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Prepared By
and Return to
Andrew S. Martin

PRESENTED
FOR
REGISTRATION

000527

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STATE OF NORTH CAROLINA

LAURA H. HARRIS
REGISTERED DEEDS
CLERK
WILLOW BLUFFS SUBDIVISION
PHASE I

WAKE COUNTY

THIS DECLARATION made this 31st day of October, 1997, by Hickory Ridge Development, L.L.C., a North Carolina Limited Liability Company:

KNOW ALL MEN BY THESE PRESENTS, that Hickory Ridge Development, L.L.C., hereinafter referred to as "Declarant" or "Developer", agrees and covenants with all persons, firms, and corporations who hereafter acquire a lot within WILLOW BLUFFS SUBDIVISION, PHASE I, as recorded in Book of Maps 1997, Page 1524, Wake County Registry, that the following Protective Covenants shall apply to all lots conveyed out of said subdivision and said restrictions shall run with said properties by whomever owned, which covenants are as follows:

WITNESSETH:

THAT, WHEREAS, the Declarant is the owner of the real property described above and is desirous of subjecting said real property to the Protective Covenants hereinafter set forth, each and all of which is and are for the benefit of such property and for each owner thereof, and shall inure to the benefit of and pass and run with said property, and each and every lot or parcel thereof, and shall apply to and bind the successors in interest and any owner thereof.

NOW, THEREFORE, the Declarant hereby declares that the real property described and referred to above is and shall be held, transferred, sold, and conveyed subject to the Protective Covenants set forth below:

ARTICLE I

Developer shall appoint three persons to serve as an Architectural Committee whose duty shall be to assure the best use and the most appropriate development and improvement of each lot thereof; to protect the owners of lots against such improper use of surrounding lots as will depreciate the value of their property or the property of others; to preserve, so far as practicable, the natural beauty of said property; to guard against the erection thereon of poorly designed or proportioned structures, and structures built of improper or unsuitable materials; to obtain harmonious color schemes; to encourage and secure the erection of attractive homes thereon, with appropriate locations thereof on lots; to secure and maintain proper setbacks from streets, and adequate free spaces between structures, and in general to provide adequately for a high type and quality of improvement in said property, and thereby to enhance the values of investments made by purchasers of lots therein. When considering requests from lot owners, it shall make every effort to protect the best interest of not only that owner but all other owners of lots and the subdivision itself in order that the enjoyment and investment of each resident may

be preserved. The judgment of the Committee shall be conclusive and binding. Members of the Committee shall receive no payment for their services and may resign or be replaced for reasons satisfactory to the Developer or its assigns.

Developer's right to designate members of the Architectural Committee shall terminate when construction approval has been granted for all lots. Thereafter, designation of the Committee will be the responsibility of a majority of the lot owners, with each lot allocated one vote.

No dwelling, outbuilding, tennis court, swimming pool or other recreational facility, fence, wall, hedge, mass planting or structure of any kind may be positioned, erected or altered until the builder or individual owner of the lot shall have submitted plans and gained approval of the Architectural Committee.

No satellite dish which exceeds 18" in width, or other communications reception or transmitting tower shall be placed or erected on any lot.

Developer shall provide and install on each lot a mailbox, the specifications for which shall be uniform throughout the subdivision, and said specifications must be adhered to for any replacement mailbox that may be erected by an owner.

ARTICLE II

No lot shall be used except for residential purposes, provided that Developer or its assigns may use a lot for a community water system or recreational facility to benefit all lot owners in the subdivision. Furthermore, Developer may maintain a Sales/Operations trailer or similar facility and may approve location of a construction trailer for a builder's use while any builder has a house under construction within the subdivision.

ARTICLE III

The minimum heated area, excluding porches, garages and basement square footage, shall not be less than 1200 square feet for ranch style dwellings; 1300 square feet for story and a half dwellings; and 1400 square feet for two-story buildings.

ARTICLE IV

No dwelling shall be erected or permitted to remain on any lot nearer to the street, side and rear lines than those Wake County Minimum Building Setback Limits as shown on the recorded plat of the subdivision.

All other buildings, structures and recreational facilities shall be located likewise, except that the rear property line restriction is reduced to ten (10) feet, but not nearer than seventy (70) feet from a front property line.

ARTICLE V

No noxious or offensive activities shall be carried on upon any lot nor shall anything be

done thereon which may be or may become a nuisance or an annoyance to the neighborhood. No motor vehicle licensed to carry more than two tons shall be allowed or parked on any lot or street within said subdivision except those vehicles delivering building materials to develop or improve the lots within the subdivision or to carry furniture for any homeowner within said subdivision.

No motor vehicle which cannot move under its own power or which is not currently licensed, any storage trailer or van, or house trailer shall remain parked on any lot or street in the subdivision for more than thirty days.

No heavy equipment, earth-moving equipment, trade materials, inventories or farm machinery shall be parked or stored on any lot or street at any time except for equipment engaged by the developer or homebuilder for the development and improvement of the lots in the subdivision.

ARTICLE VI

Adequate off-street parking shall be provided by the owner of each lot for the parking of the licensed automobiles of such owner, and they shall not be permitted to park their automobiles on the streets in the development, nor shall they be permitted to park boats, trailers, campers, mobile homes, motor homes and all other similar property on the streets in the development, nor in the front yard of any lot, nor in the side set-back of any lot, but such property may be parked in a garage or screened area in the rear yard of the owner.

ARTICLE VII

No animals, livestock or poultry of any kind shall be raised, bred, or kept on any lot except that dogs, cats or other household pets which are not dangerous may be kept provided they are not kept, bred or maintained for commercial purposes.

ARTICLE VIII

Each owner shall keep his lot free of tall grass, undergrowth, dead trees, trash and rubbish and properly maintained so as to present a pleasing appearance. In the event an owner does not properly maintain his lot as above provided, in the opinion of the Architectural Committee, then the Committee may have the required work done and the costs thus incurred shall be paid by the owner. Such Committee cost shall be a lien on the lot to which attributable.

ARTICLE IX

Each lot in the subdivision shall be subject to an easement of five (5) feet from its front, side and rear property lines to accommodate such underground services as electricity, telephone, cable television, natural gas, water and sewer lines or other facilities to service the needs of said lot owner as they may from time to time be available to said lot including the installation of

street lighting which may impose a continuing monthly or annual expense to the owner of each lot.

ARTICLE X

Developer reserves the right to subject the real property in this subdivision to a contract with Carolina Power & Light Company for the installation of street lighting, which requires a continuing monthly payment to Carolina Power & Light Company by each residential customer.

ARTICLE XI

Invalidation of any one of these covenants or any part thereof by judgment or court order shall not affect the validity of any of the other provisions which shall remain in full force and effect, and the failure of any person or persons to take action to enforce the violation of any of these covenants and restrictions shall not be construed as a waiver of any enforcement rights and shall not prevent the enforcement of such covenant or covenants in the future.

ARTICLE XII

Enforcement of these covenants shall be by proceedings at law or at equity against the person, persons, corporations or firms violating or attempting to violate these covenants and if any covenant herein shall be declared void, then all remaining covenants shall remain in effect.

ARTICLE XIII

These covenants may be amended from time to time by a majority of the owners within said subdivision with one vote allocated to each lot, and such covenants shall run with the lots and be binding on all parties owning said lots until December 31, 2017, after which time said covenants shall be automatically extended for successive periods of ten years until said owners, in the majority, shall set them aside. The Declarant, without the consent or approval of any other owner, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the property or to qualify the property or any lots and improvement thereon for mortgage or improvement loans made or insured by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina. No amendment made pursuant to this Section shall be effective until duly recorded in the Office of the Register of Deeds of Wake County.

IN TESTIMONY WHEREOF, Hickory Ridge Development, L.L.C., has caused this instrument to be signed by its Manager, the day and year first above written.

3K7786PG0369

Hickory Ridge Development, L.L.C., a North
Carolina Limited Liability Company

By: Forrest H. Ball
Forrest H. Ball, Manager

STATE OF NORTH CAROLINA

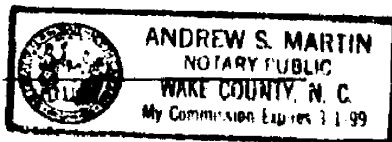
COUNTY OF WAKE

I, Andrew S. Martin, a Notary Public for the foregoing county and state,
do hereby certify that Forrest H. Ball, Manager of Hickory Ridge Development, L.L.C.,
personally appeared before me this day and acknowledged the due execution of the foregoing
instrument.

WITNESS my hand and notarial seal this 31 day of October, 1997.

Andrew S. Martin
Notary Public

My Commission Expires:



NORTH CAROLINA — WAKE COUNTY

The foregoing certificate ___ of ___

Andrew S. Martin
Notary Public

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

LAURA M. RIDDICK, Register of Deeds

By: Robert A. Schaffer
Asst./Deputy Register of Deeds

8K7912PG0361

NORTH CAROLINA

000428

WAKE COUNTY

PRESENTED
FOR
REGISTRATION
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
98 FEB 23 11 15 AM
WILLOW BLUFFS SUBDIVISION

LAURA H. RICHIE
REGISTER OF DEEDS
WAKE COUNTY

DECLARATION made this 19th day of February, 1998, by **HICKORY RIDGE DEVELOPMENT, L. L. C.**, a North Carolina Limited Liability Company, hereinafter called "Declarant", and **COMFORT HOMES, INC.**, hereinafter called "Lot Purchaser";

W I T N E S S E T H:

THAT WHEREAS, Declarant is the owner and developer of the real property hereinafter described, except for the lots owned by Lot Purchaser; and

WHEREAS, Declarant has previously recorded Protective Covenants of Willow Bluffs Subdivision, Phase I, in Book 7786, Page 365, Wake County Registry; and

WHEREAS, Declarant, with the consent and joinder of Lot Purchaser, desires to withdraw and revoke said prior Protective Covenants recorded in Book 7786, Page 365, Wake County Registry, and to replace the same with the covenants set forth in this Declaration which shall be applicable to all of the Lots herein described as the "Properties".

NOW, THEREFORE, in consideration of the premises and the mutual benefits and duties herein contained, Declarant, with the consent and joinder of Lot Purchaser, hereby declares that the Properties hereinafter described shall be held, sold and conveyed subject to the following covenants, easements, conditions and restrictions, all of which are for the purpose of protecting the value and desirability of, and which shall run with, the real property described and be binding on all parties having any right, title or interest therein, along with their heirs, successors and assigns, and which shall inure to the benefit of each Owner thereof;

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Willow Bluffs Homeowners Association, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property, as shown on map recorded in Book of Maps 1997, Page 1524, Wake County Registry, and such additions thereto as may hereafter be brought within the jurisdiction of the Association pursuant to the provisions of Article VII hereunder.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners. The Common Areas to be owned by the Association will be shown on maps subsequently recorded showing additions to the Properties as contemplated pursuant to the provisions of Article VII hereunder.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Hickory Ridge Development, L.L.C., and its successors and assigns.

ARTICLE II PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(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 to by the members; provided that no such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by 2/3rds of each class of members has been recorded.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment and the Declarant, 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.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A member (s) shall be all Owners, with the exception of Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member (s) shall be Declarant, and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) on February 15, 2003.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned 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: (i) annual assessments or charges, and (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot by Declarant, the maximum annual assessment shall be Sixty Dollars (\$60.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first lot to an Owner by Declarant, the maximum annual assessment may be increased each year not more than 5% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 5% by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on an annual, quarterly or monthly basis as determined by the Board of Directors.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots other than those owned by the original Declarant on the first day of the month following the recordation of this Amendment. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any

assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 6 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

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

ARTICLE V ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specification have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VI BUILDING AND USE

Section 1. Use. No Lot shall be used except for residential purposes, provided that Declarant or its assigns may use a Lot for a community water system or recreational facility to benefit all Lot Owners in the subdivision. Furthermore, Declarant may maintain a Sales/Operations trailer or similar facility and may approve location of a construction trailer for a builder's use while any builder has a house under construction within the subdivision. No satellite dish which exceeds 18" in width, or other communications reception or transmitting tower shall be placed or erected on any Lot. Declarant shall provide and install on each Lot a mailbox, the specifications for which shall be uniform throughout the subdivision, and said specifications must be adhered to for any replacement mailbox that may be erected by an Owner. No noxious or offensive activities shall be carried on upon any Lot nor shall anything be done thereon which may be or may become a nuisance or an annoyance to the neighborhood. No motor vehicle licensed to carry more than two tons shall be allowed or parked on any Lot or street within said subdivision except those vehicles delivering building materials to develop or

improve the Lots within the subdivision or to carry furniture for any homeowner within said subdivision. No motor vehicle which cannot move under its own power or which is not currently licensed, any storage trailer or van, or house trailer shall remain parked on any Lot or street in the subdivision for more than thirty days. No heavy equipment, earth-moving equipment, trade materials, inventories or farm machinery shall be parked or stored on any Lot or street at any time except for equipment engaged by the Declarant or homebuilder for the development and improvement of the Lots in the subdivision. No animals, livestock or poultry of any kind shall be raised, bred, or kept on any Lot except that dogs, cats or other household pets which are not dangerous may be kept provided they are not kept, bred or maintained for commercial purposes. Each Owner shall keep his Lot free of tall grass, undergrowth, dead trees, trash and rubbish and properly maintained so as to present a pleasing appearance. In the event an Owner does not properly maintain his Lot as above provided, in the opinion of the Architectural Committee, then the Committee may have the required work done and the costs thus incurred shall be paid by the Owner. Such Committee cost shall be a lien on the Lot to which attributable.

Section 2. Dwelling Size. The minimum heated area, excluding porches, garages and basement square footage, shall not be less than 1200 square feet for ranch style dwellings; 1300 square feet for story and a half dwellings; and 1400 square feet for two-story buildings.

Section 3. Building Location: No dwelling shall be erected or permitted to remain on any Lot nearer to the street, side and rear lines than those Wake County Minimum Building Setback Limits as shown on the recorded plat of the subdivision. All other buildings, structures and recreational facilities shall be located likewise, except that the rear property line restriction is reduced to ten (10) feet, but not nearer than seventy (70) feet from a front property line.

Section 4. Parking. Adequate off-street parking shall be provided by the Owner of each Lot for the parking of the licensed automobiles of such Owner, and they shall not be permitted to park their automobiles on the streets in the development, nor shall they be permitted to park boats, trailers, campers, mobile homes, motor homes and all other similar property on the streets in the subdivision, nor in the front yard of any Lot, nor in the side set-back of any Lot, but such property may be parked in a garage or screened area in the rear yard of the Owner.

Section 5. Easements and Utilities. Each Lot in the subdivision shall be subject to an easement of five (5) feet from its front, side and rear property lines to accommodate such underground services as electricity, telephone, cable television, natural gas, water and sewer lines or other facilities to service the needs of said Lot Owner as they may from time to time be available to said Lot including the installation of street lighting which may impose a continuing monthly or annual expense to the Owner of each Lot. Declarant reserves the right to subject the real property in this subdivision to a contract with Carolina Power & Light Company for the installation of street lighting, which requires a continuing monthly payment to Carolina Power & Light Company by each residential customer.

**ARTICLE VI
GENERAL PROVISIONS**

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

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after with time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five (75%) of the Lot Owners. Any amendment must be recorded.

Section 4. Staged Development. Additional land may be annexed by the Declarant without the consent of members within five (5) years of the date of this instrument provided that the FHA and the VA determine that the annexation is in accord with the general plan heretofore approved.

Section 5. Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of members except as provided hereinabove in Section 4, Staged Development.

Section 6. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

IN TESTIMONY WHEREOF, Hickory Ridge Development, L.L.C., has caused this instrument to be signed by its Manager, and Comfort Homes, Inc., by its duly authorized officers, the day and year first above written.

BK7912PG0368

HICKORY RIDGE DEVELOPMENT,
L.L.C., a North Carolina Limited Liability
Company



By: Forrest H. Ball
Forrest H. Ball, Manager

ATTEST:
Donald F. White
Assistant Secretary

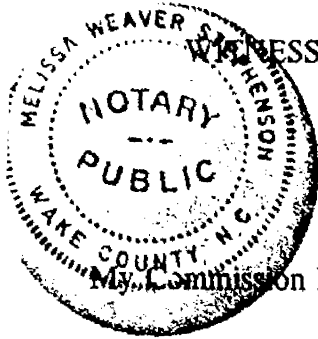
COMFORT HOMES, INC.

By: Forrest H. Ball
President

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Melissa Weaver Stephenson, a Notary Public for the foregoing county and state, do hereby certify that Forrest H. Ball, Manager of Hickory Ridge Development, L.L.C. personally appeared before me this day and acknowledged the due execution of the foregoing instrument.



WITNESS my hand and notarial seal this 19th day of February, 1998.

Melissa Weaver Stephenson
Notary Public

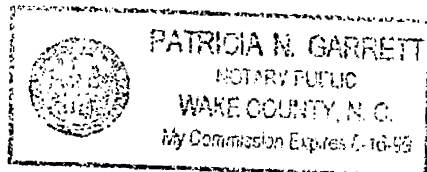
My Commission Expires: 11-9-2002

NORTH CAROLINA

WAKE COUNTY

I, Patricia N. Garrett, a Notary Public in and for said County, do hereby certify that Donald L. White personally appeared before me this day and acknowledged that (s)he is Asst. Secretary of Comfort Homes, Inc., a North Carolina corporation, and that by the authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by Donald L. White as its Asst. Secretary.

WITNESS my hand and notarial seal this 19th day of February, 1998.



Patricia N. Garrett
Notary Public

My commission expires: 8-16-99

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate is of Melissa Weaver Stephenson

Patricia N. Garrett Notar(y)(ies) Public

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

LAURA M. RIDDICK, Register of Deeds

By [Signature]
Asst. / Deputy Register of Deeds

BK 7975 PG 0534

NORTH CAROLINA

000776

WAKE COUNTY

PRESENTED
FOR
RECORD
AMENDED DECLARATION OF
98 COVENANTS, CONDITIONS AND
RESTRICTIONS FOR WILLOW BLUFFS
SUBDIVISION
LAW
REGISTRY
WAKE COUNTY

DECLARATION made this 25 day of March, 1998, by **HICKORY RIDGE DEVELOPMENT, L. L. C.**, a North Carolina Limited Liability Company, hereinafter called "Declarant", and **COMFORT HOMES, INC.**, hereinafter called "Lot Purchaser";

WITNESSETH:

THAT WHEREAS, Declarant is the owner and developer of the real property hereinafter described, except for the lots owned by Lot Purchaser; and

WHEREAS, Declarant has previously recorded Protective Covenants for Willow Bluffs Subdivision, in Book 7786, Page 365 Wake County Registry, and a Declaration of Covenants, Conditions and Restrictions for Willow Bluffs Subdivision, in Book 7912, Page 361, Wake County Registry; and

WHEREAS, Declarant, with the consent and joinder of Lot Purchaser, desires to withdraw and revoke said prior Protective Covenants in Book 7786, Page 365, Wake County Registry, and Declaration recorded in Book 7912, Page 361, Wake County Registry, and to replace the same with the covenants set forth in this Declaration which shall be applicable to all of the Lots herein described as the "Properties".

NOW, THEREFORE, in consideration of the premises and the mutual benefits and duties herein contained, Declarant, with the consent and joinder of Lot Purchaser, hereby withdraws the Properties hereinafter described from the operation and effect of the Protective Covenants for Willow Bluffs Subdivision, in Book 7786, Page 365 Wake County Registry, and a Declaration of Covenants, Conditions and Restrictions for Willow Bluffs Subdivision, in Book 7912, Page 361, Wake County Registry; and declares that the Properties hereinafter described shall be held, sold and conveyed subject to the following covenants, easements, conditions and restrictions, all of which are for the purpose of protecting the value and desirability of, and which shall run with, the real property described and be binding on all parties having any right, title or interest therein, along with their heirs, successors and assigns, and which shall inure to the benefit of each Owner thereof;

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Willow Bluffs Homeowners Association, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record Owner, whether one or more

persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property, as shown on map recorded in Book of Maps 1997, Page 1524, Wake County Registry, and such additions thereto as may hereafter be brought within the jurisdiction of the Association pursuant to the provisions of Article VII hereunder.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners. The Common Areas to be owned by the Association will be shown on maps subsequently recorded showing additions to the Properties as contemplated pursuant to the provisions of Article VII hereunder.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Hickory Ridge Development, L.L.C., and its successors and assigns.

ARTICLE II PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(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 recreational or other purposes as are allowed by and subject to all applicable governmental ordinances; provided that no such dedication or transfer shall be effective unless approved by local governmental authority having jurisdiction over same, and unless an instrument agreeing to such dedication or transfer signed by 2/3rds of each class of members has been recorded.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-

laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment and the Declarant, 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.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A member (s) shall be all Owners, with the exception of Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member (s) shall be Declarant, and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) on February 15, 2003.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned 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: (i) annual assessments or charges, and (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be

used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot by Declarant, the maximum annual assessment shall be Sixty Dollars (\$60.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first lot to an Owner by Declarant, the maximum annual assessment may be increased each year not more than 5% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 5% by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on an annual, quarterly or monthly basis as determined by the Board of Directors.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots other than those owned by the

original Declarant on the first day of the month following the recordation of this Amendment. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 6 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

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

ARTICLE V ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval by said Board or its designated committee will not be required and this Article will be deemed to have been fully complied with; provided that notwithstanding the above, all such matters must be in full compliance with local governmental ordinances and regulations.

ARTICLE VI BUILDING AND USE

Section 1. Use. No Lot shall be used except for residential purposes, provided that with local governmental approval, Declarant or its assigns may use a Lot for a community water system or recreational facility to benefit all Lot Owners in the subdivision. Furthermore, Declarant may maintain a Sales/Operations trailer or similar facility and may approve location of a construction trailer for a builder's use while any builder has a house under construction within the subdivision. No satellite dish which exceeds 18" in width, or other communications reception or transmitting tower shall be placed or erected on any Lot. Declarant shall provide and install on each Lot a mailbox, the specifications for which shall be uniform throughout the subdivision, and said specifications must be adhered to for any replacement mailbox that may be erected by an Owner. No noxious or offensive activities shall be carried on upon any Lot nor shall anything be done thereon which may be or may become a nuisance or an annoyance to the neighborhood. No motor vehicle licensed to carry more than two tons shall be allowed or parked on any Lot or street within said subdivision except those vehicles delivering building materials to develop or improve the Lots within the subdivision or to carry furniture for any homeowner within said subdivision. No motor vehicle which cannot move under its own power or which is not currently licensed, any storage trailer or van, or house trailer shall remain parked on any Lot or street in the subdivision for more than thirty days. No heavy equipment, earth-moving equipment, trade materials, inventories or farm machinery shall be parked or stored on any Lot or street at any time except for equipment engaged by the Declarant or homebuilder for the development and improvement of the Lots in the subdivision. No animals, livestock or poultry of any kind shall be raised, bred, or kept on any Lot except that dogs, cats or other household pets which are not dangerous may be kept provided they are not kept, bred or maintained for commercial purposes. Each Owner shall keep his Lot free of tall grass, undergrowth, dead trees, trash and rubbish and properly maintained so as to present a pleasing appearance. In the event an Owner does not properly maintain his Lot as above provided, in the opinion of the Architectural Committee, then the Committee may have the required work done and the costs thus incurred shall be paid by the Owner. Such Committee cost shall be a lien on the Lot to which attributable.

Section 2. Dwelling Size. The minimum heated area, excluding porches, garages and basement square footage, shall not be less than 1200 square feet for ranch style dwellings; 1300 square feet for story and a half dwellings; and 1400 square feet for two-story buildings.

Section 3. Building Location: No dwelling shall be erected or permitted to remain on any Lot nearer to the street, side and rear lines than those Wake County Minimum Building Setback Limits as shown on the recorded plat of the subdivision. All other buildings, structures and recreational facilities shall be located only in accordance with local governmental ordinances and regulations.

Section 4. Parking. Adequate off-street parking shall be provided by the Owner of each Lot for the parking of the licensed automobiles of such Owner, and they shall not be permitted

to park their automobiles on the streets in the development, nor shall they be permitted to park boats, trailers, campers, mobile homes, motor homes and all other similar property on the streets in the subdivision, nor in the front yard of any Lot, nor in the side set-back of any Lot, but such property may be parked in a garage or screened area in the rear yard of the Owner.

Section 5. Easements and Utilities. Each Lot in the subdivision shall be subject to an easement of five (5) feet from its front, side and rear property lines to accommodate such underground services as electricity, telephone, cable television, natural gas, water and sewer lines or other facilities to service the needs of said Lot Owner as they may from time to time be available to said Lot including the installation of street lighting which may impose a continuing monthly or annual expense to the Owner of each Lot. Declarant reserves the right to subject the real property in this subdivision to a contract with Carolina Power & Light Company for the installation of street lighting, which requires a continuing monthly payment to Carolina Power & Light Company by each residential customer.

ARTICLE VII GENERAL PROVISIONS

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

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after with time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five (75%) of the Lot Owners. Any amendment must be recorded.

Section 4. Staged Development. Additional land may be annexed by the Declarant without the consent of members within five (5) years of the date of this instrument provided that the FHA and the VA determine that the annexation is in accord with the general plan heretofore approved.

Section 5. Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of members except as provided hereinabove in Section 4, Staged Development.

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Section 6. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

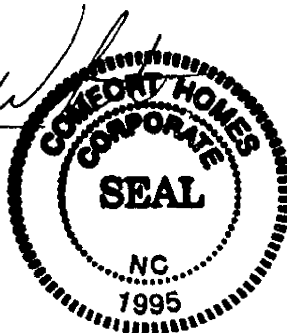
IN TESTIMONY WHEREOF, Hickory Ridge Development, L.L.C., has caused this instrument to be signed by its Manager, the day and year first above written.

HICKORY RIDGE DEVELOPMENT,
L.L.C., a North Carolina Limited Liability
Company

By: Forrest H. Ball
Forrest H. Ball, Manager

ATTEST:

Donald J. White
Asst. Secretary



COMFORT HOMES, INC.

By: Silvia Stewart
President

STATE OF NORTH CAROLINA

COUNTY OF WAKE

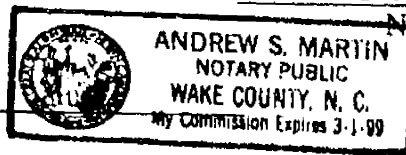
I, ANDREW S. MARTIN, a Notary Public for the foregoing county and state, do hereby certify that Forrest H. Ball, Manager of Hickory Ridge Development, L.L.C. personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 25 day of March, 1998.

Andrew S. Martin

Notary Public

My Commission Expires: _____



NORTH CAROLINA

WAKE COUNTY

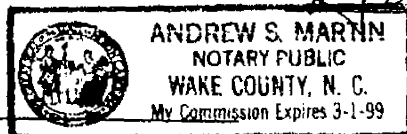
I, ANDREW S. MARTIN, a Notary Public in and for said County, do hereby certify that Donald L. White personally appeared before me this day and acknowledged that (s)he is Asst. Secretary of Comfort Homes, Inc., a North Carolina corporation, and that by the authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him as its Asst. Secretary.

WITNESS my hand and notarial seal this 25 day of March, 1998.

Andrew S. Martin

Notary Public

My commission expires: _____



NORTH CAROLINA — WAKE COUNTY

The foregoing certificate is of _____

Andrew S. Martin

Notar(y)(ies) Public

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

LAURA M. RIDDICK, Register of Deeds

By _____

Sandra K. Callahan

Asst./Deputy Register of Deeds