylaws, or by law.

4.06 Association Acts Through Its Board of Directors. Unless expressly stated in this Declaration, the Articles of Incorporation or the Bylaws that the Members must vote, whenever approval of, or action or inaction by, the Association is referred to or called for in this Declaration such action, inaction or approval shall be by the Board of Directors. No member of the Board of Directors or any officer of the Association (including, without limitation, any such individual who shall have been appointed to the Board of Directors by the Declarant) shall be personally liable to any Owner of any Lot for any mistake of judgment or for any other act or omission of any nature whatsoever, except for any acts or omissions found by a court of competent jurisdiction to constitute gross negligence or fraud.

4.07 Professional Management. The Association may, but shall not be obligated to, obtain and pay for the services of any person or other entity to manage the affairs of the Association, or any part thereof, as the Board of Directors deems to be in the best interests of the Association.

4.08 Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and condition hereof and consistent with the Community-Wide Standard.

4.09 Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, or, if so required in the Act, through vote of the Owners may acquire, hold, and dispose of tangible and intangible personal property and real property (any disposition of real property being limited as provided in the Act). The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within the Properties conveyed to it by the Declarant. The Declarant shall have the unilateral right to convey real property to the Association by recording a deed of conveyance. Upon the recordation of any plat in accordance with this Declaration which designates such property as Common Area or Common Area easement, the Association shall be immediately obligated for the maintenance, repair and replacement of such property and any improvements located thereon, irrespective as to whether such property has actually been conveyed to the Association.

4.10 Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions for violations of this Declaration, the Bylaws, or rules and regulations of the Association may include reasonable monetary charges and suspension of the right to vote or the right to use any recreational facilities, Common Areas or parking areas or facilities on the Common Area.

4.11 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege and the proper administration of the Association.

ARTICLE V. ASSESSMENTS

5.01 Creation of Lien and Personal Obligation. Each Owner, by acceptance of a deed or other conveyance for a Lot, covenants and agrees to pay to the Association all assessments and charges which are levied by the Association against the Lot(s) owned by such person in accordance with the terms and provisions of this Declaration.

All sums lawfully assessed by the Association against any Lot and the owner thereof, together with interest thereon and the costs of collection thereof, shall, from the time the sums become due and payable, be the personal obligation of the Owner of such Lot and constitute a continuing lien in favor of the Association on such Lot prior and superior to all other liens whatsoever except: (1) liens for ad valorem taxes on the Lot; (2) the lien of any first priority mortgage covering the Lot and the lien of any mortgage recorded prior to the recording of this Declaration; and (3) the lien of any secondary purchase money mortgage covering the Lot, provided that neither the grantee nor any successor grantee on the mortgage is the seller of the Lot. The covenant to pay assessments herein stated is and shall be a covenant running with land.

The Association, acting on behalf of the Owners, shall have the power to bid for a Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. During the period in which a Lot is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Lot shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Common Expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

5.02 Purposes of Assessments. The assessments levied by the Association pursuant to this Article V shall be used for Common Expenses. Without limiting the generality of the foregoing, the Common Expenses shall include, but not be limited to, the costs of the following: payment of all costs and expenses incurred by the Association in connection with the maintenance of the Area of Common Responsibility and the Association's other operations; payment of the premiums for all insurance and fidelity bonds which shall be obtained by the Association; payment of fees for the provision of such professional services as the Board of Directors shall determine to be required by the Association, including but not limited to legal, accounting, management and architectural services; payment of fees necessary to furnish all equipment, material, labor and other items necessary to provide waste and recycling collection or any other services for each lot or on a community-wide basis; and such other purposes as the Board of Directors shall deem necessary or desirable.

5.03 Determination of Annual Assessment and Shares Thereof. Prior to the commencement of each fiscal year of the Association (said fiscal year being specified in the Bylaws) or at any time it deems best, the Board of Directors shall estimate the total amount of the Common Expenses which are anticipated to be incurred by the Association during such fiscal year and shall determine the amount which will be deposited during such fiscal year

into reserve funds maintained by the Association. The Board of Directors shall thereupon adopt a budget for the Association's expenditures and reserves based upon such estimate and providing for the total Annual Assessment to be levied against the Members of the Association for such fiscal year. If so required in the Act, the budget shall be ratified by the Owners in the manner and through the procedures specified by the Act and specified in the Bylaws. The budget shall be deemed ratified unless rejected, pursuant to the Act, by ninety percent (90%) of the Members.

The assessments provided for herein shall commence upon the conveyance of a Lot by deed and is, therefore, not initiated by the recordation of such deed. In no event shall the Declarant or its successors and assigns be required to pay any assessments described herein. To determine the Base Assessment Rate, the Board shall first determine the estimated Common Expenses of the Association during the fiscal year. The Board shall then determine what portion of the budgeted Common Expenses for the upcoming year should be paid attributable by each Assessment Unit, and this amount shall be deemed the "Base Assessment Rate." The Base Assessment Rate to be levied against each Lot for the coming year shall be set at a level, established by the Board, which is reasonably expected to produce total income to the Association, equal to the total budgeted Common Expenses, including reserves. After the Board of Directors has determined the Base Assessment Rate and budgeted Common Expenses, including reserves, for the upcoming fiscal year, the assessment obligation of the Owner of a Lot for the upcoming fiscal year shall be the following:

(i) Each Improved Lot shall be equal to one Assessment Unit, and each owner of an Improved Lot covenants and agrees to pay the Base Assessment Rate annually, as determined by the Board; and

(ii) Unimproved Lots, other than those owned by the Declarant, shall have an Assessment Unit of the greater of \$350, or one half (1/2) or fifty percent (50%) of one Assessment Unit, therefore, each Owner of an Unimproved Lot is deemed to covenant and agree to pay, at closing: fifty percent (50%) of the then non-prorated Base Assessment Rate for such Lot, or Three Hundred Fifty and no/100 Dollars (\$350.00), whichever is greater, and that such obligation continues annually, with payment due on the anniversary of closing, until such time as an occupancy use permit or certificate of occupancy has been issued for the Lot.

The Board of Directors shall send a copy of the budget so adopted as provided above, together with a written notice of the amount of the Annual Assessment so determined for such fiscal year and the amount of such Annual Assessment which shall be levied against each Lot, to the Owner of every Lot, prior to the commencement of the fiscal year during which such Annual Assessment is to be paid. The amount of such Annual Assessment which shall be levied against each Lot shall be due and payable to the Association in a single installment or in such multiple installments as the Board of Directors shall determine and shall be paid to the Association when due without further notice.

5.04 Special Assessments. If for any reason, including non-payment of any assessments to the Association by the persons liable therefore, the budget adopted by the Board of Directors for any fiscal year shall prove to be inadequate to defray the Common Expenses for such fiscal year, or if the Board of Directors shall determine that it is in the best interests of the Association to levy a Special Assessment to pay the costs of any capital improvements or capital repairs, the Board of Directors shall have the authority to levy a Special Assessment against the Lots and the Owners thereof to raise such needed funds. Any Special Assessment levied by the Board of Directors pursuant to the provisions of this Section 5.04 shall be payable at such times and such installments as the Board of Directors shall determine. Each Lot not owned by the Declarant shall be liable for the payment of an equal share of every Special Assessment which shall be levied by the Association pursuant to the provisions of this Section 5.04.

5.05 Specific Assessments. The Board may levy specific assessments against individual Owners (i) for the purpose of paying for the costs of any construction, reconstruction, repair or replacement of any damaged component of any monument, landscaping, or other thing maintained by the Association or any Area of Common Responsibility, which is occasioned by the acts of individual Owners(s) and not the result of ordinary wear and tear or (ii) for the payment of fines, penalties or other charges imposed against an individual Owner relative to such

Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws, or any rules or regulations promulgated hereunder. Failure of the Board to exercise its authority under this Section 5.05 shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Section 5.05 in the future with respect to any expenses.

The Board may also specifically assess Owners for the following Association expenses: (a) expenses of the Association which benefit less than all of the Lots may be specifically assessed equitably among all of the Lots which are benefited according to the benefit received; and (b) expenses of the Association which benefit all Lots, but which do not provide an equal benefit to all Lots, may be assessed equitably among all Lots according to the benefit received.

Upon the establishment of a specific assessment under this Section 5.05, the Board shall send written notice of the amount and due date of such specific assessment to the affected Owner(s) at least thirty (30) days prior to the date such specific assessment is due.

5.06 Neighborhood Assessments. The Board of Directors may specifically assess Owners of Lots within Neighborhoods for expenses of the Association which benefit all of the Lots in a Neighborhood but not the Lots in other Neighborhoods. These Neighborhood Assessments may be specifically assessed equitably among all of the Lots in such Neighborhood according to the benefit received.

Prior to the commencement of each fiscal year of the Association or at any time it deems best (said fiscal year being specified in the Bylaws), the Board shall prepare a separate budget covering the estimated Neighborhood expenses for the coming year. During the Development Period, the Board shall determine the level of services to be provided by the Association to each Neighborhood. After the expiration of the Development Period, any Neighborhood may request that additional services or a higher level of service be provided by the Association and, upon approval of a majority of Owners within such Neighborhood, any additional costs shall be added to such budget. Such budget may contain a contribution establishing a reserved fund for repair and replacement of capital items maintained as a Neighborhood expense. Neighborhood expenses shall be allocated equally among all Lots within the Neighborhood benefited thereby and levied as a Neighborhood Assessment.

The Board shall send a copy of the budget so adopted by it, together with a written notice of the amount of the Neighborhood Assessment so determined for such fiscal year and the amount of such Neighborhood Assessment which shall be levied against each Lot, to the Owner of every affected Lot prior to the commencement of the fiscal year during which such Neighborhood Assessment is to be paid. The amount of such Neighborhood Assessment which shall be levied against each Lot shall be due and payable to the Association in such installments as the Board shall determine and shall be paid to the Association when due without further notice.

5.07 Capitalization of the Association. The capital contributions for the Lots subject to this Declaration are as follows:

Upon acquisition of record title to an Improved Lot, and in no event more than one hundred eighty (180) days after acquisition of record title to an Improved Lot, the Owner shall contribute to the working capital of the Association an amount of Three Hundred Fifty and 00/100 Dollars (\$350.00) in 2016 to be annually increased automatically by three percent (3%) not to exceed Five Hundred and 00/100 Dollars (\$500.00) or fifty percent (50%) of the Base Assessment Rate at the time of acquisition of record title to the Improved Lot, whichever is greater. This amount shall be in addition to, not in lieu of, the Base Assessment Rate levied on the Improved Lot and shall not be considered an advance payment of any portion thereof. This amount shall be deposited into the Association's general operating fund and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association, including funding a reserve account, pursuant to the terms of this Declaration and the Bylaws.

The Owner of any Unimproved Lot shall not have an obligation to pay the Association a capital contribution.

The failure to collect such capital contribution upon acquisition of record title of a Lot shall not excuse the obligation to make such payment.

5.08 Effect of Non-Payment of Assessments; Remedies of the Association.

(a) If any Member of the Association fails to pay, within ten (10) days after the date the same is due and payable, any Annual or Special Assessment, or any installment of any Annual or Special Assessment which is payable by him to the Association, the entire amount of such assessment, including the portion thereof which would otherwise be payable in installments, may be declared by the Board of Directors to be immediately due and payable in full to the Association. All such amounts so declared by the Board of Directors to be due and payable in full to the Association shall be secured by the lien of the Association on every Lot owned by the delinquent Owner, which lien shall bind such Lot or Lots in the hands of the then Owner, and Owner's heirs, devisees, successors and assigns. In addition to the lien rights, the personal obligation of the then Owner to pay such assessments shall remain Owner's personal obligation and shall also pass to Owner's successors in title. Such Owner shall nevertheless remain as fully obligated as before to pay to the Association any and all amounts which said Owner was obligated to pay immediately preceding the transfer; and such Owner and such successors in title shall be jointly and severally liable with respect thereto, notwithstanding any agreement between such Owner and successors in title creating any indemnification of the Owner or any relationship of principal and surety as between themselves.

(b) All amounts which the Board of Directors shall declare to be due and payable pursuant to this Section 5.08(b) shall bear interest from the date of delinquency at the lower of the rate of eighteen percent (18%) per annum or the highest rate permitted by law, and shall be subject to a late charge in an amount to be set by the Board of Directors from time to time, provided that such amount must not exceed the maximum amount allowed by North Carolina law. In addition, the Association may bring legal action against the Member personally obligated to pay the same, or foreclose its lien upon the Lot or Lots of such Member, in either of which events such Member shall also be liable to the Association for all costs and attorneys' fees which the Association shall incur in connection with the collection of such delinquent amounts.

(c) If the Association receives from any Owner, in any fiscal year, two (2) or more checks returned for insufficient funds for payment of assessments or other charges, the Board may require all future payments to be made by certified check, cashier's check or money order for the remainder of the fiscal year.

(d) Any payment that is received by legal counsel or the Association and which does not pay the Owner's account balance with the Association in full, shall be credited first to the oldest debt in each category described below until each category is paid in full, in the following order:

1) Charges for the actual costs and reasonable attorneys' fees incurred by the Association subsequent to the delinquent account being turned over to legal counsel for the prosecution of an action to enforce payment of the debt, regardless of the results of litigation or whether litigation has been initiated against the delinquent Owner;

2) All returned check charges;

3) All late fees;

4) Interest;

5) Unpaid installments of the Annual Assessments or Special Assessments which are not the subject matter of suit in the order of their coming due; and

6) Unpaid installments of the all Annual Assessment or Special Assessments which are the subject matter of suit in the order of their coming due.

In the event of a delinquency by an Owner, the Board of Directors may reject any offer of partial payment and demand payment in full of all amounts owed to the Association. Any waiver by the Board granted specifically to any Owner's assessment account of any of the fees and costs established herein or in the Bylaws or any rule and regulation, shall be on a case by case basis, if at all, and in no way shall it constitute a waiver of the Board's authority to enforce payment of all amounts owed in accordance with this Declaration.

5.09 Budget Deficits during Development Period. Declarant may advance funds to the Association sufficient to satisfy the deficit, if any, in any fiscal year between the actual operating expenses of the Association (exclusive of any allocation for capital reserves) and the Annual and Special Assessments for such fiscal year. Such advances may be evidenced by promissory notes from the Association in favor of the Declarant. As an alternative to the loan described above, the Declarant may require the Association to levy a Special Assessment in accordance with Section 5.04 above, in an amount necessary to cover any deficit.

5.10 Failure to Assess. The failure of the Board to fix the assessment amounts or to deliver to each Owner the assessment notice shall not be deemed a waiver, modification or release of any Owner of the obligation to pay assessments. In such event, each Owner shall continue to pay assessments on the same basis as for the last year for which an assessment was made until a new assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

5.11 Surplus Funds. All Surplus Funds shall be carried over to future years to offset future capital or operating expenses unless otherwise determined by vote of the Board of Directors.

5.12 Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Annual Assessments, Special Assessments and assessments for capital reserves:

- (a) All Common Area;
- (b) All Property dedicated to and accepted by any Authorities or public utility, including without limitation, public schools, public streets, and public parks, if any; and
- (c) All Property owned by the Declarant or any successor Declarant.

5.13 Notice of Sale & Transfer of Title. In the event that any Owner desires to sell or otherwise transfer title to Owner's Lot, such Owner shall give the Association at least seven (7) days prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board of Directors may reasonably require. Until such written notice is received by the Association, the transferor shall continue to be jointly and severally responsible for all obligations of the Owner of the Lot hereunder, including payment of assessments, notwithstanding the transfer of title to the Lot.

ARTICLE VI. ARCHITECTURAL CONTROL

6.01 Architectural Control. No structure shall be placed, erected or installed upon any Lot, no construction (which term shall include within its definition staking, clearing, excavation, grading and other site work), no exterior alteration or modification of existing improvements, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Article, until the requirements below have been fully met, and until the approval of the appropriate committee has been obtained pursuant to subsections (a) and (b) below. However, this Article shall not apply to the activities of the Declarant, nor to construction or improvements or modifications to

the Common Area by or on behalf of the Association by the Declarant or Board of Directors. This Article may not be amended without the Declarant's written consent so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

All dwellings constructed on any portion of the Properties shall be designed by and built in accordance with the plans and specifications of an architect or building designer.

(a) Hensley Architectural Committee or "HAC". The HAC shall consist of at least two (2), but not more than five (5) persons and shall have exclusive jurisdiction over all original construction on any portion of the properties. Until the later of (i) the expiration of the Development Period, or (ii) the date upon which one hundred percent (100%) of the Properties have been developed, have been issued certificates of occupancy and have been conveyed to purchasers, excluding the Declarant or the builder, in the normal course of development and sale, the Declarant retains the right to appoint all members of the HAC, who shall serve at the discretion of the Declarant. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by the Declarant. Upon the expiration of such right, the authority, rights, duties and obligations of the HAC shall transfer to the MC, and the HAC shall cease to exist. All appeals shall be as determined in the Design Standards as promulgated by the HAC.

The HAC shall prepare and, on behalf of the Board of Directors, shall promulgate the Design Standards. The HAC shall have sole and full authority to modify and to amend the Design Standards from time to time without the consent of any Owner. In the event that the HAC fails to approve or disapprove plans submitted to it by Owners, builders and developers, or to request additional information reasonably required, within sixty (60) days after submission thereof, the plans shall be deemed approved. The Design Standards and any modification or amendment thereof shall be in conformance with the any ordinances.

(b) Modifications Committee. The Board of Directors may establish a Modifications Committee ("MC") to consist of at least two (2) and not more than five (5) persons, all of whom shall be appointed by, and shall serve at the direction of, the Board of Directors. The MC, if established, shall have exclusive jurisdiction, subject to any appeal in accordance with the Design Standards, over modifications, additions, or alterations made on or to existing Lots or structures containing Lots and the open space, if any, appurtenant thereto. The HAC shall have the right to veto any action taken by the MC which the HAC determines, in its sole discretion, to be inconsistent with the Design Standards promulgated by the HAC.

(c) No Waiver of Future Approvals. The approval of either the HAC or MC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent..

(d) Variance. On a case by case basis, the HAC, in its discretion, may authorize a variance from compliance with any of its Design Standards and procedures when unique circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require. Upon appeal, the Declarant may authorize a variance subject to these same conditions. The MC or Board of Directors shall not issue a variance unless the HAC has transferred its rights to the MC, as outlined in subsection (a) of this Section.

(e) Compliance With Standards. Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of the Design Standards and procedures promulgated by the HAC or MC may be excluded by the Board of Directors from the Properties without liability to any Person, subject to the notice and hearing procedures contained in the Bylaws.

In the event that any construction or alteration or landscaping work is undertaken or

performed upon any Lot without application having been first made and approval obtained as provided in this Section, said work shall be deemed to be in violation of this covenant, and the Owner upon whose Lot said work was undertaken or performed may be required to restore to its original condition, at Owner's sole expense, the property upon which said work was undertaken or performed. Upon the failure or refusal of any Person to perform the restoration required herein, the Association, or its authorized agents or employees, may, after fourteen (14) days' notice to such Person, enter upon the property upon which such unauthorized work has been performed, and make such restoration as the HAC, in the exercise of its discretion, may deem necessary or advisable. The Person upon whose Lot such restoration work shall have been so performed shall be personally liable to the Association for all direct and indirect costs which the Association shall incur in the performance of such restoration work, including without limitation, attorneys' fees, and the liability for such cost shall be secured by all the liens, and shall be subject to the same means of collection, as the assessments provided for in this Declaration. Such costs shall be paid to the Association by the person liable for the same at the same time as the next due Annual Assessment payment or installment thereof, or at such earlier time, and in such installments, as the Board of Directors shall determine.

(f) **No Liability.** Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and neither the HAC, MC, Declarant, nor Board of Directors shall bear any responsibility for ensuring the structural integrity or soundness of approval construction or modifications, nor for ensuring compliance with building codes and other ornamental requirements. Declarant, the Association, the Board of Directors, any committee, or member of any of the foregoing shall not be held liable for any injury, damages or loss arising out of the manner or quality of approval construction on or modifications to any Lot.

6.02 Declarant Exemption. Notwithstanding anything stated to the contrary herein, nothing contained in this Article VI shall be construed as prohibiting any construction, alteration, addition or removal by the Declarant upon any Lot while such Lot is owned by the Declarant. Any construction, alteration, addition or removal performed by the Declarant upon any Lot while such Lot is owned by the Declarant shall be exempt from the provisions of this Article VI.

ARTICLE VII. RESTRICTIONS

To provide for the maximum enjoyment of the Lots by all of the residents thereof and to provide protection for the value of the same, the use of the Lots shall be restricted to, and shall be only in accordance with, the following provisions:

7.01 Residential Use. All of the Lots shall be restricted exclusively to single-family residential use. The term "single-family" shall include one or more related or unrelated adults, as well as the dependents of any such adults. No Lot shall at any time be used for any commercial, business or professional purpose except as otherwise expressly stated herein.

7.02 Prohibited Activities. No noxious, offensive or illegal, activity shall be conducted on any Lot. Each owner of any Lot, Occupant of any Lot, Owner's or Occupant's family, tenants, guests and invitees, shall refrain from any act or use of Owner's property which could reasonably cause embarrassment, discomfort, annoyance or nuisance to any other resident or residents of any other Lot.

7.03 Unightly or Unkempt Conditions. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition of Owners' Lot. The pursuit of hobbies or other activities, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Properties. Except as specifically permitted in this Declaration or the Design Standards, furniture, fixtures, appliances, machinery, bicycles, towels, equipment or other goods or chattels not in active use on any Lot is prohibited from being stored or placed in such a manner that it is visible from outside the Lot. The determination of any violation of this Section shall be in the sole discretion of the Board of Directors, which shall

have the authority to adopt reasonable, rules, regulations or policies interpreting this Section.

7.04 Intentionally Omitted.

7.05 Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any portion of the Properties, except that dogs, cats, or other usual and common household pets may be permitted in or on a Lot. All pet animals must be secured by a leash or lead and under the control of a responsible person and obedient to that person's command at any time they are permitted outside the Lot or on Common Area. Each Owner shall be absolutely liable to each and all remaining Owners, their families, guests, permittees and invitees and to the Association, for any and all damage to person or property caused by any such pet brought upon or kept on the Properties by such Owner, Occupant or by Owner's or Occupant's family, guests, permittees, or invitees. Each Owner or Occupant keeping pets on a Lot will comply with all requirements of law applicable to such animals. The Board of Directors shall have the power to adopt, publish, amend and enforce rules and regulations governing the keeping of pets by Members of the Association and Member's Occupants, families and guests and to establish penalties for the infraction thereof. All Owners shall also comply with all provisions of the Ordinances of the Town of Holly Springs and Wake County with respect to animals and pets.

Each Owner who keeps an animal on the Property agrees to indemnify and hold the Association and its directors, officers and agents harmless from any loss, claim or liability of any kind whatsoever arising by reason of such animal.

7.06 Antennas; Aerials; Satellite Dishes. No satellite dishes in excess of one (1) meter in diameter shall be allowed on any Lot. The design and the location of all satellite dishes of one (1) meter in diameter or less intended to be placed in the Properties must be submitted to the HAC or MC for review. To the extent it is reasonable, the preferred location and installation site for satellite dishes which are one (1) meter or less in diameter shall be only in the rear of a dwelling or in the rear portion of the Lot. If such preferred locations preclude an acceptable quality of reception on any Lot, then the Owner shall notify the HAC or MC, in writing, of such concern. Such notification shall include the appropriate documentation related to preclusion of reception and designate other sites on the Lot upon which the Owner wishes to locate and install the satellite dish. Satellite dishes which are one (1) meter or less in diameter should be reasonably screened from view from any other Lot or Common Area and should be painted in a fashion that will not interfere with reception so that the Satellite Dish blends into the background against which it is mounted. The HAC may further regulate satellite dishes of one (1) meter in diameter or less and antennas in the Design Standards.

7.07 Signs. A single "for sale" or "for lease" sign shall be permitted on any Lot being offered for sale or for lease, provided such sign does not exceed two feet (2') by three feet (3') in size and does not stand higher than five feet (5') from the ground. One (1) political sign for elections of offices in the Town of Holly Springs, Wake County, North Carolina or the United States of America may be displayed no earlier than thirty (30) days prior to the date of the election and must be removed within forty-eight (48) hours after the day of the election. Political signs must also comply with the size requirements of this Section. No other signs of any kind shall be erected within the Properties, including the Common Areas and any Lot if visible from outside the Lot, without the written consent of the HAC, or MC if the HAC does not exist, except entry, directional, and marketing signs installed by Declarant or the Association.

7.08 Vehicles and Parking. The term "vehicles" as used in this Section 7.08 shall include without limitation automobiles, trucks, boats, trailers, motorcycles, campers, vans, and recreational vehicles.

(a) **Parking.** Vehicles owned, leased or operated by an Owner or an Occupant or Owner's or Occupant's tenant, guest, family member or other invitee shall be parked only in the garage or driveway serving the Lot, or in such other paved areas as have been designated by the Board of Directors for parking vehicles unless otherwise prohibited by Section 7.08(b) below. Parking shall be permitted on public streets only in accordance with all state and

county laws and ordinances. Blocking a driveway (except by the Owner of the driveway) or sidewalk with any vehicle shall be prohibited at all times.

(b) Prohibited Vehicles. Vehicles licensed as commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other water craft, and boat trailers shall be parked only in enclosed garages or areas, if any, designated by the Board. Stored vehicles which are either obviously inoperable or do not have current operating licenses, license plates or permits, shall not be permitted on the Properties except within enclosed garages.

(c) Loading and Unloading Exception. Notwithstanding the foregoing, recreational vehicles, trailers and boats may be temporarily parked in a driveway so as to accommodate reasonable loading and unloading activities, but in no instance may they be parked in a driveway for more than twenty-four (24) consecutive hours.

(d) Portable Storage Units. Portable storage units or similar types of containers solely connected with moving into or out of the Lot, or with any renovation, alteration or improvement to the Lot, may be placed in a driveway for a maximum of ten (10) days.

The Association may promulgate rules regarding parking privileges on the Common Areas.

7.09 Window Air-Conditioners. No air-conditioner shall be installed in any window of any structure located on any Lot, nor shall any air-conditioner be installed on any structure located on any Lot so that the same protrudes through any exterior wall of such structure.

7.10 Subdivision of Lots and Time Sharing. During the Declarant Control Period, no Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Declarant. After the Declarant Control Period, no Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Board of Directors of the Association. Declarant, however, hereby expressly reserves the right to replat or resubdivide any Lot or Lots owned by Declarant, at any time. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations.

No Lot shall be made subject to any type of timesharing, fraction-sharing or similar program whereby the right to exclusive use of the Lot rotates among members of the program on a fixed or floating time schedule over a period of years, except that the Declarant hereby reserves the right for itself and its assigns to operate such a program with respect to Lots which it owns.

7.11 Interpretation. In all cases, the covenants and restrictions herein contained shall be construed and interpreted in a manner which, in the opinion of the Board of Directors will best effect the intent of the general plan of development and maintenance herein set forth. Subject to the terms of this Article VII and the Board's duty to exercise business judgment and reasonableness, the Board may modify, cancel, limit, create exceptions to, or expand the restrictions contained in this Article VII and the Board may create, modify and enforce reasonable rules governing the use of the Property consistent with the law and with other provisions in this Declaration. In all instances, the Declarant shall have the ultimate right to interpretation as detailed herein and may act in a superior position to the HAC to modify, cancel, limit, create exceptions to, or expand the restrictions contained in this Article VII and may create, modify and enforce reasonable rules governing the use of the Property consistent with the law and with other provisions in this Declaration.

7.12 No Waiver of Future Approvals. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings,

or other matters subsequently or additionally submitted for approval.

7.13 Tree and Vegetation Protection Zone and Conservation/Greenway Easement. Damaging or destroying any trees or other vegetation located within the Tree and Vegetation Protection Zone, which is indicated on the final plat of the Property, by the Association, an Owner, or any maintenance operation is prohibited and shall constitute a violation of the Town of Holly Springs Ordinances. Within all Tree and Vegetation Protection Zones no cutting, clearing or removal of healthy trees or vegetation shall be permitted without the express written approval of the Town of Holly Springs Planning Department. A portion of the Common Area, as indicated on the Plat for the Property, is subject to a Town of Holly Springs Conservation/Greenway Easement and all of the Legal Requirements related thereto.

7.14 Environmental Regulations. In addition to the restrictions contained in this Declaration, the Association, each Owner, Occupant, and any tenant or guest must comply with all laws, ordinances, rules and regulations related to the Property. Without limiting the generality of the foregoing, compliance with the following, among other laws, is required:

(a) The State of North Carolina has adopted riparian buffer protection rules for the Neuse River Basin. These rules aid in the removal of nitrogen, phosphorus, and other pollutants from rainwater that flows into the basins' waterways, protecting the waterways from surrounding land use. Generally these rules require a landowner to leave a fifty foot (50') vegetated waterside buffer limiting and restrict the removal or thinning of vegetation in areas adjacent to water courses within the Property. Every Owner should investigate fully and shall comply at all times with all laws and rules of the State of North Carolina, and shall perform no clearing or thinning activities in or within fifty feet (50') of the edge of any stream or wetland except to the extent such clearing or thinning activities are allowed by the State of North Carolina. Furthermore, there shall be no structure constructed within said restricted area, including with the water course, without issuance of a permit by the State of North Carolina, if required, and without approval by the HAC.

(b) The United States Clean Water Act gives the United States Army Corps of Engineers jurisdiction over wetlands within the Property. All land-disturbing activity and construction must comply with the Clean Water Act and the rules promulgated in connection with the Clean Water Act. Without limiting the generality of the foregoing, before any land-disturbing activity begins, wetlands in the area shall be delineated and permits shall be obtained from the Army Corps of Engineers, other agencies with jurisdiction and approval from the HAC shall be obtained. Activities which require approval and permits are defined in the Clean Water Act and the regulations, those activities may include, but may not limited to grading, dredging, excavation, fill, ditching, diversion, damming or other activity which alters or destroys waters bodies or wetlands. The HAC shall authorize such action only on a showing of a compelling need for the Owner to take such action and conditioned on the Owner's acquisition of all permits.

If wetlands or wetland buffers exist on a Lot, as more specifically described on a recorded plat, the Owner may not install structures of any kind, including but not limited to, fences, play structures and sheds, within this area. No clearing, grubbing or redistribution of material within the preserved wetland area is permitted. Any violation related to wetlands is the sole responsibility of the Owner. Should the Army Corps of Engineers change its practice or requirements in this regard, the Board of Directors may unilaterally amend this portion of the Declaration to reflect the change.

No use of the wetlands, rivers, ponds, streams, or other bodies of water within the Area of Common Responsibility, if any, shall be permitted without the prior approval of Board of Directors subject to the Declaration; provided, if any such use is permitted, it shall be subject to the Declarant's and Association's superior use rights as provided below and to all rules and regulations that may be promulgated by the Board of Directors.

The Declarant and the Association shall not be responsible for any loss, damage, or injury

to any person or property arising out of the authorized or unauthorized use of bodies of water within or adjacent to the Properties or Area of Common Responsibility. No docks, piers, or other structure shall be constructed on or over any body of water within the Properties, except such as may be constructed by the Declarant or the Association.

Notwithstanding the foregoing, the Association, and the Declarant (for so long as the Declarant owns property that is or may be subjected to this Declaration), may use and regulate the use of bodies of water within the Areas of Common Responsibility for the irrigation of the Area of Common Responsibility, or for any other purpose deemed appropriate by the Board or the Declarant, subject to the terms of any easement agreement affecting such use. The Declarant's rights under this Section shall be superior to any rights of the Association.

(c) Certain laws regarding control of stormwater and permits related to the development of the Property may require the installation of certain Stormwater Control Measures on the Property. Those devices may include, but are not limited to, ditches, swales, rain gardens, bio detention areas, catch basins, detention ponds, dry detention basins, level spreaders, infiltration basins, filter strips, silt fences and similar devices or structures. Owners shall not damage or alter in any way any such Stormwater Control Measures. Each Owner shall be fully liable for the cost of repairing any Stormwater Control Measure damaged or altered by that Owner, the Owner's family, tenants, or guests, including any penalties imposed on the Declarant or the Association by any Governmental Authority as a result of such damage or alteration

The foregoing list of laws is not exhaustive. Other regulations may apply to development within the Property. Neither the Association, Declarant, nor the HAC has or will undertake to advise Owners about such laws and regulations. EVERY OWNER IS PERSONALLY RESPONSIBLE FOR IDENTIFYING ALL LAWS AND REGULATIONS THAT RELATE TO THE ACTIVITIES OF THE OWNER AND TENANTS AND GUESTS OF THE OWNER ON EVERY LOT OWNED BY THE OWNER.

7.15 Drainage and Septic Systems. Catch basins and drainage areas are for the purpose of natural flow of water only. No Person other than Declarant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, storm drains or septic systems, if any. Declarant hereby reserves for itself and the Association a perpetual easement across the Properties for the purpose of altering drainage and water flow. As set forth herein, Owners are responsible for the maintenance and repair of any drainage swales located within the Lot regardless of what other Lots or Common Area the drainage swale may serve. The Association has no responsibility for grading or surface drainage issues on any Lot.

7.16 Playground. No jungle gyms, trampolines, swing sets or similar playground equipment shall be erected or installed on any Lot except as approved by the HAC or MC in accordance with Article VI hereof.

7.17 Fences. No hedges, walls, dog runs, animal pens or fences of any kind shall be permitted on any Lot except as approved in accordance with Article VI hereof.

7.18 Business Use. No garage sale, moving sale, rummage sale or similar activity and no trade or business may be conducted in or from any Lot, except that an Owner or occupant residing in a Lot may conduct business activities within the Lot so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Lot; (b) the business activity conforms to all zoning requirements for the Properties; (c) the business activity does not involve regular visitation of the Lot by clients, customers, suppliers or other business invitees or door-to-door solicitation of residents of the Properties, any of which in a manner that is detrimental to the residential characteristics of the immediate neighboring community as may be determined in the sole discretion of the Board of Directors; (d) the business activity is consistent with the residential character of the portions of the Properties containing Lots and does not constitute a nuisance, or a hazardous or offensive use, or threaten the privacy of other residents of the Properties, as may be determined in the sole discretion of the Board; and (e) no sign, logo, symbol or nameplate identifying such business is displayed anywhere on such Lot or from within a structure located on the Lot such that it is visible from outside the structure. Notwithstanding the foregoing, however,

nothing set forth in this Section 7.18 shall prohibit the Declarant from conducting such sales, leasing and promotional activities on any Lot as the Declarant shall determine.

Notwithstanding the foregoing, the Board shall have the authority and the unilateral discretion to schedule one (1) or two (2) community-wide yard sale days per calendar year in which an exemption from the prohibition on garage, moving and rummage sales shall be granted, subject to the rules and regulations adopted by the Board.

7.19 Leasing of Lots.

(a) Definition. "Leasing," for purposes of this Declaration, is defined as regular, exclusive occupancy of a Lot by any person or persons other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to a fee, service, gratuity, or compensation of any sort.

(b) Leasing Provision.

(i) General. Lots may be rented only in their entirety; no fraction or portion may be rented. All leases shall be in writing and shall be for an initial term of no less than six (6) months, except with the prior written consent of the Board of Directors. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Owner of a Lot within ten (10) days after execution of the lease. The Owner shall make available to the lessee current copies of the Declaration, Bylaws, and the rules and regulations available from the Association. A reasonable fee may be charged for providing such documents. The Board may adopt reasonable rules regulating leasing and subleasing.

(ii) Compliance with Declaration, Bylaws and Rules and Regulations. Every Owner shall cause all Occupants of the Owner's Lot to comply with the Declaration, Bylaws, any applicable Supplemental Declaration, and the rules and regulations adopted pursuant to the foregoing, and shall be responsible for all violations and losses to the Common Areas caused by such Occupants, notwithstanding the fact that such Occupants of a Lot are fully liable and may be sanctioned for any violation of the Declaration, Bylaws, and the rules and regulations adopted pursuant to the foregoing.

(c) Notice of Lease and Non-Resident Owner. Owners of a Lot shall provide the Association with written notice of any and all tenants occupying the Lot. In the event an Owner is a non-resident of the Property, Owner shall provide the Association with written notice of Owner's forwarding address. Absent written notification of any change in residential address, the Association shall use the Lot address for any and all notice to that Owner that may be required by statute, the Articles of Incorporation, Declaration or Bylaws.

ARTICLE VIII. MAINTENANCE

8.01 Association's Maintenance Responsibility. The Association shall maintain and keep in good repair the Area of Common Responsibility, which shall include Common Areas, landscaped areas within public rights-of-way (except for rights-of-way located adjacent to any Lot and not adjacent to any Common Area), and on any public utility easement within the Properties (subject to the terms of any easement agreement relating thereto), such portions of any additional property within the Area of Common Responsibility as may be dictated by this Declaration or by a contract or agreement for maintenance thereof by the Association or the Declarant. If and to the extent the following facilities are not maintained by a governmental entity, Areas of Common Responsibility (whether or not constituting Common Areas) shall include: (a) all entry features to the Property; (b) all sidewalks (excluding walkways that connect the driveway to the front door of a residence or run from the front door to the street or sidewalk); (c) any fencing installed along the perimeter of the Property as required by the Authorities; (d) all landscaping within public rights-of-way abutting the Property; (e) all storm water detention or Storm Control Measures serving the Property;

and (f) any recreational amenities that are determined by the Association to be part of its maintenance responsibilities. The Association's obligations for maintenance in this Section may also include any BMP or Storm Control Measures, as determined by the Declarant.

The Association may maintain other property which it does not own, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard, or if the Declarant elects to obligate the Association for such maintenance. In the event the need for the maintenance, repair or replacement is caused through the willful or negligent act of the Owner, Owner's family or guest, permittees or other invitees, the cost of such maintenance, repair or replacement shall be added to and become a part of the assessment to which the Lot is subject.

The Association shall further have the right, but not the obligation, to maintain and keep in good repair the Stoop, Driveway, Deck, Patio Area, roof and other exterior portions and exterior lighting appurtenant to each Townhome Lot, or any portion or portions thereof as the Board of Directors may determine at any time and from time to time in its sole discretion

There are hereby reserved to the Association blanket easements over the Properties as necessary to enable the Association to fulfill responsibilities under this Section.

Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense, subject to the right of the Association to seek reimbursement from other persons responsible for certain portions of the Area of Common Responsibility pursuant to this Declaration or other agreements. If the Association determines that any maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the Occupant, family, guest, invitee or lessee of an Owner, then the Association may perform such maintenance, repair or replacement and all costs thereof not paid for by insurance shall be assessed against the Owner as a Specific Assessment.

8.02 Owner's Maintenance Responsibility. Except as may be provided by another association, all maintenance and repair of each Lot and all structures, parking areas and other improvements thereon comprising the Lot including, without limitation, any drainage swales located within the Lot regardless of what other Lots or Common Areas the drainage swale may serve, that are not addressed as being the responsibility of the Association in Section 8.01 above shall be the sole responsibility of the Owner thereof, who shall maintain such Lot and improvements in a manner consistent with this Declaration and the Community Wide Standard. Such maintenance obligation shall include, without limitation, the following: prompt removal of litter and waste; keeping improvements, roofs and exterior structures and lighting in good working order and repair; complying with all governmental health and police requirements; repairing damage to improvements; and caring for, mowing, pruning, weeding and otherwise maintaining lawns, yards and planting beds in keeping with the Design Standards, Community-Wide Standard and any rules or regulations promulgated by the HAC or Board of Directors.

Owners of any Lot which borders a lake, stream, or pond shall be responsible for the maintenance and erosion control on that portion of the Lot which borders a lake, stream or pond so as to prevent runoff into the water and erosion of the Lot. Repair of any damage to bordering property as a result of any erosion shall be the responsibility of the Owner of the Lot. To the extent any wetlands are located on a plat of a Lot, the obligation for any maintenance, repair, or replacement of such wetlands shall be the responsibility of the Owner of the Lot and shall not be the responsibility of the Association or the Declarant.

All maintenance required by this Section shall be performed in a manner consistent with the Design Standards, Community-Wide Standard, and all applicable covenants, rules and regulations.

As further detailed in Section 3.15 the Declarant shall plant Street Trees at Declarant's sole expense. Each Owner of a Lot shall have the obligation to care for, maintain, and replace Street Tree(s) located on Owner's Lot or in the right-of-way adjacent to Owner's Lot at Owner's sole expense. Maintenance may include the obligation to trim or remove dead or overhanging branches, as determined by the Association. Replacement of dead Street Trees shall comply with the Community-Wide Standards and Legal Requirements. Declarant and the Association shall not be liable for any damage to person or property caused by the planting of a Street Tree pursuant to this Section 8.02 and Section 3.14.

If the Board determines that any Owner has failed or refused to discharge properly such Owner's obligations hereunder, the Board shall have the right, exercisable by it or through its agents or employees, and after giving to the Owner of such Lot at least fourteen (14) days' notice and an opportunity to correct the unsatisfactory condition (except in the event of an emergency situation, in which case no notice and opportunity to correct shall be required), to enter upon such Lot and correct the unsatisfactory condition. The Owner of the Lot upon which such maintenance work is performed by the Association (or its agents or employees) shall be personally liable to the Association for all direct and indirect costs as may be incurred by the Association in connection with the performance of such maintenance work, and the liability for such costs shall be secured by all the liens, and shall be subject to the same means of collection, as are the other assessments and charges provided for in this Declaration. In addition, all such costs shall be paid to the Association by such Owner at the same time as the next due Annual Assessment payment or installment of such, or at such other time, and in such installments, as the Board shall determine.

8.03 Individual Insurance. Each Owner, by virtue of taking title to a Lot subject to this Declaration, acknowledges that the Association has no obligation to provide any insurance for any portion of individual Lots and each Owner covenants and agrees with all other Owners and with the Association that each Owner will carry at all times all-risk casualty insurance on the Lot, all structures constructed thereon, as well as a liability policy covering damage or injury occurring on a Lot. The casualty insurance shall cover loss or damage by fire and other hazards commonly insured under an all-risk policy, if reasonably available, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Upon request by the Association, the Owner shall furnish a copy of such insurance policy to the Association.

Each Owner further covenants and agrees that in the event of a partial loss or damage resulting in less than total destruction of structures comprising Owner's Lot, the HAC or Board may impose requirements regarding the standards for rebuilding or reconstructing structures on the Lot and the standard for returning the Lots to its natural state. In the event the structures are not rebuilt or reconstructed, the affected portion of the Properties shall be cleared of all debris and ruins and maintained by Owner, as applicable, in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. Any rebuilding or reconstruction of any residential structures shall be in conformance with the Design Standards, Proffers and any Ordinance.

8.04 Party Walls.

(a) **General Rules of Law to Apply.** Each wall or fence that is built as a part of the original construction of the residences upon the Lots and which is placed on the dividing line between two (2) Lots so as to be common with, or immediately adjacent to and touching a wall or fence of the residence on the other Lot, shall constitute a Party Wall, and to the extent not inconsistent with the provisions of this Article, the general rules law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) **Sharing of Repair Maintenance.** The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners who make use of the wall or fence in proportion to such use. Any disputes over the reasonableness of the cost of such repair and maintenance shall be resolved in accordance with subsection (c) of this Section.

(c) Disputes. Upon any dispute arising concerning a Party Wall, any Owner may seek to have such dispute resolved by the Board of Directors, by providing written notice of such intention to the other Owner and the Board of Directors c/o the President of the Association. The Board of Director's decision (i) must be in writing, but no reason need be given, and (ii) shall be final and binding on the parties to the dispute. Any party, including the Board of Directors, may be represented by counsel in connection with the presentation of a case before the Board of Directors.

8.05 Stormwater Management. Except for maintenance responsibilities either (i) placed on Owners by the Declaration or Legal Requirements, or (ii) assumed or undertaken by other Persons (including applicable Authorities), the Association shall maintain the Stormwater Control Measures as part of the Common Expenses. As used in the immediately preceding sentence, the word "maintain" includes "provision for maintenance of", which may include financial contributions toward maintenance of Stormwater Control Measures located on or shared with other properties not subject to the Declaration. Such maintenance obligations shall terminate, or be reduced proportionally, temporarily or permanently as applicable, at such time as the Authorities accepts responsibility to maintain, in whole or in part, any of the Stormwater Control Measures for the Property, or some other Person is providing the necessary maintenance therefor (for example, pursuant to an agreement with the Association which may require monetary payments to such Person by the Association). Following any such assumption of maintenance by the Authorities or other Person, the Association may, without obligation, continue to provide maintenance to the extent that, in the opinion of the Board of Directors, the Authorities or other Person fails to provide adequate maintenance, and shall continue to provide maintenance for those portions of the Stormwater Control Measures with respect to which the Authorities or such other Person has not assumed maintenance responsibility, or following termination of the Authorities' or such Person's maintenance responsibility. The Owner of any Lot on, over or through which any Stormwater Control Measures are located shall be responsible for the following with respect thereto: (i) mowing of grass with reasonable frequency, where applicable, unless the Association assumes such responsibility; and (ii) removal of debris and other materials to the best of the Owner's ability, where such debris or materials has impeded or threatens to impede the free flow of stormwater on, over or through the Stormwater Control Measures located on the Lot. Such Owner's responsibility shall include notification to the Association of any defects in any fencing surrounding or within any such Stormwater Control Measures, any debris or other matter which the Owner reasonably believes is beyond the Owner's ability to remove, and any excessive erosion within any such Stormwater Control Measures. The Owner of a Lot on which Stormwater Control Measures are located shall not obstruct or interfere with its normal and intended operation. Notwithstanding anything to the contrary herein, each Owner of a Lot, and not the Association, shall be responsible for maintenance of all Stormwater Control Measures located on and used exclusively in connection with such Owner's Lot or the improvements thereon, including guttering, and pipes and drains for transportation of stormwater from such Lot into any other Stormwater Control Measures.

Declarant, during the Development Period, and thereafter, the Association, subject to any approval required by the Authorities, may at any time and from time to time grant, relocate, abandon or release one or more stormwater drainage easements in the Property, subject to the following: (i) the grant of any such stormwater drainage easement also shall be consented to in writing by the Owners of all portions of the Property on which such stormwater drainage easement is located, unless the stormwater drainage easement is shown on a previously recorded plat of such portions of the Property, in which event the consent of the Owners is not required and the Declarant or the Association, as applicable, may grant the stormwater drainage easement by written instrument; (ii) no such relocation, abandonment or release shall materially adversely affect the portions of the Property on which the stormwater drainage easement then is located or the portions of the Property served thereby or, if it does have such material adverse effect, it is consented to in writing by the Owners of all portion of the Property on which such stormwater drainage easement is located or which are served thereby; and (iii) no such grant, relocation, abandonment or release shall materially adversely affect the Stormwater Control Measures for the Property. The provisions of this paragraph also are applicable to any access easement over any portion of the Property that provides pedestrian or vehicular access from a public street right-of-way or other public easement or facility to and from any Stormwater Control Measures.

With respect to its obligations under this Section 8.05, the Association shall pay, post, provide for or comply with all bonds and other financial obligations under Legal Requirements and agreements, including Stormwater Agreements, executed by the Association (or, during the Development Period, by the Declarant on behalf of the Association or for later assignment to the Association), and the Association (and, during the Development Period, the Declarant on behalf of the Association) may enter into agreements, including Stormwater Agreements, with the Authorities, another association that exists for purposes similar to those of the Association, or any other Person, with respect to inspecting, monitoring, measuring, collecting, controlling, transporting, handling, storing, discharging, operating and managing any part or all of the stormwater on, to, or from the Property or any or all of the Stormwater Control Measures serving the Property, whether such Stormwater Control Measures are located within or outside of the Property. Any such agreements shall be binding on all Owners, and may require payments from the Association or the Owners whose Lots are served by the applicable Stormwater Control Measures for the services provided by the Authorities, such other association or such other Person in inspecting, monitoring, measuring, collecting, controlling, transporting, handling, storing, discharging, operating or managing any part or all of such stormwater or Stormwater Control Measures, and such Agreements may include all other terms and obligations required by Legal Requirements. In connection with the foregoing purposes expressed in this paragraph, the Association (and, during the Development Period, the Declarant on behalf of the Association) may grant rights over, in, under, upon and through any and all stormwater drainage easements in the Property, and may grant rights over, in, under, upon and through all easements in the Property that provide pedestrian or vehicular access from a publicly dedicated street right-of-way to and from stormwater drainage easements or Stormwater Control Measures. Provided, however, during the Development Period, no such agreement shall be valid unless the same shall have been consented to in writing by the Declarant.

In recognition of the fact that different Stormwater Control Measures may be necessary or desirable for different portions of the Property or phases of the community (for example, because of the topography of the Property, it may be desirable for a portion of the Property to have Stormwater Control Measures separate from or in addition to, other Stormwater Control Measures in or serving the Property, and it may be desirable for other portions of the Property to utilize Stormwater Control Measures located outside of the Property), and in further recognition of the desire of the Declarant for the provisions of the Declaration to be as flexible as reasonably necessary to maximize the benefit to the Property of having or using one or more Stormwater Control Measures in accordance with sound engineering practices and approvals by the Authorities, in fulfilling its obligations under the Declaration, the Association (or, during the Development Period, the Declarant on behalf of the Association or for later assignment to the Association) may enter into different agreements for different portions of the Property.

Declarant hereby informs all Owners and other Persons who may from time to time deal with or come in contact with the Property that, as stormwater drains into any of the Stormwater Control Measures for the Property, it is possible that substances or materials that may be classified or regulated as "hazardous substances" or "toxic substances" or other regulated substances or materials under Legal Requirements relating to the environment may flow through or accumulate in such Stormwater Control Measures. Accordingly, each Owner and other Person assumes the risk that such flowing through or accumulation may occur. In addition, each Owner further acknowledges that if it becomes necessary (as determined by Legal Requirements or by the Board of Directors) for such substances to be removed from the Stormwater Control Measures or otherwise handled in accordance with Legal Requirements, and for such Stormwater Control Measures to be cleaned following such removal or other handling, that the costs associated with such removal, handling or clean-up are Common Expenses, and that an additional stormwater assessment may be required to pay for such removal or resultant clean-up of the Stormwater Control Measures.

Declarant, at any time and from time to time, may assign to the Association, and the Association shall accept from Declarant the assignment of, all obligations of the Declarant under all agreements, including Stormwater Agreements, entered into by the Declarant with respect to Stormwater Control Measures for the Property, provided the Declarant has performed, or made adequate provision for the performance of, all obligations to be performed by Declarant prior to the date of assignment to the Association. The provisions of this Section 8.05 shall be construed liberally to allow the Declarant and the Association, on behalf of the Property and all Owners, the necessary flexibility to comply with all Legal Requirements with respect to stormwater, including the execution of agreements, including

Stormwater Agreements, with the Authorities other Persons and the granting of easements to the Authorities other Persons.

8.06 Sidewalks. Notwithstanding any other provision in this Declaration, all sidewalks located in the Properties which are located in Common Area or adjacent to the public streets and roadways, whether located on the Lots or on the road right-of-way, shall be the maintenance, repair and replacement responsibility of the Association. However, the Association shall not have the obligation to clear the sidewalks of ice or snow. The Association shall have an easement over all of the Properties for the purposes of satisfying its requirements in this Section. In the event the need for maintenance, repair or replacement of the sidewalks is a result of an Owner's misuse or negligence, such costs shall be the responsibility of the Owner.

8.07 Street Lighting. If any street lighting is installed by the Declarant, the maintenance, repair and replacement of such street lighting shall be a Common Expense of the Association.

8.08 Walking Trails. If any walking trail is installed by the Declarant, the Association shall be responsible, as a Common Expense, for the maintenance, repair and replacement of such trail. No motorized vehicles shall be permitted on any walking trails and the walking trails shall be deemed to be closed between dusk and dawn. The Board of Directors shall have the authority to adopt additional rules and regulations pertaining to the use of any walking trails.

ARTICLE IX. MORTGAGEE PROVISIONS

9.01 Notice of Action. An institutional holder, insurer, or guarantor of a First Mortgage, who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number, therefore becoming an "Eligible Holder"), shall be entitled to timely written notice of: (a) any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is a First Mortgage held, insured, or guaranteed by such Eligible Holder; (b) any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the Mortgage of such eligible holder where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a First Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by the Owner of the encumbered Lot of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days; (c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; (d) any proposed action which would require the consent of a specified percentage of Eligible Holders.

9.02 Audit. Upon written request of any institutional holder of a First Mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of final financial statements of the Association within ninety (90) days of the date of the request.

9.03 No Priority. No provision of this Declaration or the Bylaws gives any Owner or other party priority over any rights of a Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

9.04 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

9.05 Requirements. So long as required by the Federal Home Loan Mortgage Corporation, unless at

least sixty-seven percent (67%) of the first Mortgagees or at least sixty-seven percent (67%) of the total Association vote entitled to be cast thereon consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner of a Lot (a decision, including contracts, by the Board or contained in a subsequent declaration shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration);

(c) By act or omission change, waive or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Lots and of the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision);

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and First Mortgagees making such payment shall be entitled to immediate reimbursement from the Association.

9.06 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

9.07 Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

ARTICLE X. AMENDMENT

10.01 By Declarant. For so long as the Declarant still owns property detailed in Exhibits "A" or "B" of the Declaration for development as part of the Properties, the Declarant may unilaterally amend this Declaration for any purpose, so long as any such amendment is in conformance with any zoning requirements. Thereafter, Declarant or the Board may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, permit, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Lots (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Lots; (d) to correct any scrivener's errors, to clarify the intent of any provision, or to resolve any actual or apparent inconsistencies between provisions; or (e) to satisfy the requirements of any local, state, or federal governmental agency.

10.02 By Members. Except as otherwise specifically provided above and elsewhere in this Declaration,

this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Class "A" Members representing sixty-seven percent (67%) of the total Class "A" votes in the Association, and Declarant's consent, with the exception that Declarant's consent is required only so long Declarant owns any property subject to this Declaration or which may become subject to this Declaration.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

10.03 Validity and Effective Date. No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant or the Class "B" Member, respectively (or the assignee(s) of such right or privilege).

If any Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six (6) months of its recordation or such amendment shall be presumed to have been validly adopted. Any lawsuit challenging any aspect of an amendment to this Declaration must be filed in the Superior Court in the county where the Property is located within one (1) year of the date of recordation of such amendment with the Register of Deeds. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

Every Owner, by taking record title to a Lot, and each holder of a mortgage upon any portion of any Lot, by acceptance of such mortgage, hereby agrees that the terms, provisions, covenants and restrictions of this Declaration may be amended as provided herein.

ARTICLE XI. MISCELLANEOUS

11.01 No Waivers. In no event shall the failure by the Association to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, provisions or agreements set forth in this Declaration be construed as a waiver or relinquishment of the future enforcement of any such term, covenant, condition, provision, or agreement. The acceptance of performance of anything required to be performed with knowledge of the breach of a term, covenant, condition, provision or agreement shall not be deemed a waiver of such breach, and no waiver by the Association of any term, covenant, condition, provision or agreement shall be deemed to have been made unless expressed in writing and signed by a duly authorized officer of the Association.

11.02 Duration. This Declaration, and all of the terms, easements, provisions, liens, charges, restrictions and covenants set forth herein, shall run with the land and shall be binding on all parties and all persons claiming under them for a period of fifty (50) years from and after the date this Declaration is recorded, after which time such covenants and restrictions shall be automatically extended for successive periods of twenty (20) years.

11.03 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if any provision of this Declaration or the application thereof to any Person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

11.04 Judicial Proceedings. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any Person or Persons violating or attempting to violate any covenant or restriction, either

to restrain violation or to recover damages, and against the Lots, to enforce any liens created by this Declaration. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least seventy-five percent (75%) of the Owners. This Section 11.04 shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration, the Articles, Bylaws or rules and regulations of the Association (including the foreclosure of liens); (b) the collections of assessments; (c) proceeding involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This Section 11.04 shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

11.05 Successors to Declarant. In no event shall any Person or other entity succeeding to the interest of the Declarant by operation of law or through purchase of the Declarant's interest in all or any portion of the Property at foreclosure, sale under power or by deed in lieu of foreclosure, be liable for any act, omission or matter occurring, or arising from any act, omission or matter occurring, prior to the date such successor succeeded to the interest of the Declarant.

11.06 Adjacent Properties. Access to and use of any property adjacent to or in close proximity to the Property, including any roads, pathways, trails or recreational facilities, is strictly subject to the rules and procedures of the owner or operator of such adjacent property, and no Person gains any right to enter or to use any adjacent property by the virtue of membership in the Association or ownership or occupancy of a Lot. All persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Declarant, the Association, or by any Person acting on behalf of any of the foregoing, with regard to continuing ownership or operation of any adjacent property, and no purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the adjacent property.

11.07 Photo Consent. Attendance by an Owner, Occupant, Owner's or Occupant's family, residents, tenants, guests or invitees at any Association function or Association sponsored event, including meetings of the membership, Board of Directors, committees and sub-committees, shall constitute implied consent for the likeness of an Owner, Occupant, Owner's or Occupant's family, residents, tenants, guests and invitees to be photographed and used in any publication, website or marketing materials of the Association or Declarant. Revocation of such consent requires written notice to the Association on an annual basis. Owner or Occupant shall be responsible for informing all family, residents, tenants, guests and invitees of this consent.

11.08 Occupants Bound. All provisions of the Declaration, Bylaws, any applicable Supplemental Declaration, and rules and regulations promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants of any Lot. Every Owner shall cause all Occupants of Owner's Lot to comply with the Declaration, Bylaws, any applicable Supplemental Declaration, and all rules and regulations of the Association. Every Owner shall be responsible for all violations and losses to the Common Areas caused by such Occupants, notwithstanding the fact that such Occupants of a Lot are fully liable and may be sanctioned for any violation of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto.

11.09 Declarant's Rights. Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the Bylaws may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein or in the Bylaws, as applicable, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded with the Register of Deeds.

11.10 Right of Entry. The Association shall have the right, but not the obligation, to enter upon any Lot for emergency, security and safety reasons, to perform maintenance pursuant to Article II hereof, and to inspect for the purpose of ensuring compliance with this Declaration, the Bylaws, any Supplemental Declaration and the rules of the Association; provided nothing herein shall authorize any Person to enter any dwelling or other building constructed

on a Lot without permission of the Owner unless reasonably believed to be necessary to avoid an imminent threat of personal injury or personal damage.

11.11 Compliance. Every Owner and Occupant of any Lot shall comply with all lawful provisions of this Declaration, the Bylaws, the Articles of Incorporation, the Design Standards and the rules and regulations of the Association. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association acting through its Board of Directors, or, in a proper case, by any aggrieved Owner or Owners. In addition, the Association may avail itself of any and all remedies provided in this Declaration or the Bylaws. All rights, remedies and privileges granted to the Association pursuant to any terms, provisions, covenants or conditions of this Declaration, the Bylaws or state law shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by this Declaration or at law or in equity. The Association shall also be entitled to receive its costs and attorneys' fees in any action brought against an Owner or Occupant, or in any action brought against the Association by an Owner or Occupant. In any action brought against the Declarant by an Owner, Occupant or the Association, the Declarant shall be entitled to recover its reasonable costs and attorneys' fees.

[SIGNATURE PAGE APPEARS ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed by its duly authorized officers on the day and year set forth below.

HHHUNT SHAFFER, LLC

By: HHHunt Corp., its Manager

By:

Name:

Its:

George W. Moore III
George W. Moore III
Vice President

STATE OF Virginia
COUNTY OF Henrico

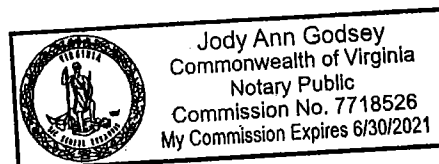
I, Jody Ann Godsey, a Notary Public for said County and State, do hereby certify that George W. Moore personally appeared before me this day and acknowledged that (s)he is the Vice President of HHHunt Corp., which is manager of HHHunt Shaffer, LLC, a North Carolina limited liability company, and that (s)he, being authorized to do so, executed the foregoing on behalf of the limited liability company.

WITNESS my hand and notarial stamp/seal, this 6 day of April, 2017.

Jody Ann Godsey
Notary Public

My Commission Expires:

6/30/2021



CONSENT AND JOINDER

HHHunt Homes Raleigh-Durham, LLC, a North Carolina limited liability company (hereinafter "**Owner**") is the owner of Lots 114 through 125 and 130 through 135 as indicated on the Hensley Subdivision Phase 1, prepared by M III, recorded in the Register of Deeds Office, at Book of Maps 2017, Pages 622 through 627 (the "**Property**").

The Owner, acting not as Declarant, but in its capacity as the Owner of the Property, hereby consents to the encumbrance of the Property with the above-referenced Declaration of Covenants, Restrictions and Easements for Hensley Homeowners' Association, Inc. (the "**Declaration**") and agrees that the Property shall be subject to and is hereby subjected to the provisions of such Declaration and any and all amendments recorded thereto.

IN WITNESS WHEREOF, Owner has caused this instrument to be executed under seal by its duly authorized officers on this 6 day of April, 2017.

HHHunt Homes Raleigh-Durham, LLC

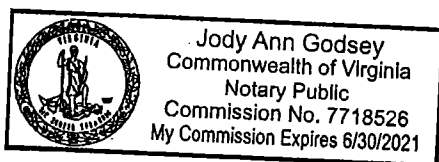
BY: [Signature]
Name: Stephen B. Brant
Title: Manager

STATE OF Virginia
COUNTY OF Henrico

I certify that Stephen B. Brant personally appeared before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Manager, which is Manager of HHHunt Homes Raleigh-Durham, NC

Witness my hand and official seal, this the 6 day of April, 2017.
(Official Seal)

Jody Ann Godsey Jody A. Godsey
Notary Public
My commission expires: 6/30/2021



JOINDER AND CONSENT OF LENDER

The undersigned, as holder and beneficiary of a security interest in a portion of the Property pursuant to deed of trust recorded at Book 016208, Pages 02691 through 02712, Wake County Registry, as amended by the modification to the deed of trust recorded in Book 016739, Pages 02342 through 02352, Wake County Registry (together, the "M&T Deed of Trust"), hereby joins in the execution of this Declaration for the purpose of agreeing and acknowledging that upon any foreclosure or deed or other proceedings in lieu of foreclosure of the M&T Deed of Trust, or upon any other action taken to enforce the lien of the M&T Deed of Trust, the Declaration, and the rights granted therein shall remain in full force and effect, and shall not be void as a result of any such foreclosure, deed or other proceeding in lieu of foreclosure or other action.

LENDER:

M&T Bank,
a New York banking corporation

By: 

Name: J. Melvin Watkins

Title: Admin. Vice President

Date: 4/5/17

STATE OF Virginia
COUNTY OF Henrico

I certify that J. Melvin Watkins personally appeared before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:
Administrative Vice President of M&T Bank.

Witness my hand and official seal, this the 5th day of April, 2017.
(Official Seal)

Tatiana Ivanovna Repish
Notary Public

My commission expires: 03-31-2020



EXHIBIT A**LEGAL DESCRIPTION
HENSLEY SUBDIVISION**

Beginning at an existing 5/8" iron rod located on the northern right-of-way margin of Holly Springs – New Hill Road, said iron pipe having NC State Plane Coordinates of North: 695,471.52, East: 2,040,196.36; thence from said beginning point, and with the eastern line of Wake County Board of Education (Deed Book 15771, Page 1112), N 00°36'34" E a distance of 1,221.21' to an existing 5/8" iron rod located on the southern line of Holly Springs Disposal, Inc. (Deed Book 4916, Page 537); thence with said southern line of Holly Springs Disposal, Inc., the following four (4) calls:

- 1) S 88°35'18" E a distance of 1,334.07' to an existing ½" iron pipe;
- 2) S 88°35'42" E a distance of 303.25' to an existing ½" iron pipe;
- 3) S 89°22'53" E a distance of 86.07' to an existing ½" iron pipe with a cap and tack;
- 4) S 89°22'48" E a distance of 384.01' to an existing 1" iron pipe with a cap and tack marking the northwest corner of New Hill Investments, LLC (Deed Book 14557, Page 280)

Thence with the western line of New Hill Investments, LLC, S 04°28'31" W a distance of 1,068.74' to an existing 1" iron pipe with a cap and tack on the northern right-of-way margin of Holly Springs – New Hill Road; thence with said northern right-of-way margin of Holly Springs – New Hill Road, the following eleven (11) calls:

- 1) S 78°58'33" W a distance of 337.31' to a point;
- 2) a curve turning to the right with an arc length of 60.00', with a radius of 1,082.37', with a chord bearing of S 80°33'50" W, and with a chord length of 59.99' to a point;
- 3) S 04°28'56" W a distance of 20.58' to an existing ½" iron pipe;
- 4) a curve turning to the right with an arc length of 364.55', with a radius of 1,102.37', with a chord bearing of N 88°15'49" W, and with a chord length of 362.89' to a point;
- 5) N 78°47'24" W a distance of 25.20' to an existing ½" iron pipe;
- 6) N 78°47'24" W a distance of 273.56' to a point;
- 7) a curve turning to the left with an arc length of 404.10', with a radius of 1,215.43', with a chord bearing of N 88°18'53" W, and with a chord length of 402.24' to a point;
- 8) S 82°09'38" W a distance of 94.51' to a point;
- 9) a curve turning to the left with an arc length of 298.99', with a radius of 6,905.50', with a chord bearing of S 80°55'13" W, and with a chord length of 298.97' to a point;
- 10) thence S 79°40'47" W a distance of 176.77' to an existing 1/2" iron pipe;
- 11) thence with a curve turning to the left with an arc length of 24.38', with a radius of 2,308.97', with a chord bearing of S 79°24'05" W, with a chord length of 24.38', to the point and place of Beginning.

The above described parcel having an area of 2,354,777 square feet (54.06 acres)

All deeds reference above recorded in the Wake County Register of Deeds