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WAKE COUNTY, NC 542
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
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BOOK:012446 PAGE:02561 - 02580

**DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS
FOR
THE VILLAGE AT BEAVER DAM**

Box 155

THIS DECLARATION is made on the date hereinafter set forth by ST. LAWRENCE HOMES, INC., A NORTH CAROLINA CORPORATION (hereinafter "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of approximately 87.19 acres of land located in the Town of Knightdale, St. Mathews Township, Wake County, North Carolina, more fully described in the deed recorded in Book 11108, Page 59, Wake County Registry;

WHEREAS, Declarant desires to create on such property an exclusive residential community of detached single-family homes to be known as The Village at Beaver Dam Subdivision (hereinafter sometimes referred to as the "Subdivision");

WHEREAS, Declarant desires to provide for the maintenance and upkeep of the Common Area within the Subdivision, and, to that end, desires to subject the property within the Subdivision to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS, Declarant has deemed it advisable to create an organization to own, maintain and administer the Common Area, including, without limitation, storm water drainage facilities thereon, to administer and enforce covenants and restrictions exclusively applicable to the Subdivision, and to collect and disburse the assessments and charges hereinafter created, and Declarant has therefore incorporated under North Carolina law a nonprofit corporation, the The Village at Beaver Dam Homeowners Association, Inc., for the purpose of exercising the aforesaid functions.

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

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

ARTICLE I DEFINITIONS

Any defined term used in this Declaration shall have the meaning set forth below or, if not specifically defined in this Article I, the meaning of such term as set forth in the Act or in any other provision of this Declaration.

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

Section 2. "Association" shall mean and refer to the **THE VILLAGE AT BEAVER DAM HOMEOWNERS ASSOCIATION, INC.**, a North Carolina nonprofit corporation, its successors and assigns.

Section 3. "Board of Directors" and "Board" shall mean and refer to the Board of Directors of the Association elected or appointed to manage the affairs of the Association as provided in Article V of the Bylaws.

Section 4. "Bylaws" shall mean and refer to the Bylaws of the Association, as amended from time to time.

Section 5. "Common Area" shall mean and refer to the real property, together with any improvements thereon, owned by the Association, whether in fee or by easement, for the common benefit of the Owners of Lots within the Subdivision, and specifically including, but without limitation, all storm water drainage easements and ponds and facilities constructed thereon. The Common Area shall also include any recreational facilities constructed thereon for the common benefit of the Owners of Lots within the Subdivision. The Common Area shall be maintained by the Association or its successors in interest unless dedicated to public use and accepted by a public agency, authority or utility as set forth herein. Such maintenance shall include, without limitation, the maintenance of any Private Infrastructure in accordance with the provisions of that certain Horton Road Subdivision Development Agreement recorded in Book 11353, Page 263 of the Wake County Registry (hereinafter the "Development Agreement") and the provisions of Article X of this Declaration.

Section 6. "Declarant" shall mean and refer to **ST. LAWRENCE HOMES, INC.**, a North Carolina corporation, its successors and assigns. It shall also mean and refer to any Person to whom or to which Declarant shall assign or delegate the rights and obligations of Declarant by an Assignment of Declarant's Rights recorded in the Wake County Registry.

Section 7. "Declarant Control Period" shall mean and refer to the period of time during which the Declarant may appoint or remove the members of the Board of Directors of the Association. The Declarant Control Period shall terminate upon the earlier of the following to occur:

- (a) December 31, 2016; or

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- (b) Not later than four months after the point at which the total number of votes held by the Class A Members and Class C Members equals the total number of votes held by the Declarant; *provided, however*, that Declarant may acquire additional votes and thereby reinstate the Declarant Control Period if additional Lots within the Properties are formed by the creation and subjection to this Declaration of new Lots as set forth in Article II hereof, thus giving Declarant, by virtue of its ownership of the newly-annexed Lots and of other Lots owned by it, a sufficient number of votes (at the 9-to-1 ratio provided in Section 2(b) of Article III hereof) to cast a majority of the votes of the membership (it being hereby stipulated that the termination and rejuvenation of the Declarant Control Period shall occur automatically as often as the foregoing shall occur).
- (c) Relinquishment or transfer of all Special Declarant Rights as provided in §47F-3-104 of the Act.

Section 8. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision map of the Properties, with the exception of Common Area owned in fee by the Association, any property owned by the Town of Knightdale or other governmental entity, and any street rights-of-way shown on such recorded map. In the event that any Lot is increased or decreased in size by recombination or resubdivision through recordation of a new subdivision plat, any newly-platted lot shall thereafter constitute a Lot.

Section 9. "Member" shall mean and refer to every Person who or which holds membership in the Association.

Section 10. "Owner" shall mean and refer to the record owner, whether one or more Persons, of fee simple title to any Lot which is a part of the Properties, including contract sellers and owners of an equity of redemption. Owner shall not include any Person who or which has an interest in a Lot solely as security for the performance of an obligation.

Section 11. "Person" shall mean and refer to any natural person, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, governmental entity or agency thereof, or other entity.

Section 12. "Properties" shall mean and refer to the "Existing Property" described in Exhibit A to this Declaration and any additional property annexed pursuant said Article II.

ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION
AND WITHIN THE JURISDICTION OF THE
THE VILLAGE AT BEAVER DAM HOMEOWNERS ASSOCIATION, INC.

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

Section 2. ADDITIONS TO EXISTING PROPERTY. At any time prior to December 31, 2016,

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additional land may be annexed by the Declarant, at any time and from time to time, without the consent of the Members and therefore become subject to this Declaration by the recording by Declarant of a plat showing the property to be annexed and of a supplementary declaration extending the operation and effect of this Declaration to such property, provided, however, that such property must be contiguous to property already subject to this Declaration (or separated from such property only by the right-of-way of a public street or road) and must be approved by the Town of Knightdale. The addition of such property pursuant to this Section may increase the cumulative number of Lots within the Properties and, therefore, may alter the relative maximum voting strength of the various types of Members.

Section 3. CONVEYANCE OF COMMON AREA IN ANNEXED PROPERTY. The owner of the annexed property shall convey to the Association all Common Area located within the newly annexed property. Title to such Common Area shall be conveyed in the same manner as set forth in Section 3 of Article IV of this Declaration.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. MEMBERSHIP. Every Owner of a Lot which is subject to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. The foregoing is not intended to include Persons who or which hold an interest merely as security for the performance of an obligation.

Section 2. VOTING RIGHTS. The voting rights of the membership shall be appurtenant to the ownership of the Lots.

There shall be three (3) classes of membership with respect to voting rights:

(a) CLASS A MEMBERS. Class A Members shall be the Owners of all Lots except those owned by the Class B Members or the Class C Member(s) (as hereinafter defined). When more than one Person owns a record interest (other than a leasehold or security interest) in any Lot, all such Persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine. However, fractional voting shall not be allowed, and in no event shall more than one vote be cast with respect to any Lot. Class A Members shall be entitled to one (1) vote for each Lot owned. Lots owned by Class A Members shall be "Class A Lots".

(b) CLASS B MEMBER. The Class B Member shall be the Declarant. Subject to the provisions of this subsection, Declarant shall be entitled to nine (9) votes for each Lot that it owns (each a "Class B Lot").

At any time that Declarant no longer has the right to appoint and remove the members of the Board of Directors (*see* Article I, Section 7 hereof), Declarant shall have one vote for each Lot that it owns; however, such Lot shall continue to be treated as a Class B Lot for assessment purposes.

(c) CLASS C MEMBER(S). A Class C Member shall be any builder who purchases a Lot from Declarant for the purpose of constructing a dwelling thereon. Class C Members shall be entitled to one (1) vote for each Lot owned. Lots owned by a Class C Member shall be "Class C Lots".

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Section 3. VACANT/LEASED DWELLINGS. If the Owner of a Lot ceases to occupy the dwelling constructed thereon as his own personal living quarters or if any residence within the Properties is leased for rental purposes to tenants, the vote as expressed by the Owners of such rental units shall not be entitled to any weight greater than forty-nine (49) percent on any matter pending before the Association.

An Owner may lease or sublet his/her dwelling; however, any lease or sublease must be for at least six (6) months, in writing and contain the following provision:

"Tenant shall obey, adhere to and be bound by all provisions of the Declaration Of Covenants, Conditions, Restrictions, Easements, Charges And Liens For The Village at Beaver Dam, recorded in the Wake County Registry. Tenant acknowledges that he has received of a copy such Declaration and the rules and regulations of the Association and is familiar with the provisions of same."

If an Owner fails to include said provision in any lease or sublease, it shall be conclusively deemed to be included and part of said lease or sublease. Each Owner shall furnish the Association a copy of any lease or sublease of his dwelling.

ARTICLE IV PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment and Access. Except as limited by Section 2 of this Article IV and by the rules and regulations adopted by the Members and/or the Board of Directors of the Association, every Owner shall have a right and easement of enjoyment in, use of and access to, from, and over the Common Area, which right and easement shall be appurtenant to and shall pass with title to every Lot, subject to:

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

(b) the right of the Association, after notice and an opportunity to be heard, to suspend the voting rights of an Owner and the right of an Owner to use the Common Area and facilities thereon for any period during which any assessment against his Lot remains unpaid for a period of 30 days or longer, or for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association. However, the Association may not suspend an owner's right to use any Common Area providing access or utilities to his Lot.

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed upon by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least 80% of the votes of the membership of the Association, at the ratios set forth in Article III, Section 2 hereof, agree to such dedication, sale or transfer and signify their agreement by a signed and recorded document, *provided that* this subsection shall not preclude the Board of Directors of the

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Association from granting easements for the installation and maintenance of sewage, utility and drainage facilities upon, over, under and across the Common Area without the assent of the Members when such easements, in the opinion of the Board, are necessary for the convenient use and enjoyment of the Properties. Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the Town of Knightdale or to another nonprofit corporation for the aforementioned purposes. Notwithstanding any other provision of this Declaration, the Board of Directors of the Association may, without vote of the Members, exchange Common Area for other property and consideration of like value and utility.

(d) the right of the Association to levy Annual Assessments and Special Assessments;

(e) the right of Declarant, its employees, agents, contractors, subcontractors, invitees, to make any improvements that it or they may deem proper upon the Common Areas, even after their conveyance to the Association, including, without limitation, the right to construct, maintain and dedicate any additional storm water drainage easements, utility easements, and sewer or water line easements across any of the Common Areas. The rights reserved herein shall terminate three (3) years after the date on which Declarant no longer owns any property within the Subdivision, or December 31, 2011, whichever first occurs;

(f) the right of Declarant, its successors and assigns, and the Association, to erect and maintain monuments, walls, fences, ponds, signs, lighting and irrigation systems, and any other improvements and landscaping within Common Areas, and median strips and right-of-way islands; and

(g) the right of the Association to prescribe rules and regulations governing the use, operation and maintenance of the Common Area (including limiting the number of guests of Owners who may use such Common Area) and to interpret the restrictive covenants applicable to the Lots.

(h) the right of the Association, with the assent of Members entitled to at least 80% of the votes of the membership of the Association, at the ratios set forth in Article III, Section 2 hereof, to mortgage, pledge, deed in trust, or otherwise encumber any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of any such lender or mortgagee shall be subordinate to the property rights of the Owners as set forth herein.

Section 2. DELEGATION OF USE.

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

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

(c) GUESTS. The right and easement of use and enjoyment granted to every Owner by

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Section 1 of this Article may be delegated to guests of such Owners, tenants or contract purchasers, subject to such rules and regulations and fees as may be established by the Board of Directors.

Section 3. CONVEYANCE OF TITLE TO THE ASSOCIATION. Declarant covenants, for itself, its successors and assigns, that it will convey to the Association title to those portions of the Common Area to be owned in fee by the Association. Declarant reserves for itself and its successors and assigns (regardless of whether or not such reservation is specifically set forth in such deed) an easement over and across the Common Area so long as it owns any Lots within the Properties for the purpose of constructing any improvements on the Common Area as it deems necessary or advisable. Except as otherwise stated herein, all conveyances by Declarant to the Association shall be free and clear of all encumbrances and liens (including statutory liens of laborers and materialmen pursuant to Chapter 44A of the North Carolina General Statutes), except utility, drainage and greenway easements of record or shown on the recorded plats of the Subdivision. Any improvements placed on the Common Area by Declarant shall become the property of the Association upon completion of such improvements. The Association shall accept "as is" the conveyance of Common Areas without any representation or warranty, express or implied, in fact or by law, with respect thereto, or with respect to the improvements and repairs to be completed after the conveyance, including, without limitation, representations or warranties of merchantability or fitness for the ordinary or any particular purpose, and without any representations or warranties regarding future repairs or regarding the condition, construction, accuracy, completeness, design, adequacy of the size or capacity in relation to the utilization, date of completion or the future economic performance or operations of, or the utilities, materials or furniture which have been or will be used in such Common Areas or repairs, except as set forth herein. By acceptance of an interest in any such Common Area or the deed to any Lot, the Association and all Owners release Declarant from any claims and warrant that no claim shall be made by the Association or any Owner relating to the condition or completeness of such property or repairs or for incidental or consequential damages arising therefrom.

Section 4. REGULATION AND MAINTENANCE OF COMMON AREA AND COMMON AREA EASEMENTS. It is the intent of the Declarant that the Common Area (whether owned by the Association in fee or by easement) be preserved to the perpetual benefit of the Owners within the Subdivision. To that end, Declarant will reserve on a recorded plat or grant to the Association an easement over and across any portion of a Lot within such phase or section on which a Common Area easement lies.

(a) **RIGHTS AND RESPONSIBILITIES OF THE LOT OWNERS.** Each Owner of a Lot upon which a Common Area easement lies shall pay all property taxes and other assessments levied against his Lot, including that portion of such tax or assessment as is attributable to such Common Area. Notwithstanding any other provision of this Declaration, no Owner or other Person shall, without the prior written consent of the Association: (1) remove any trees or vegetation within any Common Area; (2) erect gates, fences, buildings or other structures on any Common Area; (3) place any sign, trash, debris, or garbage receptacle on or in any Common Area; (4) fill or excavate any Common Area or any part thereof; or (5) plant vegetation or otherwise restrict or interfere with the use, maintenance, and preservation of any Common Area.

It is the intent of the Declarant that a Common Area easement shall be maintained in the same state as when the Lot upon which such easement lies was conveyed to the Owner. If an Owner of a Lot on which a Common Area easement lies fails to maintain the easement area as provided herein, whether by act or omission, the Association shall have the right to enter upon such Owner's Lot for the

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purpose of maintaining same. The Association shall have the right to charge such Owner with the costs of such maintenance, which costs, if not paid within thirty (30) days after a written demand for payment is made by the Association, shall be collected in the same manner and shall incur the same late charges, interest and costs of collection as set forth in Section 7 of Article V of this Declaration.

(b) RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION. The Association shall have the right and obligation to ensure that the Common Area is preserved to the perpetual benefit of the Owners and, to that end, shall: (i) maintain the Common Area in its natural or improved state, as appropriate, and keep it free of impediments to its free use by the Owners, subject, however, to easements of record and any limitations on such use provided in this Declaration or rules and regulations adopted by the Association as provided herein and in the Bylaws; (ii) procure and maintain adequate liability insurance covering the Association and its Members against any loss or damage suffered by any Person, including the Owner of the Lot upon which Common Area lies, resulting from use of the Common Area; and (iii) pay all property taxes and other assessments levied against all Common Area owned in fee by the Association.

(c) ASSOCIATION'S RIGHT OF ENTRY FOR MAINTENANCE OF COMMON AREA EASEMENTS. The Association and its employees, agents, contractors and subcontractors shall have a nonexclusive right and easement at all times to enter upon any portion of a Lot reserved or designated as a Common Area easement, and any other portion of the Lot to the extent necessary to gain access to the Common Area easement, for the purposes of: (i) installing and maintaining entrance signage and other signage; (ii) making such improvements to the Common Area easement as have been approved by the Association; and (iii) maintaining the Common Area easement in its natural or improved state, including, without limitation, removal of fallen trees and other debris and, in general, keeping the easement area free from obstructions and impediments to its use. No such entry shall be deemed a trespass. To the extent practicable, the Association shall give reasonable oral notice to the Owner or occupant of such Lot.

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENT

Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. Declarant, for each Lot that it owns within the Properties, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments, special assessments, limited special assessments, fines, and other charges set forth herein, such assessments and other charges to be established and collected as hereinafter provided. All assessments which are unpaid when due, together with interest and late charges set forth in Section 8 of this Article V and all costs of collection, including reasonable attorneys' fees, shall be a charge on the land and, as provided in §47F-3-116 of the Act, shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment or charge, together with interest and costs of collection, including reasonable attorneys' fees, shall also be the personal or corporate obligation of the Person(s) owning such Lot at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owner's successors in title unless expressly assumed by them. Although unpaid assessments and charges are not the personal obligation of such Owner's successors in title unless expressly assumed by them, the unpaid assessments and charges shall continue to be a lien upon the Lot against which the assessment or charge was made.

It is the intent of the Declarant that any monetary fines imposed against an Owner pursuant

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to Section 3 of Article VII of the Bylaws shall constitute a lien against the Lot of such Owner to the same extent as if such fine were an assessment against such Lot.

Section 2. PURPOSES OF ASSESSMENTS. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and, in particular, for: (i) acquisition, improvement, and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area; (ii) maintenance, repair and reconstruction of the Common Area and improvements thereon, including, without limitation, storm water drainage facilities and recreational facilities, and, including, without limitation, the cost of repair, replacement and additions thereto and the cost of labor, equipment, materials, management and supervision thereof; (iii) payment of all fees and expenses necessary to provide the surety required by Section 12 of this Article V; (iv) payment of taxes and public assessments levied against the Common Area owned by the Association in fee; (v) procurement and maintenance of insurance; (vi) employment of attorneys, accountants and other Persons to represent the Association when necessary; (vii) payment of principal and interest on funds borrowed for Association purposes; and (viii) such other needs as may arise.

Section 3. MAXIMUM ANNUAL ASSESSMENT. Until December 31, 2007, the Maximum Annual Assessment shall be \$500.00 for each Class A Lot. The Maximum Annual Assessment for Class A Lots shall increase by ten percent (10%) on January 1, 2008, and on the first day of January of each year thereafter.

Section 4. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS; AMOUNT OF ASSESSMENTS; CERTIFICATE OF PAYMENT; RATIFICATION OF BUDGETS. Unless a different commencement date is set by the Board of Directors, the annual assessments provided for herein shall commence as to a Lot on the first day of the month after the Lot is subjected to this Declaration.

Subject to the provisions of this Section, the Board of Directors may fix the annual assessment for Class A Lots at any amount not in excess of the Maximum Annual Assessment in effect for the appropriate assessment year. Class C Lots shall be assessed at a rate equal to one-third (1/3) of the rate applicable to Class A Lots, and there shall be no assessments for Class B Lots, except that a Class B or Class C Lot which contains a dwelling occupied by any Person as a residence shall be assessed at the Class A rate. Unless a lower amount is set by the Board of Directors, the initial annual assessment for Class A Lots shall be the "Maximum Annual Assessment" set forth in Section 3 of this Article and shall be prorated according to the number of months remaining in the calendar year. Annual assessments shall be fixed at a uniform rate for all Lots in each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors.

The Board of Directors shall adopt a proposed budget for the Association at least annually. Within thirty (30) days after adoption of the proposed budget, the Board of Directors shall send a copy of the proposed budget to the Members and shall give written notice to the Members of a meeting of the Members to consider ratification of the budget. Such meeting shall be held not sooner than ten (10) days nor more than sixty (60) days after the mailing of such notice and the proposed budget. Such meeting may, but need not be, combined with the annual meeting of the Members. There shall be no requirement that a quorum be present in order to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget shall be deemed ratified unless at that meeting Members having a majority of the votes of the entire membership vote to reject the budget. Notwithstanding the foregoing, if the

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budget provides for annual assessments not in excess of the Maximum Annual Assessment for that year, such budget shall be deemed ratified unless Members having at least 80% of the votes of the entire membership vote to reject the budget. If the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

Subject to the provisions of this Section, at least twenty (20) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot. At least ten (10) days before January 1 of each year, the Board of Directors shall send written notice of such assessment to every Owner subject thereto.

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

Section 5. SPECIAL ASSESSMENTS. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for any other non-recurring purpose, provided that any such assessment shall be approved by Members holding at least two-thirds (2/3) of the votes of the Class A Members, a majority of the Class C Members, and by the Class B Member, and further provided that there shall be no special assessments for Class B Lots or Class C Lots, except that a Class B or Class C Lot which contains a dwelling occupied by any Person as a residence shall be assessed at the rate applicable to Class A Lots. Special assessments shall be fixed at a uniform rate for all Lots within each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors.

Section 6. NOTICE OF QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTION 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 5 shall be sent to all Members not less than fifteen (15) days nor more than thirty (30) days prior to the meeting. At such meeting, the presence of Members or of proxies entitled to cast sixty (60%) percent of the votes of each Class of Lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice or requirement, and if the same is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, until such time as a quorum is present and business can be conducted.

Section 7. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES. An assessment not paid within ten (10) days after the due date shall incur such late charge as the Board of Directors may from time to time establish. If said assessment is not paid within thirty (30) days after the due date, it shall also bear interest from the due date at the rate of eighteen percent (18%) per annum or the highest rate allowed by law, whichever is less, and the Association may file a lien against the Lot as provided in §47F-3-116 of the Act. The Association may bring an action at law or in equity against the Owner personally obligated to pay

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the same and/or foreclose the lien against the Lot for which such assessment is due. Interest, late payment charges, costs and reasonable attorneys' fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of his Lot.

Section 8. SUBORDINATION OF THE LIEN TO MORTGAGES. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a first mortgage or deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of any assessments which became due prior to the date of such conveyance. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 9. EXEMPT PROPERTY. All Common Area owned in fee by the Association, all property dedicated to and accepted by a public authority, and all property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. Notwithstanding the foregoing, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 10. WORKING CAPITAL FUND. At the time of closing of the initial sale or occupancy as a residence of each dwelling constructed on each Lot, a sum equal to one-sixth (1/6) of the annual assessment for Class A Lots in effect at the time of such sale or occupancy shall be collected from the purchaser or Owner of such Lot and transferred to the Association as part of its working capital. The purpose of the working capital fund is to ensure that the Association will have adequate cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed by the Board of Directors to be necessary or desirable. Amounts paid pursuant to this Section shall not be considered as an advance payment of any regular assessment.

Section 11. RESERVES FOR REPAIR AND RECONSTRUCTION OF PRIVATE INFRASTRUCTURE. The budget of the Association shall at all times contain a line item for routine maintenance of the Private Infrastructure.

Section 12. [INTENTIONALLY LEFT BLANK]

Section 13. DECLARANT'S OBLIGATION TO FUND OPERATING DEFICITS. During the Declarant Control Period, Declarant shall be obligated to fund any deficit between the normal operating expenses of the Association and the monies received by the Association from the Owners from assessments. Declarant, at its option, may pay such expenses directly to the Person providing the services or materials or pay to the Association the amounts necessary to fund the operating deficit. Any monies paid at any time or by the Declarant for or on behalf of the Association shall be credited against past or future assessments due from the Declarant.

ARTICLE VI MAINTENANCE OF LOTS

Section 1. OWNER'S RESPONSIBILITY; REMEDY FOR OWNER'S FAILURE TO MAINTAIN. Each Owner is responsible for maintaining his Lot and the improvements thereon in a neat and orderly manner.

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If an Owner does not perform any required maintenance of his Lot or dwelling, the Association shall have the right (but not the obligation), through its agents and employees, by the affirmative vote of not less than two-thirds (2/3) of the Board of Directors, to enter upon such Lot and to repair, maintain and restore the Lot or exterior of the dwelling erected thereon, and the cost of such maintenance, plus a surcharge of 15% for administration, shall be assessed in accordance with Section 2 of this Article. Prior to such entry, the Association shall give written notice to the Owner stating: (i) the specific items needing maintenance; (ii) the corrective action to be taken; (iii) a time, not less than 15 calendar days from the date of the notice, in which the Owner is to perform the necessary maintenance; and (iv) a statement that, if the Owner fails to perform the maintenance within such time period, the Association will exercise its right to perform the maintenance and that the Owner will be assessed with the costs thereof as provided in this Article VI.

Section 2. ASSESSMENT OF COST. In the event that the Association performs maintenance on any Lot as provided in Section 1 above, the cost of any such maintenance, replacement or repairs shall be a limited special assessment against the Lot upon which such maintenance is done and shall be added to and become part of the assessments to which such Lot is subject under Article V hereof, enforceable under the terms thereof.

Section 3. ACCESS AT REASONABLE HOURS. The Association, through its duly authorized agents or employees, shall have the right, without notice to the Owner, to enter upon any Lot at reasonable hours on any day to perform any maintenance and repairs to be performed by the Association and to exercise any of its rights or obligations under this Declaration, the Bylaws, restrictive covenants encumbering the Lots, and the rules and regulations of the Association. Any such entry shall not be deemed a trespass.

ARTICLE VII EASEMENTS

Section 1. ACCESS AND UTILITY EASEMENTS. Easements for the installation and maintenance of driveway, walkway, water line, gas line, telephone, cable television, electric power transmission lines, sanitary sewer and storm water drainage facilities, and other utility installations are reserved as shown on the recorded plats of the Properties. The Association may reserve and grant easements over the Common Area as provided in Article IV, Section 1(c), of this Declaration. Within any such easement herein provided, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of the utilities installed thereon, or which may change the direction of flow or drainage of water through drainage pipes or channels constructed in such easements.

For a period of ten (10) years from the date hereof, Declarant reserves an easement and right of ingress, egress and regress on, over and under the Properties to maintain and correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action that it deems reasonably necessary or appropriate. After such action has been completed, Declarant shall grade and seed the affected property and restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed. Declarant shall give reasonable notice of its intent to take such action to all affected Owners.

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

As provided in Section III of the Development Agreement, Declarant hereby establishes and grants to the Town of Knightdale a perpetual, nonexclusive easement over the Common Area and every Lot to the extent necessary to permit the Town to inspect the Public Infrastructure and for the purpose of correcting, repairing, replacing, and maintaining the Public Infrastructure and exercising any other rights of the Town as provided in the Development Agreement or this Declaration.

Section 3. EASEMENT AND RIGHT OF ENTRY FOR REPAIR, MAINTENANCE AND RECONSTRUCTION. If any dwelling is located closer than five (5) feet from its lot line, the Owner thereof shall have a perpetual access easement over the adjoining Lot to the extent reasonably necessary to perform repair, maintenance or reconstruction of such dwelling. Such work shall be done expeditiously and, upon completion of the work, the Owner shall restore the adjoining Lot to as nearly the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable.

Section 4. EASEMENT OVER COMMON AREA. A perpetual, nonexclusive easement over the Common Area is hereby granted to each Lot and its Owners, family members and tenants of such Owners, the occupants of such Lot, and guests and invitees of such Owners, tenants or occupants, for the purpose of providing access, ingress and egress to and from the Common Area and for the use thereof.

Section 5. EASEMENT FOR ENCROACHMENTS. In the event that any structure erected on a Lot encroaches upon any other Lot or the Common Area, and such encroachment was not caused by the purposeful act or omission of the Owner of such Lot, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment for so long as such encroachment shall naturally exist. In the event that any structure erected principally on the Common Area encroaches upon any Lot, then an easement shall exist for the continuance of such encroachment of such structure onto such Lot for so long as such encroachment shall naturally exist. The foregoing shall not be construed so as to allow any extension or enlargement of any existing encroachment or to permit the rebuilding of the encroaching structure, if destroyed, in a manner so as to continue such encroachment.

Section 6. ASSOCIATION'S EASEMENT UPON LOTS. The Association shall have a right, license and easement to go upon any Lot for the purpose of fulfilling its obligations under this Declaration, the restrictive covenants applicable to the Subdivision, and any other laws, ordinances, rules and regulations, public or private, which the Association is obligated or permitted to enforce. Such easement shall include, without limitation, the right to go on any Lot to correct, repair or alleviate any condition which, in the opinion of the Board of Directors of the Association or of the manager employed by the Association, creates or may create an imminent danger to the Common Area or improvements thereon.

ARTICLE VIII ARCHITECTURAL CONTROL

After occupancy of the dwelling constructed on a Lot pursuant to a certificate of occupancy or other

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certificate issued by the appropriate governmental entity, no building, fence, sign (including unit identification signs), wall or other structure shall be commenced, constructed, erected or maintained upon such Lot, nor shall any exterior addition to or change or alteration thereof be made, nor shall a building permit for such improvement or change be made, nor shall any major landscaping or relandscaping be commenced or made (such construction, alteration and landscaping are hereinafter referred to as the "Improvements") until plans and specifications showing the nature, kind, shape, heights, materials, color and location of same shall have been submitted to and approved in writing by the Declarant. If the Declarant fails to approve or disapprove such proposed Improvements within thirty (30) days after the plans and specifications have been received by it, approval will not be required, and this Article shall be deemed to have been complied with. Declarant shall have the right to charge a reasonable fee, not to exceed \$125.00, for receiving and processing each application. Declarant shall have the right (but not the obligation) to promulgate and from time to time amend written architectural standards and construction specifications (hereinafter the "Architectural Guidelines") which may establish, define and expressly limit the standards and specifications which will be approved, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design and construction technique. Declarant shall not approve any Improvements which it determines, in its discretion, not to be in harmony of external design, construction and/or location in relation to the surrounding structures, topography or the general plan of development of the Subdivision.

Declarant may, at any time, delegate the review and approval authority contained in this Article VIII to the Board of Directors of the Association, which, in turn, may delegate such authority, to an Architectural Committee composed of three or more Persons appointed by the Board. Such delegation shall be made by the Declarant by recording in the Wake County Registry an Assignment Of Declarant's Rights. Declarant shall delegate such authority no later than the date upon which Declarant no longer owns any Lots within the Properties, or December 31, 2016, whichever is earlier.

Any use of the term "Declarant" in this Article VIII shall be deemed to apply to Declarant and, when appropriate, to the Board of Directors or the Architectural Committee. Nothing herein shall be construed to permit interference with the development of the Lots by Declarant in accordance with its general plan of development.

ARTICLE IX RIGHTS OF LENDERS

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

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

- (a) Any 60-day delinquency in the payment of assessments or charges owed by the Owner of the Lot securing its loan.
- (b) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.
- (c) Any proposed action that requires the consent of a specified percentage of owners or

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holders of first mortgages on the Lots.

Section 3. APPROVAL OF OWNERS AND HOLDERS OF FIRST DEEDS OF TRUST. Unless at least seventy-five percent (75%) of the owners and holders of the first deeds of trust on Lots located within the Properties have given their prior written approval, the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. Neither the granting of easements for utilities or other purposes nor the exchange of real property as provided in Section 1(c) of Article IV hereof shall be deemed a transfer within the meaning of this clause. Notwithstanding anything herein to the contrary, the property owned by the Association, whether in fee, by easement, or otherwise, shall be preserved for the perpetual benefit of the Owners or the public in general and shall not be conveyed except to the Town of Knightdale or to another nonprofit corporation for the aforementioned purposes;

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

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

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

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

ARTICLE X GENERAL PROVISIONS

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

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

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Section 2. SEVERABILITY. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision, which shall remain in full force and effect.

Section 3. AMENDMENT. The covenants and restrictions of this Declaration shall run and bind the land, for a term of twenty-five (25) years from the date that this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of the Owners as set forth below. During the Declarant Control Period, Declarant may amend the Declaration without vote of the Members or Owners. Otherwise, this Declaration may be amended during the first twenty-five year period by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots, and thereafter by an instrument signed by the Owners of not less than sixty-seven percent (67%) of the Lots. No amendment shall be effective unless it is recorded in the Office of the Register of Deeds of Wake County.

Section 4. INTERPRETATION OF DECLARATION. Whenever appropriate, singular may be read as plural, plural may be read as singular, and the masculine gender may be read as the feminine or neuter gender.

Section 5. CAPTIONS. The Captions herein are only for convenience and reference and do not define, limit or describe the scope of this Declaration, or the intent of any provision.

Section 6. NOTICES. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, by ordinary mail, post paid, to the last known address of the Person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 7. CONFLICTS. In the case of any conflict between the Articles of Incorporation and this Declaration, the Articles of Incorporation shall control. In case of any conflict between this Declaration and the Bylaws of the Association, this Declaration shall control.

Section 8. DISCLAIMER. Notwithstanding anything contained herein, or in the Articles of Incorporation, Bylaws, rules and regulations, or any other document governing or binding the Association (collectively the "Association Documents"), the Association and the Declarant shall not be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Member, occupant or user of any portion of the Property, including, without limitation, Owners and their families, guests, invitees, agents, servants, contractors or subcontractors, or for any property of any such Persons. It is the express intent of the Association Documents that the various provisions thereof that are enforceable by the Association and govern or regulate the uses of the Property have been written, and are to be interpreted and enforced, for the sole purpose of fostering the enjoyment of the Property. The Association and the Declarant are not empowered, and have not been created, to act as an entity which enforces or ensures any other Person's compliance with the laws of the United States, State of North Carolina or any other jurisdiction or the prevention of criminal, tortious or like-regulated activities. Every Owner, by taking title to any part of the Property, covenants and agrees to hold harmless and to indemnify the Association and the Declarant, and their respective directors, trustees, officers, agents, parties and affiliates from and against all claims of any kind whatsoever by an invitee, licensee, family member, employee or other representative or agent of that Member for any loss or damage arising in connection with the use,

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ownership or occupancy of any portion of the Property.

Section 9. SUBDIVISION OF LOTS. No Lot within the Subdivision may be subdivided by sale or otherwise so as to reduce the total Lot area shown on a recorded plat of the Subdivision, except with the consent of the Declarant and, if required, by the Town of Knightdale.

Section 10. DECLARANT'S RIGHT TO CHANGE DEVELOPMENT. With the approval of the Town of Knightdale, Declarant shall have the right, without consent or approval of the Owners, to create dwelling units, add Common Area, change unit types and reallocate units within, and withdraw real property from the development.

Section 11. INSURANCE. The Association shall procure and maintain adequate liability insurance covering the Association, in an amount not less than \$1,000,000.00. The Association shall also procure and maintain full replacement value hazard insurance on real and personal property owned by the Association, and shall procure and maintain officers' and directors' liability insurance. The premiums for such insurance shall be a common expense paid from the annual assessments provided in Article V of this Declaration.

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

In addition to any other rights and remedies that the Association may have under this Declaration, the Association may impose sanctions for violations of this Declaration, the Bylaws of the Association, the rules and regulations adopted by the Association, or the restrictive covenants applicable to the Properties, in accordance with procedures set forth in the Bylaws, which sanctions may include, but are not limited to, reasonable monetary fines, which fines shall constitute a lien upon the Lot of the violator, and suspension of the right to vote and the right to use any recreational facilities within the Common Area, provided, however, that the Association shall not have the right to suspend the right to use private streets providing access to an Owner's Lot.

In addition, pursuant to procedures provided in the Bylaws, the Association may exercise self-help to cure violations (specifically including, but not limited to, the towing of Owner and tenant vehicles that are in violation of parking rules) and may suspend the right of an Owner to use any Common Area and improvements thereon including, without limitation, recreational amenities within the Properties, if the Owner is more than 30 days delinquent in paying any assessment or other charge due to the Association, provided, however, that the Association may not suspend such Owner's right of access to or any utilities servicing his or her Lot.

The Association shall at all time have the right and easement to go upon any Lot for the purposes of exercising its rights hereunder, including, but not limited to, enforcement of the architectural guidelines applicable to the Properties. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass. All remedies set forth in this Declaration and the Bylaws shall be cumulative of any remedies available at law or in equity. In any action to enforce its rights and remedies,

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the party prevailing in such action shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed by its duly authorized President, of the date set forth in the notary acknowledgment below.

ST. LAWRENCE HOMES, INC.
a North Carolina corporation

(Corporate Seal)

By:

F. Robert Ohmann, President
F. Robert Ohmann, President

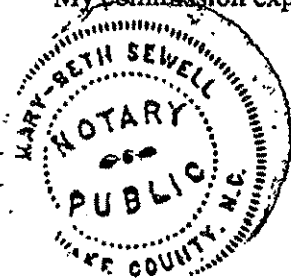
STATE OF NORTH CAROLINA - COUNTY OF WAKE:

I, the undersigned, a Notary Public for the County and State aforesaid, certify that F. Robert Ohmann personally came before me this day and acknowledged he is President of St. Lawrence Homes, Inc., a North Carolina corporation, and that he, as President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp and seal, this the 13 day of March 2007.

Mary Beth Sewell
Notary Public

My commission expires: 2-24-2008



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EXHIBIT A

EXHIBIT A

**The Village at Beaver Dam
Phase 1-A**

Lying and being in the Town of Knightdale, St. Matthews Township, Wake County, North Carolina, and being more particularly described as follows:

All of the real property, containing 19.096 acres, more or less, shown and described on the map entitled "Final Plat, The Village at Beaver Dam Subdivision, Phase 1-A, Open Space Lot, R/W Dedication, Lots (1-14), (66-77), (79-88)", recorded in Book of Maps 2007, Pages 435-438, inclusive, Wake County Registry, which property includes Lots 1-14, 66-71, 79-82, 72-77, 83-88, inclusive, in The Village at Beaver Dam, Phase 1-A, shown on said map, and the Private Open Space (Common Area) shown on said map, but specifically excluding the rights-of-way of the public streets shown thereon.