

**BYLAWS
OF
THE PARKS AT BASS LAKE HOMEOWNER'S ASSOCIATION, INC.**

**ARTICLE I.
BUSINESS ADDRESS**

The business address of **The Parks at Bass Lake Homeowner's Association, Inc.** (the "Association") shall be 4506 S. Miami Boulevard, Suite 100, Durham, NC 27703. The business address may be changed by the Board of Directors if required by the U.S. Postal Service, or, upon approval of the membership, for any other reason.

**ARTICLE II.
MEMBERSHIP IN THE ASSOCIATION**

Every person or entity who is a record owner of a fee or undivided fee interest in any separate parcel of land designated for separate ownership or occupancy and residential use (the "Lots") within The Parks at Bass Lake, a North Carolina planned community, located in Wake County, North Carolina, shall be a member of the Association. Ownership of such interest shall be the sole qualification for membership, and membership shall be appurtenant to and may not be separated from such ownership. All references herein to the "Community" shall mean and refer to all areas encompassed by the boundaries of that tract of land located in Wake County, North Carolina, and described in **Exhibit A** attached hereto and incorporated herein, and such additional land as may be subjected to the Declaration of Creation of The Parks at Bass Lake, a Planned Community as recorded in the Wake County Registry (the "Declaration").

**ARTICLE III.
PURPOSES OF THE ASSOCIATION**

The powers, purposes and duties of the Association shall be:

- A. To maintain and preserve all Common Area and Maintenance Areas, and all roads, streets, decorative and protective structures (including but not limited to entry monuments and buffer walls), ponds, lakes, utilities, landscaped areas and other improvements located thereon, if any;
- B. To enforce the provisions of these Bylaws, the Declaration, any Supplemental Declaration, the Articles of Incorporation, the Architectural Guidelines, and any rules and regulations promulgated by the Association, as the same may be amended from time to time;
- C. To have all rights and powers and to perform all duties and obligations under the Declaration that may be assigned to it by Declarant;
- D. To have all rights and powers and to perform all duties and obligations of an owner's association as provided by Article 3 of Chapter 47F of the North Carolina General Statutes, the terms of which are incorporated herein, as they may be amended from time to time;

E. To promote and protect the enjoyment and beneficial use and ownership of the Lots;
and

F. To promulgate and enforce the rules and regulations and administrative rules and regulations for use of the Common Area.

No part of the net earnings of the Association shall inure to the benefit of its members, Directors or officers, or to any other person, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the above stated purposes.

ARTICLE IV. ASSESSMENTS

The Association shall have the power to make and collect assessments against the Lots as stated in Article IX of the Declaration, the terms of which are incorporated herein, and as provided by Article 3 of Chapter 47F of the North Carolina General Statutes, the terms of which are incorporated herein, as they may be amended from time to time.

ARTICLE V. MEETINGS OF MEMBERS

Section 1. Place of Meetings. All meetings of members shall be held at such place in Wake County, North Carolina, as shall be designated on the notice of the meeting or agreed upon by a majority of the members entitled to vote thereat.

Section 2. Annual Meetings. The annual meeting of the members for the election of officers and the transaction of the other business shall be held at least once a year on any day (except a legal holiday) determined by the Board of Directors for the following purposes:

1. to fix the amount of the annual assessment against each lot pursuant to Article IV above;
2. to elect members of the Board of Directors of the Association; and
3. to transact any other business that may come before the membership, including but not limited to the adoption, modification and/or repeal of any rules and regulations governing the Community.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article V. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special Meetings. Special meetings of the members may be called at any time by the President, a majority of the Board of Directors of the Association, or by petition of the Lot owners having not less than ten percent (10%) of the votes in the Association.

Section 5. Notice of Meetings. Written notice stating the time and place of the meeting shall be delivered not less than ten (10) nor more than fifty (50) days before the date of any members' meeting, either personally or by mail, by or at the direction of the President or the Secretary of the Association, to each member of record. If mailed, such shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his/her address as it appears on the record of members of the Association, with postage thereon prepaid. It shall be the responsibility of the individual members to keep the Secretary informed of their current addresses. In the absence of instructions from an individual member as to his/her address, the Secretary shall be entitled to rely on the most recent records of the Wake County Tax Collector to determine the addresses of the owner(s) of a Lot.

The notice of any meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any proposed changes to the budget or any proposal to remove a Director or officer. Notice of consideration of a proposed annual budget for the Association shall be given as provided by Section 47F-3-103 of the North Carolina General Statutes, as the same may be amended from time to time.

Section 6. Voting Rights. On matters of Association business submitted to vote of the membership, there shall be two classes of membership as provided for in Section 3.3 of the Declaration.

Except for as otherwise provided for in these Bylaws, in the Declaration or by Chapter 47F of the North Carolina General Statutes, as the same may be amended from time to time: (i) Lot owners entitled to cast at least ten percent (10%) of the votes in the Association (represented either in person or by proxy) shall constitute a quorum for the purposes of submitting any matter to a vote, and (ii) all matters submitted to a vote at any meeting held in accordance with these Bylaws shall be decided by a simple majority of the total votes cast.

Section 7. Voting by Proxy. Votes may be cast either in person or by one or more agents authorized by a dated, written proxy executed by the member or his/her attorney-in-fact. A proxy terminates eleven (11) months after its date, unless it specifies a shorter term. Any form of proxy which is sufficient in law may be used, but the following form of proxy shall be deemed sufficient:

The undersigned hereby irrevocably constitute and appoint _____ their attorney-in-fact and proxy for the sole purpose of casting the vote allocated to Lot _____, on all matters submitted to vote at that meeting of The Parks at Bass Lake Homeowner's Association, Inc. to be held on _____, 20_____. The undersigned hereby ratify and confirm all such votes cast on behalf of said lot at that meeting, and certify that they are fully authorized to execute this instrument of proxy on behalf of all owners of any fee interest in said lot.

This the _____ day of _____, 20_____.

Section 8. Voting List. At least ten (10) days before each meeting of members, the Secretary of the Association shall prepare an alphabetical list of the members entitled to vote at such meeting or any adjournment thereof, with the address of each, which list shall be kept on file with the book of records of the Association. This list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any members during the whole time of the meeting.

Section 9. Waiver of Notice. Any member may waive notice of any meeting. The attendance by a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VI. BOARD OF DIRECTORS

Section 1. Purpose, Number and Term of Office. The business and affairs of the Association shall be managed by a Board of Directors which shall initially consist of a minimum of three (3) Initial Directors but up to four (4) Initial Directors. The Initial Directors shall be named in the Articles of Incorporation of the Association. The Initial Directors shall be appointed by the Declarant during the Declarant Control Period. However, at the first annual meeting of the membership of the Association following the Declarant Control Period, the number of Directors of the corporation may be increased to consist of five (5) members (or representatives of corporate or other non-human members). At this first annual meeting, the Members may elect one director to serve for a term of one year, two directors to serve for a term of two years, and two directors to serve for a term of three years, should they elect to increase the number of directors to five (5). If there are only three (3) Initial Directors and the Members elect to continue to maintain a board of three (3) Members, they shall elect a one, two and three year director. If there are four (4) Initial Directors and the Members elect to continue to maintain a board of four (4) Members, they shall elect a one year director, a two year director and two (2) three year directors. At subsequent annual meetings thereafter, the Members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term(s) is (are) expiring to serve for a term of three (3) years. Directors need not be Members of the Association.

Section 2. Election and Term. Except as provided in Section 6 of this Article V, the members of the Board of Directors of the Association shall be elected by the membership of the Association at each annual meeting of Association members, and those persons who receive the highest number of votes at a meeting shall be elected. If any Member so demands, the election of Directors shall be by ballot. Members or representatives of corporate or other non-human members may also serve as Directors of the Association. Cumulative and fractional voting are prohibited. Each Director shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and election of his/her successor.

Section 3. Removal. Any Director may be removed at any time with or without cause by a vote of the members at a meeting held in accordance with these Bylaws.

Section 4. Vacancies. In the event of the death, disability, resignation or removal of a Director, his/her successor shall be selected and appointed by the Board of Directors to serve until the next annual meeting of the members.

Section 5. Powers and Duties. The Board of Directors shall have all the powers and duties of an executive board of a homeowners association as provided by Section 47F-3-102 and 103 of the North Carolina General Statutes and related provisions of Article 3 of Chapter 47F of the North Carolina General Statutes, as the same may be amended from time to time. The Board of Directors shall also serve as an architectural approval committee for the Subdivision on an "as needed" basis. The Board of Directors may not assign any of its powers, except that: (a) the officers of the association shall have the powers and perform the duties and functions assigned to them by these Bylaws and by the Board of Directors from time to time, and (b) the Board of Directors may appoint three members, who need not be Directors, to serve as an architectural committee in lieu of the Board.

Section 6. Compensation. No Director shall receive compensation for any service he or she may render to the Association in the capacity of Director. However, any Director may be reimbursed for actual expenses incurred in the performance of his or her duties.

ARTICLE VII. MEETINGS OF DIRECTORS

Section 1. Called Meetings. Meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors.

Section 2. Notice of Meeting. The person or persons calling a meeting of the Board of Directors shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 3. Waiver of Notice. Any Director may waive notice of any meeting. The attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Quorum. A majority of the number of Directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 5. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Informal Action by Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors and filed in the book of records of the Association, whether done before or after the action so taken.

Section 7. Participation in Meetings by Means of Conference Telephone. Members of the Board of Directors, or any committee of the Board, may participate in a meeting of the Board or of such committee by means of a conference telephone or similar communications device by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

Section 8. Committees of the Board. The Board may establish either standing or ad hoc committees of the members to assist it in its work. The Board may appoint any number of members, who need not be Directors, to serve on a committee, and said members may be removed from the committee for any reason or no reason at all by the Board.

ARTICLE VIII. OFFICERS

Section 1. Designation. The officers of the Association shall consist of a President, a Vice-President, a Secretary, and a Treasurer, and such other officers as the membership may from time to time elect. The offices of Secretary and Treasurer may be held by the same person; otherwise, no two offices may be held by the same person.

Section 2. Election and Term. The initial officers of the Association shall be elected by the initial Directors of the Association. Subsequently, the officers of the Association shall be elected by the Board of Directors. Immediately after each annual meeting of the members of the Association and the election of a Board of Directors at that meeting, the Board of Directors shall meet to elect officers. The officers shall be elected to one-year terms, and each officer shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the election of his/her successor.

Section 3. Removal. Any officer may be removed at any time with or without cause by the Board of Directors upon the affirmative vote or action by a majority of the Directors.

Section 4. Vacancies. In the event of the death, disability, resignation or removal of an officer, his/her successor shall be selected and appointed by the Board of Directors to serve until the next annual meeting of the members of the Association.

Section 5. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He/she shall, when present, preside at all meetings of the members. He/she shall sign, with the Secretary, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer of the Association, or shall be required by law to be otherwise signed or executed; and in general he/she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

The President, together with the Secretary, shall execute any amendments to the Declaration or these Bylaws approved by the membership of the Association.

Section 6. Vice-President. In the absence of the President or in the event of his/her death, inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President, and shall perform such other duties as from time to time may be assigned to him/her by the President or Board of Directors.

Section 7. Secretary. The Secretary shall: (a) keep minutes of the meetings of members, of the Board of Directors and of all Executive Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) be authorized to certify and oversee the recordation of amendments to the Declaration or these Bylaws on behalf of the Association; (e) keep a register of the post office address of each member which shall be furnished to the Secretary by such member; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

Section 8. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected in accordance with the provisions of Section 4 of Article IX of these Bylaws; (c) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors, or by these Bylaws.

ARTICLE IX. CONTRACTS, LOANS, CHECKS, AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers to enter into any contract or execute and deliver any instrument in the name of and on the behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Association, shall be signed by the President or the Treasurer of the Association.

Section 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such depositories as the Board of Directors may select.

ARTICLE X. INDEMNIFICATION

Any person who at any time serves or has served as a Director or officer of the Association shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, incurred by him/her in connection with any threatened, pending, or completed civil, criminal, administrative, investigative, or arbitral action, suit, or proceeding (and any appeal therein), whether or not brought by or on behalf of the Association, seeking to hold him/her liable by reason of the fact that he/she is or was acting in such capacity, and (b) reasonable payments made by him/her in satisfaction of any judgment, money decree, fine, penalty or settlement for which he/she may have become liable in any such action, suit or proceeding.

Upon request for payment, the President of the Association shall promptly call a special meeting of the Board of Directors to obtain approval to pay the indemnification required by these Bylaws. Such approval may be general or confined to specific instances, and shall not be unreasonably withheld. Upon approval by the Board of Directors, the President shall promptly cause the indemnification to be paid to the requesting party.

Any person who at any time after the adoption of these Bylaws serves or has served as a Director or officer of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of these Bylaws.

ARTICLE XI. DISSOLUTION

In the event of dissolution of the Association, the residual assets of the Association will be distributed to a nonprofit organization with purposes similar to those of the Association, or to any other organization eligible under the provisions of Chapter 55A of the North Carolina General Statutes.

ARTICLE XII. GENERAL PROVISIONS

Section 1. Seal. The corporate seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Association.

Section 2. Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 3. Amendments. The members of the Association may amend these Bylaws, repeal these Bylaws and/or adopt new Bylaws at any regular or special meeting of the members pursuant to the then effective Bylaws of the Association. Any such amendment to these Bylaws, repeal of these Bylaws and/or adoption of new Bylaws shall only be effective if approved by a majority of a quorum of Members present at a meeting duly called for such purpose, in person or proxy. Any such amendment shall be prepared and executed by the President or Vice President on behalf of the Association and shall be certified and entered into the record book of the Association by the Secretary of the Association.

Section 4. Definitions. Except for the terms specifically defined herein, the definitions set forth in the Declaration shall apply to the capitalized terms used in these Bylaws.

Section 5. Conflicts. In the event of any conflict between the terms and provisions of these Bylaws and the terms and provisions of the Declaration, the terms and provisions of the Declaration shall control.

Section 6. References to Statutes. All references herein to any statutory provisions shall be construed to include and apply to any subsequent amendments to or replacements of such provisions.

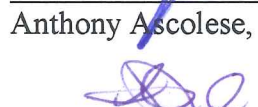
This instrument, consisting of ten (10) pages, is hereby approved, accepted and adopted by the undersigned as the Bylaws of **The Parks at Bass Lake Homeowner's Association, Inc.** In witness whereof, the initial directors of the Association have executed this instrument, to be effective January 28, 2014.



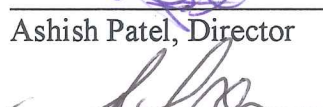
David Cushing, Director



Anthony Ascolese, Director



Ashish Patel, Director



Renata Perecin, Director

EXHIBIT A

Tract One:

BEING all of that certain tract of land shown as “7.158 Acres” pursuant to that certain Subdivision Map for Grigsby Development, Inc., dated 3-24-13 by William K. Hardin, III, PLC, and recorded at Book of Maps 2013, Page 768, Wake County Registry.

Tract Two:

BEING all of that parcel of land designated as “TRACT 2” containing approximately 11.487 acres as shown on that survey entitled, “BOUNDARY SURVEY OF BEN JOSEPH AND ALMA LUCILLE THOMAS, MINNIE DIXON, AND DUMBARTON VENTURES, LLC PROPERTY,” prepared by William E. Hardin III, Professional Land Surveyor, dated November 14, 2013 and recorded in Book of Maps 2013, Page 1576, Wake County Registry.

Tract Three:

BEING all of that parcel of land designated as “TRACT 3” containing approximately 29.350 acres as shown on that survey entitled, “BOUNDARY SURVEY OF BEN JOSEPH AND ALMA LUCILLE THOMAS, MINNIE DIXON, AND DUMBARTON VENTURES, LLC PROPERTY,” prepared by William E. Hardin III, Professional Land Surveyor, dated November 14, 2013 and recorded in Book of Maps 2013, Page 1576, Wake County Registry.

Tract Four:

BEING all of that parcel of land designated as “TRACT 4” containing approximately 9.992 acres as shown on that survey entitled, “BOUNDARY SURVEY OF BEN JOSEPH AND ALMA LUCILLE THOMAS, MINNIE DIXON, AND DUMBARTON VENTURES, LLC PROPERTY,” prepared by William E. Hardin III, Professional Land Surveyor, dated November 14, 2013 and recorded in Book of Maps 2013, Page 1576, Wake County Registry.

WAKE COUNTY, NC 247
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
01/06/2014 AT 15:35:02

BOOK:015550 PAGE:01767 - 01813

Prepared By: Bagwell Holt Smith P.A.
Return To: KB HOME Raleigh-Durham Inc., 4506 S. Miami Blvd., Suite 100, Durham, NC 27703

**DECLARATION OF CREATION OF THE PARKS AT BASS LAKE,
A PLANNED COMMUNITY**

This Declaration is made December 31st, 2013, by KB HOME Raleigh-Durham Inc., a Delaware corporation, hereinafter referred to as the "Declarant." The Declarant states and declares as follows:

- A. The Declarant is the owner of that tract of land located in Wake County, North Carolina, and described in **Exhibit A** attached hereto and incorporated herein (the "Property").
- B. The Declarant intends to subdivide the Property into residential lots, common areas and public rights-of-way, and to create from the Property and such additional land as may be subjected to this Declaration pursuant to Article X below a planned community to be known as The Parks at Bass Lake (the "Community"); and
- C. The Declarant desires to impose certain restrictive and protective covenants upon the Property provide voting rights for Members in the Association and assessment allocations for Common Expenses, to protect and to promote the beneficial ownership, use and enjoyment of all residential lots and units located within the Community.

THEREFORE, pursuant to Chapter 47F of the North Carolina General Statutes (the "Planned Community Act"), the Declarant hereby executes this Declaration to create The Parks at Bass Lake, a North Carolina planned Community, and declares that henceforth all portions of the Property shall be held and owned subject to the following terms, provisions, covenants, conditions and restrictions, which shall run with the Property and which shall be binding upon all owners of any portion of the Property and their lessees, guests, mortgagees, heirs, executors, administrators, successors and assigns.

Article I. Application of the North Carolina Planned Community Act.

The terms and provisions of Chapter 47F of the North Carolina General Statutes, as the same shall be amended from time to time, shall apply to the Community.

Article II. Definitions.

The definitions set forth in N.C.G.S. § 47F-1-103 shall apply to this Declaration and are incorporated herein, except that the terms listed below shall have the specific meanings stated:

“Annexation Declaration” shall mean an instrument recorded at the Wake County Registry that subjects additional land to this Declaration.

“Architectural Guidelines” shall mean the architectural, design and construction guidelines and review procedures adopted pursuant to Article V below, as they may be amended.

“Articles of Incorporation” shall mean the Articles of Incorporations for The Parks at Bass Lake Homeowner’s Association, Inc., a North Carolina nonprofit corporation.

“Association” shall mean The Parks at Bass Lake Homeowner’s Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

“Base Assessment” shall mean the assessment levied on all Lots subject to assessment under Article IX below to fund common expenses, as determined in accordance with Article IX below.

“Board of Directors” or “Board” shall mean the executive board of the Association, as defined by the Planned Community Act and as created by the Bylaws.

“Bylaws” shall mean the bylaws of the Association as they now or hereafter exist and as they may be amended from time to time.

“Common Area” shall mean all property, and any improvements thereon, wherever located, owned or leased by or dedicated to the Association or subjected to an easement or license in favor of the Association for the common use and enjoyment of Members. Common Area shall include all water and sewer lines serving more than one Lot and located outside any public rights-of-way or utility easements. Common Area shall include any drainage easements, stormwater pipes, detention and retention facilities not accepted by any governmental authority for maintenance. Common Area shall include any roads, streets, entranceways and cul-de-sacs in the Community not accepted by any governmental authority for maintenance.

“Community-Wide Standard” shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Town of Holly Springs, Wake County, North Carolina, or the minimum standards established pursuant to the Architectural Guidelines, Rule and Regulations, and Board resolutions, whichever is the higher standard. Declarant shall initially establish such standard, which may involve both objective and subjective elements. The Community-Wide Standard shall evolve as the Community evolves.

“Declarant” shall mean KB HOME Raleigh-Durham Inc., a Delaware corporation, or any successor or assign designated as Declarant in a Recorded Document executed by the immediately preceding Declarant.

“Declarant Control Period” shall mean the period of time during which Declarant holds a fee interest or contractual right in any portion, however small, of the land described in **Exhibit A** and/or **Exhibit B** attached hereto and incorporated herein.

“Declaration” shall mean this Declaration of Creation of The Parks at Bass Lake, a North Carolina planned Community, and any amendments hereto or restatements hereof.

“Governing Documents” shall mean, collectively, this Declaration, any applicable Supplemental Declaration, the Articles of Incorporation, the Bylaws, the Architectural Guidelines and the Rules and Regulations, as the same may be amended from time to time.

“Lot” shall mean any separate parcel of land within the Community designated for separate ownership or occupancy and residential use.

“Limited Common Area” shall mean a portion of the Common Area reserved for the exclusive use of one or more, but less than all, of the Lots.

“Maintenance Areas” shall mean and refer to areas, not accepted by any governmental authority for maintenance, which are located within easements on those certain parcels of land adjacent to the Property, as more particularly described in those instruments of record at Book 15147 Page 1582, Book 15147 Page 1587 and Book 15147 Page 1591, Wake County Registry.

“Master Plan” shall mean the master land-use plan for the development of the Community approved by the Town of Holly Springs and/or Wake County, North Carolina.

“Member” shall mean and refer to every person or entity entitled to membership in the Association as provided in Article III below.

“Mortgage” shall mean a deed of trust recorded at the Wake County Registry that is a lien against any Lot. “Mortgagee” shall refer to a beneficiary or holder of a Mortgage. A “First Mortgage” shall be a Mortgage having priority over all other Mortgages encumbering a Lot. “First Mortgagee” shall refer to a beneficiary or holder of a First Mortgage.

“Neighborhood” shall mean any area or areas within the Community designated by a Supplemental Declaration to be a distinct or separate residential area within the Community, the residents of which will share or have in common expenses, interests, concerns, responsibilities, needs or uses not shared by or common to all residents within the Community.

“Neighborhood Assessments” shall mean assessments levied in accordance with Section 9.6 below.

“Neighborhood Expenses” shall mean the actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood or Neighborhoods, which may include reasonable reserves for capital repairs and replacements and reasonable administrative charges, as may be authorized pursuant to this Declaration or in the Supplementary Declaration(s) applicable to such Neighborhood(s).

“Occupant” means any person occupying all or any portion of a Lot or other property located within the Community for any period of time, regardless of whether such person is a tenant of the Owner of such property. “Occupants” shall refer to more than one Occupant.

“Owner” shall mean and refer to an owner of record of a fee simple interest in any Lot, including contract sellers, but excluding those having an interest only as security for the performance of an obligation. There may be more than one Owner of any single Lot.

“Recorded Document” shall mean any document, including any map or plat of survey, recorded at the Office of the Register of Deeds of Wake County, North Carolina.

“Rules & Regulations” shall mean the initial rules and regulations for use and occupancy of the Lots and the Common Area set forth in **Exhibit C**, as they may be supplemented, modified, restated or superseded pursuant to Article IV below.

“Special Assessments” shall mean assessments levied in accordance with Section 9.2 below.

“Specific Assessments” shall mean assessments levied in accordance with Section 9.3 below.

“Supplemental Declaration” shall mean any declaration of covenants, conditions and/or restrictions that Declarant may file at the Wake County Registry subsequently to filing this Declaration, which shall apply only to a particular area or areas within the Community. Such Supplemental Declaration may supplement, change, amend or supersede the terms and provisions of this Declaration as necessary to accommodate differences between the plan of the development for the subject property and the plan of the development for the rest of the Community.

Article III. The Parks at Bass Lake Homeowner’s Association, Inc.

Every person or entity who is an owner of a fee or undivided fee simple interest in any of the Lots shall be a Member of the Association. Ownership of such interest shall be the sole qualification for membership, and membership shall be appurtenant to and shall not be separated from such ownership. The Association shall be organized and governed as follows:

3.1. Purposes. The purposes of the Association shall be:

- a. To maintain and preserve all Common Areas and Maintenance Areas, and all roads, streets, decorative and protective structures (including but not limited to entry monuments and buffer walls), ponds, lakes, utilities, landscaped areas and other improvements located thereon, if any;
- b. To enforce the provisions of the Governing Documents;
- c. To perform all duties and functions allotted to owner’s associations pursuant to Article 3 of the Planned Community Act;
- d. To promote and to protect the enjoyment and beneficial use and ownership of the Lots;
and
- e. To promulgate and enforce the Rules and Regulations and administrative rules and regulations for use of the Common Area.

3.2. Powers and Responsibilities. The Association shall have all powers and responsibilities and shall perform all duties and functions allotted to owner’s associations by Article 3 of the Planned Community Act, the terms and provisions of which are incorporated herein. The Association shall also have all rights and powers and shall perform all duties and functions that may be assigned to it by Declarant pursuant to this Declaration.

3.3. Voting Rights and Meetings. On matters of Association business submitted to vote of the membership, there shall be two classes of membership:

Class A. Every person who is an Owner, with the exception of the Declarant, shall be a Class A Member. Class A Members shall be entitled to one (1) vote per Lot. No more than one vote per Lot may be cast by Class A Members, regardless of the number of Owners of a given Lot.

Class B. The Declarant shall be the sole Class B Member. Class B membership shall be a full voting membership and, during its existence, the Class B Member shall be entitled to vote on all matters or issues before or considered by the Association. The Class B Member shall be entitled to three (3) votes for each Lot it owns, plus one (1) vote for each Lot owned by a Person other than the Declarant. The Class B membership shall cease and shall be converted to Class A membership at such time as the first of the following events occur: (i) the date that all the Lots in the Community have been conveyed by the Declarant to other Owners; (ii) the surrender by the Declarant of the right to appoint or remove any officer of the Association or member of the Board by a Recorded Document executed by the Declarant; or (iii) the expiration of Declarant's rights to appoint or remove any officer of the Association or member of the Board pursuant to Article XI below.

Unless otherwise provided herein or in the Planned Community Act, all voting matters shall be decided by a simple majority vote. Requirements for a quorum shall be as provided by the Bylaws. The Members shall meet as provided by the Bylaws.

3.4 Bylaws. The initial Board shall enact and adopt all and any Bylaws that they deem necessary for the operation of the Association, which Bylaws shall be binding upon all Members, their Mortgagees, lessees, agents and invitees.

Article IV. Use and Occupancy of Lots and Common Areas.

4.1 Fundamental Restriction on Use.

The Lots and Common Area shall be used for residential and related purposes only, subject to and consistent with the Governing Documents, including the Rules and Regulations; provided that Declarant, the Association and/or builders approved by Declarant may maintain a business or management office within the Community, and provided that Declarant and/or any brokers or builders approved by Declarant may maintain information centers, model homes and sales offices within the Community. Notwithstanding the above, home business use ancillary to the primary residential use of a Lot is permitted, subject to the Rules and Regulations and all applicable laws and ordinances of governmental authorities.

4.2 Fundamental Restriction on Occupancy.

All Occupants of a single Lot shall be members of a single family. For purposes of this Declaration, a single family unit is defined as a group of individuals related by blood, marriage, adoption, or guardianship, or not more than three (3) persons not so related, living together as a single housekeeping unit. The number of Occupants on each Lot shall also be reasonably limited by the Lot's size and facilities and by a policy against disproportionate use of the Common Areas.

4.3 Additional Restrictions on Use and Occupancy of Lots.

Use and occupancy of all Lots shall be restricted as follows:

4.3.1 Completion of Construction. Once construction of any structure located within the Community is begun, it must be prosecuted diligently and must be completed within twelve months of its commencement, unless otherwise approved in writing by Declarant.

4.3.2 Subdivision of Lots. No dwelling shall be erected on less than one Lot and no Lot shall be subdivided; however, owners of adjoining Lots may adjust a common boundary line, provided that the adjustment conforms in all respects with all applicable governmental regulations and ordinances, and with this Declaration.

4.3.3 Signs. No signs of any kind shall be displayed to public view on any Lot, right of way or Common Area. This provision shall not apply to marketing, construction, advertising or informational signs placed on any Lot, right of way or Common Area by Declarant. This provision shall not apply to professionally prepared signs placed on any Lot which are used to advertise a Lot for sale or rent, provided that no such sign shall be larger than 18" x 24". Placement and display of political signs or flags on any Lot shall be subject to the Rules and Regulations.

4.3.4 Refuse Storage. No Lot shall be used or maintained as a dumping ground for rubbish of any character whatsoever, nor for the storage of any property or thing that will cause such Lot to appear in an unclean or untidy condition or that will be obnoxious to the eye, nor shall any substance, thing or material be kept upon any Lot that will emit foul or obnoxious odors, or that will cause any noise that might disturb the peace, quiet, comfort or serenity of the occupants of surrounding Lots. Trash, garbage or other waste shall not be burned or disposed of on any Lot and shall be kept in sanitary containers approved by the ARC. All equipment for the storage prior to disposal of such material shall be kept in a clean and sanitary condition. The placement of containers shall be approved by the ARC and, in any event, shall be kept in an enclosed area not subject to view from any person, from any direction.

4.3.5 Storage of Building Materials. No lumber, brick, stone, cinder block, concrete block, cement or other materials used for building purposes shall be stored upon any Lot longer than a reasonable time for the completion of the construction in which they are to be used.

4.3.6 Temporary Structures. No temporary structures such as sheds shall be erected or placed on a Lot without the written approval of the Declarant or the Association. Such structures, if permitted, may be used only during periods of construction, and never as a residence.

4.3.7 Parking and Vehicle Storage. Only licensed and operative vehicles, classified as passenger cars, station wagons, passenger pick-up trucks or passenger vans may be regularly parked in driveways. No vehicle will be permitted to park regularly on any roadway within the Community. Recreational vehicles must be screened from view. No vehicle located on a Lot may be used as a dwelling, even temporarily.

4.3.8 Offensive Activities Prohibited. No noxious or offensive activity shall be conducted upon any Lot or Common Area, nor shall anything be conducted thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood or to the Occupants of any Lot.

4.3.9 Underground Utilities. All utility lines serving structures located on Lots shall be placed underground.

4.3.10 Mobile Homes and Manufactured Housing. No mobile home, trailer or manufactured housing shall be located on any Lot.

4.3.11 Screening. Boats, boat trailers, campers, satellite dishes, antennae, clotheslines, pet enclosures and the like shall not be located on a Lot so as to be visible from any roadway or any other Lot.

4.4. Rules and Regulations

In addition to the restrictions stated above, which may be modified or rescinded only by an amendment to this Declaration, use and occupancy of the Lots and Common Area shall be subject to the Rules and Regulations, which are intended to govern day-to-day use and occupancy of the Lots and Common Areas. The initial Rules and Regulations are set forth in **Exhibit C** attached hereto and incorporated herein. In order to adapt and respond to changing or unforeseen circumstances affecting the Community, the Declarant, the Association and the Owners must have the ability to change the Rules and Regulations in an expedited and inexpensive manner. Accordingly, the Rules and Regulations may be amended, supplemented and/or rescinded and restated as set forth in this Section 4.4.

4.4.1. Declarant's Authority. During the Declarant Control Period, the Declarant shall have the unilateral right to amend, supplement and/or rescind and restate the Rules and Regulations, without prior notice to the Association or to other Owners; provided that no such action by Declarant may have a materially adverse effect on title to or marketability of any Lot.

4.4.2. Board Authority. The Board may amend, supplement and/or rescind and restate the Rules and Regulations. The Board shall send notice by mail to all Members concerning any such proposed action at least five business days prior to the Board meeting at which such action is to be considered. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken. The Board's decision on such action shall be final, subject only to subsection 4.4.1 above.

4.4.3. Members' Authority. Members representing more than fifty (50%) percent of the total votes in the Association, at an Association meeting duly called for such purpose, may amend, supplement and/or rescind and restate the Rules and Regulations.

4.4.4. Conflicts. Nothing in this Article shall authorize the Board to modify, repeal or expand the Architectural Guidelines or any provision of this Declaration. In the event of a conflict between the Architectural Guidelines and the Rules and Regulations, the Architectural Guidelines shall control. In the event of a conflict between this Declaration and the Rules and Regulations, this Declaration shall control.

4.5 Limitations. The right and ability of the Declarant and the Board to amend, supplement or restate the Rules and Regulations shall be limited as follows:

4.5.1. Displays. The rights of Owners to display religious and holiday signs, symbols and decorations inside structures on their Lots of the kinds normally displayed in single-family residential neighborhoods shall not be abridged, but no such display may violate the Community-Wide Standard or violate any other provision of this Declaration.

4.5.2. Activities Within Dwellings. No rule established pursuant to this Article shall interfere with the activities carried on within the confines of dwellings, except that the Association may restrict or prohibit any activities that create costs for the Association or other Owners, that create a danger to the health or safety of others, that generate excessive noise, traffic or use of parking facilities, that create unsightly conditions visible outside the dwelling or that otherwise violate the provisions of this Declaration or any applicable governmental law, ordinance or regulation.

4.5.3 Alienation. No rule promulgated pursuant to this Section shall prohibit leasing or transfer of any Lot or require consent of the Association or Board for leasing or transfer of any Lot; however, the Association may require a minimum lease term of six (6) months and otherwise regulate the leasing of Lots.

4.5.4 Abridging Existing Rights. No rule shall require an Owner to dispose of personal property that was in or on a Lot prior to the adoption of such rule and which was in compliance with all rules previously in force. This limitation shall apply only for the duration of such Owner's ownership of the Lot personally, and this right shall not run with title to any Lot.

The limitations stated in this subsection shall not apply to amendments to this Declaration.

4.6 Common Area Administrative Rules.

The Board may promulgate and enforce administrative rules and regulations governing use of the Common Areas without notice to the Members or any hearing. Examples of such administrative rules and regulations shall include, but not be limited to, setting hours of operation of a recreational facility or allocating or reserving use of a facility by particular individuals at particular times.

4.7 Notice to Purchasers and Mortgagees.

All prospective purchasers and mortgagees are given notice that use of the Lots and the Common Area is restricted and governed by the Rules and Regulations, as they may be amended, expanded, and otherwise modified hereunder. Each Purchaser, by acceptance of a deed, acknowledges and agrees that the use, enjoyment and marketability of his or her Lot shall be affected by the Rules and Regulations which may change from time to time, and that the current Rules and Regulations may not be set forth in a Recorded Document. **Take notice that the Declarant or the Association may have changed the initial Rules and Regulations since the recording of this Declaration.** The Association shall provide a copy of the current Rules and Regulations to any prospective purchaser Member or Mortgagee upon written request and payment of the reasonable cost of such copy.

Article V. **Architecture and Landscaping**

5.1. General.

No structure or thing, including but not limited to fences, shall be placed, erected, or installed upon any Lot and no improvements or other work (including staking, clearing, excavation, grading, and other site work, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place on any Lot except pursuant to approval and in compliance with this Article and the Architectural Guidelines.

No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. Any Owner may remodel, paint, or redecorate the interior of a dwelling located on his or her Lot without approval; provided that modifications to the interior of a dwelling visible from outside the structure shall be subject to approval.

Any improvements constructed on a Lot shall be designed by and built in accordance with the plans and specifications of a licensed architect unless otherwise approved by Declarant or its designee in its sole discretion.

This Article shall not apply to Declarant's activities or to the Association's activities during the Declarant Control Period.

5.2. Architectural Review.

5.2.1. By Declarant. Each Owner, by accepting a deed or other instrument conveying any legal or equitable interest in a Lot, acknowledges that, as the developer and owner of real estate in the vicinity of and within the Community, Declarant has a substantial interest in the quality and appearance of improvements within the Community, and in determining that they enhance Declarant's reputation as a developer and do not impair Declarant's ability to market, sell, or lease its property. Therefore, no Owner shall commence any activity within the scope of this Article on his or her Lot unless and until Declarant or its designee has given its prior written approval for such activity, which approval may be granted or withheld in Declarant's or its designee's sole discretion.

In reviewing and acting upon any request for approval, Declarant or its designee shall act solely in Declarant's interest and shall owe no duty to any other Person. Declarant's rights reserved under this Article shall continue or as long as Declarant owns any portion of the real property described in **Exhibit A or B** or has the right to expand The Community pursuant to Section 10.1, unless earlier terminated by Declarant by a Recorded Document.

Declarant may, in its sole discretion, designate one or more Persons from time to time to act on its behalf in reviewing applications hereunder.

Declarant may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article to any other Person or committee. Any such delegation shall be in writing, specifying the scope of responsibilities delegated, and shall be subject to (a) Declarant's right to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated, and (b) Declarant's right to veto any decision which Declarant determines, in its sole and exclusive discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of any other Person or committee shall be limited to such matters as are specifically delegated to it by Declarant.

5.2.2. Architectural Review Committee. Upon delegation by Declarant or upon expiration of the Declarant Control Period, the Association, acting through an architectural review committee ("ARC") appointed by the Board, shall assume jurisdiction over architectural matters. The ARC shall consist of at least three, but not more than seven, Persons who shall serve and may be removed and replaced at the Board's discretion. The members of the ARC need not be Members, and may, but need not, include architects, engineers, or similar professionals, whose compensation, if any, the Board shall establish from time to time.

Unless and until such time as Declarant delegates all or a portion of its reserved rights to the Association or expiration of the Declarant Control Period, the Association shall have no jurisdiction over architectural matters.

5.3 Reviewer. For purposes of this Article, the committee or entity having jurisdiction over architectural matters in a particular case shall be referred to as the "Reviewer." The Reviewer may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers, or other professionals.

5.4 Guidelines and Procedures.

5.4.1 Architectural Guidelines. Declarant may prepare Architectural Guidelines applicable to Lots which may contain general provisions applicable to all Lots as well as specific provisions which vary among the Lots according to location, Neighborhood, use, or other factors. The Architectural Guidelines are intended to provide guidance to Owners regarding matters of particular concern to the Reviewer in considering applications hereunder. The Architectural Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Architectural Guidelines does not guarantee approval of any application. Further, the Architectural Guidelines may be more restrictive than guidelines followed by Wake County or as set forth in the International Builder's Code.

Declarant shall have sole and full authority to amend the Architectural Guidelines as long as it owns any portion of the real property described in Exhibit A or B or has a right to expand the Community pursuant to Section 10.1, notwithstanding a delegation of reviewing authority, unless Declarant also delegates the power to amend the Architectural Guidelines. Upon termination or delegation of Declarant's right to amend, the ARC shall have the authority to amend the Architectural Guidelines with the Board's consent. Any amendments to the Architectural Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Architectural Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Architectural Guidelines less restrictive.

The Association shall maintain a copy of the Architectural Guidelines, as they may exist from time to time, and shall make them available to Members or Owners for inspection and copying upon reasonable notice during the Association's business hours. In Declarant's discretion, such Architectural Guidelines may be recorded at the Wake County Registry, in which event the recorded version, as it may be amended, shall control in the event of any dispute as to which version of the Architectural Guidelines was in effect at any particular time.

5.4.2 Procedures. Except as the Architectural Guidelines otherwise specifically provide, no activity described in Section 5.1 shall commence on any Lot until an application for approval has been submitted to and approved by the Reviewer. Such application shall include plans and specifications showing site layout, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable. The Architectural Guidelines and the Reviewer may require the submission of such additional information as deemed necessary to consider any application.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based solely on aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability or

attractiveness of particular improvements. Subject to Declarant's veto power described below, the Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment. Such determinations shall not be subject to review so long as they are made in good faith and in accordance with the procedures described in this Article.

The Reviewer shall make a determination on each application within thirty (30) days after receipt of a completed application and all required information. The Reviewer may (a) approve the application, with or without conditions; (b) approve a portion of the application and disapprove other portions; (c) disapprove the application; or (d) request further or additional information. The Reviewer may, but shall not be obligated to, specify the reasons for any objections or offer suggestions for curing any objections.

Until expiration of Declarant's rights under this Article, the ARC shall notify Declarant in writing within three business days after the ARC has approved an application. The notice shall be accompanied by a copy of the application and any additional information which Declarant may require. Declarant shall have Ten (10) days after receipt of such notice to veto any such action, in its sole discretion, by written notice to the ARC and the applicant.

In any event, the Reviewer shall notify the applicant in writing of a final determination within forty-five (45) days after its receipt of a completed application and all required information. In the event that the Reviewer fails to respond in a timely manner, approval shall be deemed to have been given, subject to Declarant's veto right. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Architectural Guidelines unless the Reviewer has granted a variance pursuant to Section 5.6.

Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the U.S. Postal Service. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

If construction does not commence on a project for which plans have been approved within one year after the date of approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to reapply for approval before commencing construction of any proposed improvements. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, Declarant, or any aggrieved Member.

The Reviewer may by resolution exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.

5.5 No Waiver of Future Approvals.

Each Owner acknowledges that the Persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Architectural Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not

always be possible to identify objectionable features until work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans, or in connection with any other matter requiring approval, shall not constitute a binding precedent in any other matter or waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

5.6 Variances.

The Reviewer may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the Reviewer from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

5.7 Limitation of Liability.

The standards and procedures this Article establishes are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Community; they do not create any duty to any Person. Review and approval of any application pursuant to this Article may be based on aesthetic considerations only. The Reviewer shall not bear any responsibility for ensuring (a) the structural integrity or soundness of approved construction or modifications, (b) compliance with building codes and other governmental requirements, (c) that Lots are of comparable quality, value, size, or of similar design, aesthetically pleasing, or otherwise acceptable to neighboring property owners, (d) that views from any other Lots or the Common Area are protected, or (e) that no defects exist in approved construction.

Declarant, the Association, the Board, any committee, or any member of any of the foregoing shall not be held liable for soil conditions, drainage, or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the actions, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents; or any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Lot. In all matters, the Association shall defend and indemnify the Board, the ARC, and any members thereof as provided in the Bylaws.

5.8 Certificate of Compliance.

Any Owner may request that the Reviewer issue a certificate of architectural compliance certifying that such Owner's Lot has no known violations of this Article or the Architectural Guidelines. The Association shall either grant or deny such request within Thirty (30) days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall stop the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

5.9 View Impairment.

Neither Declarant nor the Association guarantee or represent that any view over and across any portion of the Community or any adjacent property will be preserved without impairment. Any additions or changes, whether occurring in the course of developing or maintaining the Community, may diminish or obstruct any view from Lots and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

Article VI. Maintenance and Repair

6.1 General All areas within the Property and all areas covered by easements or licenses owned or held by the Association, including but not limited to the Maintenance Areas and Common Area, shall be maintained to the Community-Wide Standard, and to all other standards stated in this Declaration, any Supplemental Declaration and the Bylaws, Rules and Regulations of the Association. The Association and the individual Owners shall be responsible for such maintenance, as provided in this Article VI.

6.2 Association Responsibility. Prior to their acceptance for public maintenance, any roads, streets, entranceways and cul-de-sacs in the Community shall be maintained by the Association. Such maintenance shall include repair and reconstruction, when necessary. Maintenance of the roads, streets, entranceways and cul-de-sacs in the Community shall conform to the standard of maintenance (if one is ascertainable) which would be required by the North Carolina Department of Transportation or other governmental entity before it would accept such roads, streets, entranceways and cul-de-sacs for maintenance.

The Association shall also maintain the following:

- a. All landscaped rights-of-way and all entry features;
- b. All Maintenance Areas until they are otherwise maintained by public entities or utilities or any other party;
- c. All Common Areas, and all landscaping, paving, streets, structures and improvements of any nature located thereon;
- d. All ponds, streams and culverts located on the Property which serve as part of any drainage and storm-water retention system; and
- e. All upgraded street signs and posts not accepted for maintenance by the Town of Holly Springs.

6.3 Owner's Responsibility. Each Owner shall maintain his or her Lot and all unimproved Common Area along the boundaries of his or her Lot (e.g., area between lot line and curb). Each owner shall maintain all landscaping, paving, structures and improvements of any nature whatsoever located on his or her Lot. Each Owner's maintenance of his or her Lot and adjoining, unimproved Common Area shall include but not be limited to:

- a. Keeping the area free and clear of all litter, trash, refuse and wastes;
- b. Mowing lawns on a regular basis;

- c. Pruning trees and shrubs;
- d. Watering lawns;
- e. Keeping exterior lighting and mechanical facilities in working order;
- f. Keeping lawn and garden areas alive;
- g. Removing and replacing any dead plant material;
- h. Keeping vacant land well maintained and free of trash and weeds;
- i. Keeping parking areas and driveways in good repair;
- j. Complying with all governmental health and police requirements;
- k. Repainting of all structures; and
- l. Repair of exterior damage to all structures.

6.4 Association's Right to Perform Owner's Responsibility. If any Owner or Occupant of a Lot fails to perform any of the duties or responsibilities set forth in this subsection, then the Association or Declarant may give such person written notice of such failure and such person must within ten (10) days after receiving such notice (which notice shall be deemed to have been received upon deposit in any official depository of the United States mail, addresses to the party to whom it is intended to be delivered at that party's current address as shown by the records of the Association, and sent by certified mail, return receipt requested), perform the care and maintenance required or otherwise perform the duties and responsibilities of such Owner. Should any such person fail to fulfill this duty and responsibility within such period, then the Declarant or the Association, acting through its authorized agent or agents, shall have the right and power to enter onto the Lot in question and perform such care and maintenance without any liability for damages for wrongful entry, trespass or otherwise at any person. All Owner(s) of a Lot on which such work is performed shall be liable for the cost of such work together with interest on the amounts expended by the Association or the Declarant in performing such work computed at the rate of twelve percent (12.00%) per annum from the date(s) such amounts are expended until repaid to the Association or the Declarant, as the case may be, and for all costs and expenses incurred in seeking the compliance of such Owner with his or her duties and responsibilities hereunder, and shall reimburse the Association or the Declarant, as the case may be, on demand for such costs and expense (including interest as above provided). If such Owner shall fail to reimburse the Association or the Declarant, as the case may be, within thirty (30) days after mailing to such Owner of a statement for such costs and expense by the Association or Declarant, the Association has performed the work on the Lot of the delinquent Owner(s), the Association may charge a Specific Assessment for such amounts against the Lot of such Owner(s), and proceed to collect such Specific Assessment as provided in Article IX below.

6.5 Cost of Maintenance. All costs of the Association in meeting its responsibilities pursuant to this Section shall be Common Expenses.

6.6 Conveyance of Common Area to Association; No Implied Rights. Declarant, or the owner of the property with the consent of the Declarant, may transfer or convey to the Association at any time and from time to time any personal property and any interest in improved or unimproved real property. Such conveyance shall be deemed to be accepted by the Association upon delivery of any personal property or upon recordation with the Wake County Registry of a non-warranty deed conveying any interest in real

property, and the property shall thereafter be Common Area to be used and, if and as provided in this Article VI, maintained by the Association for the benefit of its Members. The Declarant shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section and shall have no duty or obligation to convey any property or property rights to the Association regardless of whether or not any such property has been made available for the use of Owners. Declarant, or the owner of the property with consent of Declarant, may reserve, by lease, license, easement or otherwise such rights of use and enjoyment in and to all or any portion of the property so conveyed as Declarant may reasonably require so long as such reservation is not materially inconsistent with the overall scheme of development for the Community. Neither the recordation of any subdivision plat nor the use by the Owners or maintenance by the Association of any property shall create any rights, easements or licenses, in the Association or the Owners, express or implied, unless and until any such property rights, easements or licenses are conveyed by the Declarant or the owner of such property to the Association or the Owners, as the case may be, by an instrument recorded in the Office of the Register of Deeds of Wake County, North Carolina.

6.7 Liability. Owners, Occupants and their guests shall use the Common Area and all portions of the Community not contained within a Lot at their own risk and shall assume sole responsibility for their personal belongings used or stored thereon. All Owners and Occupants shall have an affirmative duty and responsibility to inspect the Common Area and all portions of the Community not contained within a Lot for any defects, perils or other unsafe conditions relating to the use and enjoyment thereof. The Association, the Declarant and their respective officers, directors, employees, representatives and agents shall not be held liable for personal injury to any person, nor for loss or damage to personal belongings used or stored on any of the foregoing property. The Association shall not be liable for injury or damage to any Person or property: (a) caused by the elements or by an Owner or any other Person, (b) resulting from any rain or other surface water which may leak or flow from any street, pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is that of the Association or from any portion of the Common Area, or (c) caused by any street, pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is that of the Association, becoming out of repair. Nor shall the Association be liable to any Owner or Occupant for loss or damage, by theft or otherwise, of any property of such Owner or Occupant.

Article VII. Insurance.

7.1. The Association shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available.

a. Blanket property insurance for all insurable improvements on the Common Area to the extent that the Association has assumed responsibility in the event of a casualty, regardless of ownership. All property insurance policies the Association obtains shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes. The Association shall be deemed trustee of all Members' interests in all insurance proceeds paid to the Association under any such policies and shall have full power to receive and to deal with such proceeds. The insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried, except as otherwise provided in this Section.

b. Commercial general liability insurance on the Common Area. Coverage shall include, without limitation, liability for personal injuries and activities in connection with the ownership, operation, maintenance, and other use of the Common Area. The Board shall use its business judgment in

deciding upon per occurrence limits for such coverage and shall consider any applicable secondary mortgage guidelines relating to such coverage. The liability insurance shall name, as separately protected insureds, Declarant, any property manager, the Association, the Board, the officers of the Association, the ARC, and their respective representatives, members, agents, and employees with respect to any liability arising out of the maintenance or use of the Common Area.

- c. Workers' compensation insurance and employers' liability insurance, if and to the extent required by law.

- d. Directors' and officers' liability coverage.

- e. Commercial crime insurance, including fidelity insurance covering all persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-quarter of the annual Base Assessments on all Lots plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation.

- f. Such additional insurance as the Board, in its business judgment determines advisable.

7.2 Premiums for all insurance shall be Common Expenses unless the Board reasonably determines that other treatment of the premiums is more appropriate. The Association shall include such premiums in the assessments it levies. The Board shall review the limits of all Association insurance policies at least once a year and shall adjust the policy limits as the Board deems necessary or appropriate.

7.3 The Association shall arrange for a periodic review of the sufficiency of its insurance coverage by one or more qualified persons, at least one of whom must be familiar with replacement costs in the Wake County area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

7.4 The policies may provide for a reasonable deductible. In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the Bylaws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Lots as a Specific Assessment pursuant to Section IX below.

7.5 All insurance coverage obtained by the Board shall:

- a. be written with a company authorized to do business in North Carolina which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate and carries a Best rating of AA or better;

- b. be written in the name of the Association as trustee for the benefited parties. (policies on the Common Areas shall be for the benefit of the Association and its Members);

- c. not be brought into contribution with insurance purchased by Owners, Occupants, or their Mortgagees individually;

- d. contain an inflation guard endorsement;
- e. include an agreed amount endorsement, if the policy contains a coinsurance clause;
- f. provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's membership in the Association or interest in the Common Area as a Member in the Association (provided, this provision shall not be construed as giving any Owner any interest in the Common Area other than that of a Member);
- g. include an endorsement precluding cancellation, invalidation, suspension or non-renewal by the insurer conditioning recovery on account of an act or omission of any one or more Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; and
- h. include an endorsement precluding the insurer from denying a claim by an Owner or conditioning recovery under the policy based upon or due to the negligent acts or omissions of the Association or any other Owner.

7.6 In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners (as a class) as additional insureds for claims arising in connection with the ownership, existence, use or management of the Common Area and provide:

- a. a waiver of subrogation as to any claims against the Association's board of directors, officers, employees and its manager, or the Owners and their tenants, servants, agents and guests;
- b. a waiver of the insurer's rights to repair and reconstruct instead of paying cash; and
- c. an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification or non-renewal

Article VIII. Repair and Reconstruction of Association Property.

The Association shall have the authority and the duty to repair or reconstruct Common Area or other property which the Association is obligated to insure ("Insured Property") that is damaged or destroyed unless such repair or reconstruction would be illegal under any state or local ordinance governing health or safety, or Members representing at least eighty percent (80%) percent of the total vote of the Association vote not to repair or reconstruct.

Except as otherwise provided in this Section, the Board shall diligently pursue to completion the repair or reconstruction of that part of the Insured Property damaged or destroyed. The Association may take all necessary or appropriate action to affect such repair or reconstruction. Such repair or reconstruction shall be in accordance with the original plans and specifications unless other plans are approved by the Board.

The proceeds of any insurance collected shall be available to the Association for the purpose of repair or reconstruction of Insured Property. If the proceeds of insurance are insufficient to pay the estimated or actual cost of such repair or reconstruction, then the Board, pursuant to Section IX may levy

in advance a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair or reconstruction. Such assessment shall be allocated and collected as provided in Article IX. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair or reconstruction. The insurance proceeds held by the Association and the amounts of any such Special Assessments shall constitute a fund for the payment for costs of repair or reconstruction after casualty. If a balance exists after payment of all costs of such repair or reconstruction, such balance shall be distributed to the Owners of the Lots in proportion to the contributions made by each Owner to the Association.

If a decision is made not to restore the damaged improvements and no alternative improvements are authorized, the Association shall clear the affected property of all debris and ruins and thereafter shall maintain such improvements in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The cost of removal and landscaping shall be paid for with insurance proceeds. The Association shall retain the remaining proceeds in its general or other funds or shall allocate or distribute such funds as the Board determines appropriate, provided any such distribution of insurance proceeds shall be proportionate to the Members' interests.

Article IX. Assessments and Association Finances

9.1. Purpose of Assessments. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners of Lots, including, without limitation, the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

9.2. Creation of the Lien and Personal Obligation for Assessments. Each Owner of a Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association any and all assessments levied by the Association hereunder (including, without limitation, Base Assessments, Special Assessments, Specific Assessments and Neighborhood Assessments) and any other charges established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration and the Bylaws. In addition to the foregoing, the Board may charge each Owner a service, collection, consulting or administration fee (an "Administrative Fee") in an amount to be determined by the Board from time to time in connection with the assessment and collection of the assessments provided for in this Declaration.

Each such assessment, together with late charges (in an amount determined by the Board from time to time, but not to exceed the greater of Twenty and No/100 Dollars (\$20.00) per month or ten percent (10%) of any assessment installment unpaid or such higher amount as may be permitted by the Act), interest (at a rate not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum or such other amount as may be permitted by the Planned Community Act), costs of collection, reasonable attorney's fees actually incurred and any Administrative Fee, shall be the personal obligation of the Person who was the Owner of such Lot at the time the assessment fell due. Each Owner shall be personally liable for his or her portion of each assessment coming due while he or she is the Owner of a Lot and his or her successor-in-title shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, further, however, the liability of a grantee for the unpaid assessments of the grantor shall not apply to any First Mortgagee or other purchaser taking title through foreclosure proceedings or deed in lieu of foreclosure.

No Owner may waive or otherwise be exempt from liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Lot or non-use of the Common Area. No diminution or abatement of any assessment shall be claimed or allowed by reason of any failure of the Association to take some action or perform some function required to be taken or performed by the Association, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance or directive of any governmental or municipal authority, the obligation to pay assessments being a separate and independent covenant on the part of each Owner. All payments shall be applied first to costs, then to late charges, then to interest and then to delinquent assessments.

Assessments shall be paid at a uniform rate per Lot in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration, upon ten (10) days' written notice, of assessments for delinquents; provided however, (a) notwithstanding any provision in this Declaration to the contrary, assessments to pay a judgment against the Association may be made only against the Lots in the Community at the time the judgment was entered; and (b) if any common expense is caused by the negligence or misconduct of any Owner or Occupant, the Association may assess the expenses exclusively against that Owner's Lot, as more particularly set forth in Section 9.3 hereof.

All sums assessed against any Lot pursuant to this Declaration, together with late charges (in an amount determined by the Board from time to time, but not to exceed the greater of Twenty and No/100 Dollars (\$20.00) per month or ten percent (10%) of any installment unpaid or such higher amount as may be permitted by the Planned Community Act), interest on the principal amount due (at a rate not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum or such higher amount as provided in the Planned Community Act), costs of collection, reasonable attorney's fees actually incurred and any Administrative Fee when remaining unpaid for thirty (30) days or longer, shall be secured by a lien on such Lot in favor of the Association when the Association files a claim of lien in the Wake County, North Carolina land records in the manner provided by law, if filing of such lien is required by law, otherwise such lien shall automatically attach. Such lien shall be superior to all other liens and encumbrances on such Lot, except for (i) liens and encumbrances recorded before the docketing of the claim of lien, and (ii) liens for real estate taxes and other governmental assessments and charges against the Lot. This Section does not affect the priority of mechanics' or materialmen's liens.

All persons acquiring a lien or encumbrance on any Lot after this Declaration has been recorded in the Wake County, North Carolina land records shall be deemed to consent that such lien or encumbrance shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such lien or encumbrance.

9.3. Budgeting and Allocating Common Expenses.

Until the Association first levies assessments, Declarant shall be responsible for all Common Expenses. Thereafter, assessments for Common Expenses shall be levied at least annually in accordance with this Article.

At least sixty (60) days before the beginning of each fiscal year, the Board shall prepare and approve a budget of the estimated Common Expenses for the coming year. The budget shall include any contributions to be made to a reserve fund for repair and replacement of capital assets, based on a separate reserve budget which takes into account the number and nature of replaceable assets, the expected life of each asset and each asset's expected repair or replacement cost. The budget shall reflect

the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Lots and the amount to be generated through the levy of Base Assessments and Special Assessments against the Lots, as authorized in Article IX. After the Declarant Control Period terminates, the annual Base Assessments shall not be increased by an amount greater than twenty (20%) percent of the annual Base Assessment of the immediately preceding calendar year.

The Association is hereby authorized to levy Base Assessments equally against all Lots subject to assessment to fund the Common Expenses. In determining the Base Assessment rate per Lot, the Board may consider any assessment income expected to be generated from any additional Lots reasonably anticipated to become subject to assessment during the fiscal year. Base Assessments include any sums the Board determines necessary for the continued ownership, operation and maintenance of the Common Property, operating expenses of the Association, payment for any items of betterment and the establishment of reserve funds as the Board shall deem proper. Base Assessments may include, without limitation, sums for property taxes, insurance premiums, legal and accounting fees, management fees, charges for utilities and other services provided by the Association, if any, cleaning and janitor services, landscape maintenance, costs and expenses associated with the operation and maintenance of the storm water drainage facilities and storm water detention/retention pond(s) in the Community, and expenses and liabilities incurred as provided herein and in the Articles of Incorporation and Bylaws for indemnification of officers and directors and in connection with the enforcement of rights and duties of the Association against Owners and others.

Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by paying any deficit between the Common Expenses and Association funds collected pursuant to the current year's budget, or any portion of any such deficit (in addition to any amounts paid by Declarant under Section 9.7), which may be a contribution, an advance against future assessments due from Declarant or a loan, in Declarant's discretion. Any such deficit payment shall be disclosed as a line item in the income portion of the budget. Payment of such deficit, or portion thereof, in any year shall not obligate Declarant to continue payment of such deficit in future years, unless otherwise provided in a written agreement between the Association and Declarant.

9.4. Special Assessments.

In addition to other authorized assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of a majority of the Board and the consent of Declarant during the Declarant Control Period. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

9.5. Specific Assessments.

The Board shall have the power to levy specific assessments as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which

the Board has not previously exercised its authority under this Section. Fines levied pursuant to this Declaration, the initiation fee and the costs of maintenance performed by the Association for which the Owner is responsible shall be specific assessments. The Board of Directors may also specifically assess Owners for Association expenses as follows: (a) expenses of the Association which are incurred to cover the costs, including overhead and administrative costs, of providing services to Lots upon request of an Owner pursuant to any menu of special services which the Association may offer (which might include the services listed in Section 6.3); (b) expenses of the Association which are incurred to cover costs incurred in bringing the Lot into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or Occupants of the Lot, their agents, contractors, employees, licensees, invitees, or guests; and (c) expenses of the Association which are incurred as a result of the conduct of a particular Owner or Occupant or the guests, tenants, invitees or licensees of such Owner or Occupant may be assessed against the Lot of such Owner or Occupant.

9.6. Neighborhood Assessments.

The Board may levy assessments against the property in a particular Neighborhood to fund actual and estimated expenses incurred by the Association for the primary benefit of property within such Neighborhood. Neighborhood assessments shall be levied as specifically budgeted from time to time by the Board of Directors for expense items such as maintenance, insurance or special services. In addition, the Board shall levy a Neighborhood Assessment upon the request of the Owners holding two-thirds (2/3) of the total association vote applicable to Lots within a Neighborhood

9.7. Authority to Assess Owners; Time of Payment. Declarant hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Lot on the first day of the month following the date that the Lot is first occupied for residential purposes. A Lot shall be deemed to be occupied for residential purposes when it has been improved with a dwelling for which a certificate of occupancy has been issued and has been conveyed to an Owner who intends to occupy the dwelling, or, if the dwelling is occupied as a residence before such conveyance, the date of such occupancy. Any Lot which is being used by the Declarant or a builder approved by Declarant as a model home for marketing and sales purposes shall not be deemed to be occupied for residential purposes and shall not be subject to assessments under this Declaration whether owned by Declarant or any a builder approved by Declarant, so long as such Lot is being used as a model home and is not occupied for residential purposes. The first annual Base Assessment levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Lot.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Lot and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board provides otherwise, the Base Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his or her Lot, the Board may require the outstanding balance on all assessments to be paid in full immediately.

9.8. Subordination of Liens to Mortgages. The lien of all assessments authorized herein is hereby made subordinate to the lien of any first Mortgage if, but only if, all assessments and charges with

respect to such Lot authorized herein having a due date on or prior to the date of the Mortgage as filed of record have been paid. The lien hereby subordinated is only such lien as relates to assessments and charges authorized hereunder having a due date subsequent to the date such Mortgage is filed of record and prior to the satisfaction, cancellation or foreclosure of such Mortgage or the sale or transfer of the Lot pursuant to any proceeding in lieu of foreclosure or the sale or transfer of the Lot pursuant to a sale under power contained in such Mortgage. Such subordination is merely a subordination and shall not relieve the Owner of the Lot of the personal obligation to pay all assessments coming due during such period of ownership; shall not relieve such Lot from the lien provided for herein (except to the extent a subordinated lien is extinguished as a result of such subordination as against a Mortgagee or such Mortgagee's assignee or transferee by foreclosure or by sale under power); and no sale or transfer of such Lot to the Mortgagee or to any other Person pursuant to a decree of foreclosure, or pursuant to any other proceeding in lieu of foreclosure or pursuant to a sale under power, shall relieve any existing or previous Owner of such Lot of any personal obligation or relieve such Lot or the then Owner of such Lot from liability for any assessment authorized hereunder that becomes due after such sale and transfer.

9.9. Remedies of the Association. Any sums or charges (including assessments or installments thereof) assessed against any Lot pursuant to this Declaration which are not paid when due shall be delinquent. Any such sums delinquent for a period of more than ten (10) days shall incur a late charge (in an amount determined by the Board from time to time, but not to exceed the greater of Twenty and No/100 Dollars (\$20.00) per month or ten percent (10%) of any installment unpaid or such higher amount as may be permitted by the Planned Community Act) and interest (at a rate not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum or such higher amount as may be permitted by the Planned Community Act). The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date (the "Delinquency Notice"). The Delinquency Notice shall state: (i) the outstanding balance due as of the date of the Delinquency Notice; (ii) that the member has fifteen (15) days from the mailing of the Delinquency Notice (the "Grace Period") to pay the outstanding balance without being required to pay attorneys fees and court costs; (iii) the name of and contact information for a representative of the Association whom the member can contact to discuss a payment schedule for the outstanding balance; provided however, the Association shall not be required to permit payment of the outstanding balance in installments; and (iv) that if the outstanding balance is not paid within the Grace Period, the Association intends to seek payment of attorneys' fees and court costs. The Delinquency Notice must be sent by first class mail to the Lot of such member and, if different, to the mailing address of the member in the Association's records. If any such sums are not paid within thirty (30) days after the due date, the Board may accelerate and declare immediately due all such sums (including annual assessments or installments thereof) without any further notice being given to the delinquent Owner, and (i) to the extent permitted by applicable law, a lien, as herein provided, shall attach; and (ii) a claim of lien, as herein provided, may be filed in the Wake County, North Carolina land records in the manner provided by law. Such lien shall include, interest, all late charges from the date first due and payable, any Administrative Fee, all costs of collection, and, if the Owner has been provided with a Delinquency Notice and failed to pay the outstanding balance set forth therein within fifteen (15) days from the mailing of the Delinquency Notice, court costs and reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law.

Notwithstanding anything to the contrary in this Declaration, if a member does not contest the collection of the unpaid assessments and enforcement of a lien after the expiration of the Grace Period,

then reasonable attorneys fees collected by the Association in connection with such debt shall not exceed One Thousand Two Hundred and No/100 dollars (\$1,200.00), or such higher amount as may be permitted by the Planned Community Act, not including costs or expenses incurred; provided however, such limitation shall not apply to judicial foreclosures or to proceedings authorized under Section 116 (d) or Section 120 of Article 3 of the Planned Community Act. The collection of the unpaid assessments and enforcement of the lien shall be deemed uncontested as long as the member does not dispute, contest or raise any objection, defense, offset or counterclaim as to the amount or validity of the unpaid assessments and lien asserted or the Association's right to collect the debt and enforce the lien.

If any sum assessed against any Lot pursuant to this Declaration remains unpaid after ninety (90) days from the due date, the Association may, as the Board shall determine, institute suit to collect such amounts and/or to foreclose its lien. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes or in any other manner permitted by applicable law; provided however, (i) the Association may not foreclose the lien under Article 2A of Chapter 45 of the North Carolina General Statutes if the debt securing the lien consists solely of fines imposed by the Association, interest on unpaid fines, or attorneys fees incurred by the Association solely associated with fines imposed by the Association (such lien may be enforced by judicial foreclosure as provided in Article 29A of Chapter 1 of the North Carolina General Statutes); and (ii) any lien securing a debt consisting solely of Administrative Fees may only be enforced by judicial foreclosure as provided in Article 29A of Chapter 1 of the North Carolina General Statutes. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agents, to the extent permitted by this Declaration and applicable law, the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes; or in any other manner permitted by applicable law. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Lot at any foreclosure sale or to acquire, hold, lease, mortgage or convey the same.

In addition to the foregoing, in the event that an Owner is at least thirty (30) days delinquent in the payment of any assessment or charge owed to the Association, the Association may suspend the right of such Owner to vote, suspend the right of such Owner to use and enjoy the Common Area and the suspend any services or utilities which may be provided to Lots in the Community, subject to any notice requirements imposed by the institutional providers providing such services or utilities in the Community and in accordance with the notice and hearing procedure in the Bylaws.

9.10. Budget Deficits During Declarant Control.

During the Declarant Control Period, Declarant may (but shall not be required to):

a. Declarant may advance funds to the Association sufficient to satisfy the deficit, if any, between the Association's actual operating expenses and the sum of the Base, Special, Neighborhood and Specific Assessments collected by the Association in any fiscal year. Such advances shall, upon request of Declarant, be evidenced by promissory notes from the Association in favor of Declarant. Declarant's failure to obtain a promissory note shall not invalidate the debt.

b. Declarant may cause the Association to borrow any amount from a third party at the then prevailing rates for such a loan in the local area of the Community. Declarant, in its sole discretion, may guarantee repayment of such loan, if required by the lending institution, but no Mortgage secured by the

Common Area or any of the improvements maintained by the Association shall be given in connection with such loan.

Declarant may acquire property for, or provide services to, the Association or the Common Area. Declarant shall designate the value of the property or the services provided, and such amounts, at Declarant's request, shall be evidenced by a promissory note. Failure to obtain a promissory note shall not invalidate the obligation referred to in this Section.

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

9.12. Statement of Account.

Upon written request of any Member, Mortgagee, prospective Mortgagee or prospective purchaser of a Lot, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Lot, the amount of the current periodic assessment and the date on which such assessment becomes or became due, and any credit for advanced payments or prepaid items. Such statement shall be delivered to the requesting person personally or by certified mail, first-class postage prepaid, return receipt requested. The Association may require the payment of a reasonable processing fee for issuance of such statement.

Such statement shall bind the Association in favor of persons who rely upon it in good faith. Provided such request is made in writing, if the request for a statement of account is not processed within fourteen (14) days of receipt of the request, all unpaid assessments that became due before the date of making such request shall be subordinate to the lien of a Mortgagee that acquires its interest after requesting such statement.

9.13. Exempt Property.

The following property shall be exempt from payment of Base Assessments, Specific Assessments, Special Assessments and Neighborhood Assessments:

- a. all Common Area;
- b. any property dedicated to and accepted by any governmental authority or public utility; and
- c. any and all property owned by the Declarant.

9.14. Capitalization of Association.

Upon the sale of each and every Lot in the Community after it has been improved with a residence for which a certificate of occupancy has been issued, an initiation fee in the amount of Three Hundred Fifty and No/100th Dollars (\$350.00) per Lot shall be collected from the purchaser at the closing

of such sale for the benefit of the Association (or if not collected at the closing, shall be paid immediately on demand by the Association). This initiation fee shall be a Specific Assessment against the Lot and shall be in addition to, not in lieu of, the annual Base Assessment. The initiation fee shall not be considered an advance payment of the annual Base Assessment. This initiation fee shall be deposited into a specially designated reserve account of the Association and shall be for the purposes of ensuring that the Association will have cash available to pay Common Expenses, meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the Board of Directors. This initiation fee may be increased or decreased in the sole and exclusive discretion of the Board; provided, however, that in no event shall this initiation fee equal more than the annual Base Assessment for the year in which the closing on the sale of the Lot improved with a residence for which a certificate of occupancy has been issued occurred.

Article X. Expansion of the Community

10.1. Expansion by Declarant.

Until all property described in **Exhibit B** has been subjected to this Declaration or twenty (20) years after the Recording of this Declaration, whichever is earlier, Declarant reserves the right, but not the obligation, to subject unilaterally to the provisions of this Declaration all or any portion of the real property described in **Exhibit B** which Declarant currently owns or to which Declarant may obtain title in the future. Declarant may transfer or assign this right to subject property to this Declaration, provided that the transferee or assignee is the developer of or owns at least a portion of the real property described in **Exhibit B**, and provided that the transfer or assignment is evidenced by a Recorded Document.

Declarant shall subject additional property to this Declaration by recording an Annexation Declaration describing the property being subjected. Such Annexation Declaration shall not require the Members' consent but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the recording of such Annexation Declaration unless otherwise provided therein.

10.2. Expansion by the Association.

Upon termination of the Declarant Control Period, the Association may subject any real property to the provisions of this Declaration with the consent of the owner of such property, if authorized by the affirmative vote of Members representing sixty-seven (67%) percent of the total existing votes in the Association.

The Association shall subject such property by recording an Annexation Declaration describing the property being subjected. Any such Annexation Declaration shall be executed by the Association and the owner of the subject property, and shall be certified by the Secretary of the Association to have been authorized by the requisite vote of the Members of the Association.

10.3. Withdrawal of Property. Declarant reserves the right to amend this Declaration so long as it has a right to annex additional real property to the Community pursuant to this Article for the purpose of removing any portion of the Community then owned by Declarant or the Association from the coverage of this Declaration, to the extent originally included in error or as a result of any changes whatsoever in the plans for the Community, provided such withdrawal is not unequivocally contrary to the overall,

uniform scheme of development for the Community. Any such withdrawal shall be accomplished by filing an amendment to the Declaration executed by Declarant describing the property to be removed. Such amendment shall be executed by the Declarant and the owner(s) of the property being removed if said property is not owned by the Declarant and shall not require the vote or consent of members of the Association and shall be effective upon the filing of record in the Office of the Register of Deeds of Wake County unless a later effective date is provided therein.

Article XI. Declarant Rights.

11.1 Reasonable Rights To Develop.

Declarant, builders approved by Declarant and/or their contractors or subcontractors may construct improvements to or within the Community including to the Lots. The completion of such construction and the sale or other disposal of the Lots is essential to the establishment and welfare of the Community. Therefore, during the Declarant Control Period, nothing in this Declaration or the other Governing Documents shall be construed to:

- a. prevent Declarant, builders approved by Declarant, or their contractors or subcontractors from doing whatever is reasonably necessary or advisable in connection with the commencement or completion of the above-described work throughout the Community;
- b. prevent Declarant or its representatives from erecting, constructing, and maintaining anywhere in the Community such structures as reasonably may be necessary for the conduct of its business of completing the work, establishing The Parks at Bass Lake as a residential Community and disposing of the Lots by sale, lease, or otherwise;
- c. prevent Declarant and/or builders approved by Declarant from maintaining such signs and conducting such activities in any part of the Community owned by Declarant and/or builders approved by Declarant as Declarant and/or builders approved by Declarant may deem to be reasonably necessary for the sale, lease, or disposition of Lots; or
- d. prevent Declarant and/or builders approved by Declarant from placing and utilizing on Lots or other property which it owns one or more mobile trailers or temporary structures as sales offices or for construction activities.

Nothing in this Section shall give Declarant and/or builders approved by Declarant the right to damage any Lot or other property not owned by Declarant and/or builders approved by Declarant.

11.2 Marketing and Sales Activities.

During the Declarant Control Period, Declarant and builders approved by Declarant may construct, relocate, maintain and carry on upon any Lot Declarant owns, the builder approved by Declarant owns or upon portions of the Common Area, such facilities and activities as may be reasonably required, convenient or incidental to the construction, marketing or sale of Lots, as determined in Declarant's sole opinion. Such facilities and activities may include, without limitation, business offices, signs, model homes, and sales offices. There shall be no limit on the number or size of

such facilities. Declarant and builders approved by Declarant shall have easements for access to and use of such facilities. Declarant reserves the right to remove any personal property used in connection with its activities on the Common Area upon termination of its rights under this Section.

11.3 Construction of Improvements.

During the Declarant Control Period, Declarant and its employees, agents and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

11.4 Right to Approve Additional Covenants.

During the Declarant Control Period, no person or entity shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Community without Declarant's prior written approval. Any instrument recorded without such consent shall be void and of no force and effect unless Declarant subsequently consents in a Recorded Document.

11.5 Right to Transfer or Assign Declarant Rights.

Any or all of Declarant's rights or obligations set forth in this Declaration or the Bylaws may be transferred in whole or in part to other persons; however, the transfer shall not reduce an obligation or enlarge a right beyond that which Declarant has under this Declaration or the Bylaws. No such transfer or assignment shall be effective unless evidenced by a Recorded Document. The foregoing sentence shall not preclude Declarant from permitting other persons to exercise, on a one-time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety. In such case it shall not be necessary to record any written assignment unless necessary to evidence Declarant's consent to such exercise.

11.6 Exclusive Rights to Use Name of Development.

During the Declarant Control Period, no person or entity shall use the name "The Parks at Bass Lake" or any derivative of such name in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "The Parks at Bass Lake" in printed or promotional matter where such term is used solely to specify that particular property is located within the community and the Association shall be entitled to use the words "The Parks at Bass Lake" in its name.

11.7 Right to Approve Changes in Community Standards.

During the Declarant Control Period, no amendment to or modification of any Rules and Regulations or Architectural Guidelines shall be effective without Declarant's prior written approval.

11.8 Easement to Inspect and Right to Correct.

11.8.1 Easement. Declarant reserves for itself and such other persons as it may designate perpetual non-exclusive easements throughout The Community to the extent reasonably

necessary for the purposes of accessing, inspecting, testing, redesigning or correcting any portion of the Community including Lots and Common Areas. Declarant shall have the right to redesign or correct any part of the Community, including Lots owned by Declarant and Common Areas.

11.8.2 Right of Entry. Entry onto a Lot shall be after reasonable notice, except in an emergency. Entry into a structure on a Lot shall be only after Declarant notifies the Lot's Owner and agrees with the Owner regarding a reasonable time to enter the structures on such Lot to perform such activities.

11.8.3 Damage. Declarant shall promptly repair any damage to a Lot or the Common Area resulting from the exercise of the easement or right of entry described in subsections 11.8.1 and 11.8.2 of this Section at its own expense. The exercise of these easements shall not unreasonably interfere with the use of any Lot, and entry onto any Lot shall be made only after reasonable notice to the Owner or Occupant.

11.9 Neighborhoods.

During the Declarant Control Period, Declarant, acting in its sole and absolute discretion, shall have the right, but not the obligation to establish separately developed residential Neighborhoods, recreational areas and amenity areas, or some, all or none of these, within the Community, and to designate Limited Common Area for the exclusive use of one or more, but less than all of Neighborhoods. Every Lot situated within a designated Neighborhood may be subjected to additional covenants, conditions, restrictions and additional assessments for services provided to Lots within such designated Neighborhood. Such additional covenants may be set forth in this Declaration or a Supplemental Declaration.

Any Neighborhood may request that the Association provide a higher level of service than that which the Association generally provides to all Neighborhoods, or may request that the Association provide special services for the benefit of Lots in such Neighborhood. Upon the affirmative vote, of the Owners of a majority of the Lots within the Neighborhood, the Association shall provide the requested services. The cost of such services, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Lot to all Neighborhoods receiving the same service), shall be a Neighborhood Assessment.

11.10 Appointment or Removal of Members of the Board and officers. During the Declarant Control Period, Declarant shall have the right to appoint or remove any member of the Board or officer of the Association.

11.11 Amendment to Declaration. During the Declarant Control Period, Declarant shall have the right to amend or rescind and restate this Declaration by a Recorded Document, without approval or joinder of the Association or any other Party.

11.12 Review of Design and Construction. During the Declarant Control Period, Declarant shall have the right to control the design, quality, installation and construction of improvements within the Community as provided in Article V above.

Article XII. Easements and Storm Water Covenants

12.1. Owners' Easements of Enjoyment. Except as limited by this Declaration and the Planned Community Act, Declarant hereby reserves unto itself, its successors and assigns, and grants to the Association and to every Owner a non-exclusive easement of use and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot. Except as limited by this Declaration and the Planned Community Act, any Owner may delegate his or her rights of use and enjoyment of the Common Area to the members of his or her family, tenants, contract purchasers who reside on the Property, or guests.

12.2 Walks, Drives, Parking Areas, and Utilities. Declarant hereby reserves unto itself, its successors and assigns, and grants to the Association (after the expiration of the Declarant Control Period) the right to subject all portions of the Property designated or to be designated as Common Area to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities and for the maintenance of and general access to all stormwater control structures, gas lines, telephone and electric power lines, television antenna lines, other utilities, ingress, egress and regress and otherwise as it deems to be in the best interests of and necessary and proper for, the Community or any portion thereof.

12.3 Encroachments and Declarant's Easement to Correct Drainage. Declarant hereby reserves, for the benefit of itself, its successors in interest and assigns, and grants to the Association, the Owners, their heirs, successors and assigns, over all Lots and the Common Area easements for the encroachment of initial improvements constructed on any Lots or Common Area to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, bay windows, steps and walls, upon any of the other portions of the Property. Any easement(s) for encroachment shall include an easement(s) for the maintenance and use of the encroaching improvements in favor of Declarant, the Association, the Owners and all of their designees. For a period of twenty-five (25) years from the date of conveyance of the first Lot in a parcel or section, the Declarant reserves for itself and its successors in interest and assigns a blanket easement and right-of-way on, over, and under the ground within that parcel, phase or section to maintain and to correct drainage or surface water in order to maintain reasonable standards of health, safety and appearance. Such rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil or take any other similar action reasonably necessary. After such action has been completed, the Declarant shall restore the affected Property to its original condition to the extent practicable. Declarant shall give reasonable notice of intent to take such action to all affected owners. These rights and reservations are assignable by the Declarant.

12.4 Easement for Entry Features. Declarant hereby reserves for the benefit of itself, its successors and assigns in interest and assigns and grants to the Association an easement for ingress, egress, installation, construction landscaping and maintenance of entry features and similar streetscapes for the Community, over and upon each Lot and all Common Area. The easement and right herein reserved shall include the right to cut, remove and plant trees, shrubbery, flowers and other vegetation around such entry features and the right to grade the land under and around such entry features.

12.5 Construction and Sale Period Easement. Notwithstanding any provisions contained in the Declaration, the Bylaws, the Articles of Incorporation, use restrictions, rules and regulations, design guidelines, and any amendments thereto, until Declarant's right unilaterally to subject property to this Declaration terminates and thereafter so long as Declarant owns any property in the Community for development or sale, Declarant reserves an easement across the Community for Declarant and any builder

approved by Declarant to maintain and carry on development, construction, and sales activities related to property within or near the Community, upon such portion of the Community as Declarant may reasonably deem necessary. This reserved easement shall include an easement for such facilities and activities which, in the sole opinion of Declarant, may be required, convenient or incidental to the development, construction and sales activities related to property within or near the Community. This easement shall include, without limitation: (i) the right of access, ingress and egress for vehicular and pedestrian traffic and construction activities over, under, on or in any portion of the Community as well as any Lot in the Community; (ii) the right to tie into any portion of the Community with driveways, parking areas and walkways; (iii) the right to tie into or otherwise connect and use (without a tap-on or any other fee for doing so), replace, relocate, maintain and repair any device which provides utility or similar services; (iv) the right (but not the obligation) to construct recreational facilities on the Common Area; (v) the right to carry on sales and promotional activities in the Community; (vi) the right to place direction and marketing signs on any portion of the Community, including any Lot or Common Area; and (vii) the right to construct and operate business offices, signs, construction trailers, model residences, and sales offices incidental to the construction, development and sales activities. Further, the Declarant and any builder approved by Declarant may use residences, offices or other buildings owned or leased by Declarant or such builder as model residences and sales offices, and may also use recreational facilities available for use by the Community as a sales office or for marketing purposes without charge. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, and reasonable steps shall be taken to protect such property from damage. Any damage shall be repaired by the person causing the damage at its sole expense. This section shall not be amended without the Declarant's express written consent until the Declarant's rights hereunder have terminated as provided in this Declaration.

12.6 Irrigation. Declarant hereby reserves for the benefit of itself, its successors and assigns in interest and assigns and grants to the Association a non-exclusive, blanket easement over the Property to pump water from ponds, lakes and other bodies of water located within the Community for irrigation purposes and to maintain, repair and remove irrigation systems to serve landscaping in Common Areas.

12.7 Fence Easement. Declarant hereby reserves for the benefit of itself, its successors and assigns in interest and assigns and grants to the Association an easement across any Lot which borders upon or contains a portion of any water facility, detention pond, or retention pond for the purpose of access to such facility or pond, and for the purpose of erecting any fence which is either required by the subdivision development and construction plans or governmental regulation, rule, ordinance, or plan approval requirement.

12.8 Easement to Government Entities. Declarant hereby assigns and grants a perpetual, non-exclusive easement for the benefit of municipal, State or public utilities serving the area, their agents and employees, over all Common Area hereby or hereafter established for setting, removing and reading utility meters, maintaining and replacing utility connections, and Declarant assigns and grants a perpetual, non-exclusive easement for emergency and public services over the Property for the benefit of other public safety and welfare services or agencies, including, without limitation, garbage collection, mail delivery, police and fire protection.

12.9 Easement and Right of Entry for Repair, Maintenance and Reconstruction. If any dwelling is located closer than four (4) 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 his or her home. Such repair, maintenance or reconstruction shall be done expeditiously and, upon completion of the work, the Owner shall restore the adjoining Lot to as near the same condition as that which existed prior to the commencement of the work as is reasonably practicable.

12.10 Use of Common Area. Subject to any limitation or restriction set forth in this Declaration, Declarant declares that the Common Area is subject to a perpetual, non-exclusive easement in favor of Declarant, the Association and their designees, the Owners and all their family members, guests, invitees and tenants, and appropriate governmental and quasi-governmental agencies to use the Common Area for all proper and normal purposes including, but not limited to, ingress, egress and access for the furnishing of services and utilities and for such use of the facilities as the same are reasonably intended in accordance with the terms of this Declaration and any Annexation or Supplemental Declaration. If ingress or egress to any Lot or other portion of the Property is through any Common Area, any conveyance or encumbrance of such area is subject to this easement.

12.11 Right of the Association and Declarant to Enter Upon the Common Area. Declarant hereby reserves for the benefit of itself, its successors in interest and assigns, and grants to the Association and all agents, employees or other designees of Declarant or the Association an easement for ingress, egress and access to enter upon or over the Common Area for the purposes of inspecting any construction, proposed construction, or improvements or fulfilling the rights, duties and responsibilities of ownership, administration, maintenance and repair of Declarant or the Association, as appropriate. Such easement includes an easement in favor of the Association and Declarant to enter upon the Common Area now or hereafter created to use, repair, maintain and replace the same for the purposes for which they are initially designated or for such purposes as they are hereafter redesignated or as Declarant otherwise determines them to be reasonably suited. Notwithstanding the foregoing, nothing contained herein shall be interpreted as imposing any obligation upon the Association or Declarant to maintain, repair, or construct improvements which an Owner is required to maintain, construct or repair.

12.12 Right-of-Way Over Roadways. Declarant hereby reserves, for the benefit of itself, its agents, employees, lessees, invitees, designees, successors and assigns, and grants to the Association, its agents, employees, tenants, invitees, designees, successors and assigns, and to each Owner of a Lot or Tract, their family members, tenants, guests, invitees, successors and assigns, and to each Occupant of a Lot and to all governmental and quasi-governmental agencies and service entities having jurisdiction over the Property while engaged in their respective functions, a perpetual, non-exclusive easement, license, right and privilege of passage and use, both pedestrian and vehicular, over and across any roads, streets, entranceways and cul-de-sacs in the Community for the purpose of providing access, ingress and egress to and from, through and between the Property.

12.13 Utility and Drainage Easements. The Property shall be subject to all easements and rights-of-way for utilities and drainage shown on any Recorded Document. Such easements are hereby reserved for the use of Declarant, its successors and assigns, and are hereby established for the use of the Association, its successors and assigns. Additionally, Declarant hereby reserves, for the benefit of itself, its successors and assigns, and grants to the Association, its successors and assigns, a non-exclusive easement and right-of-way over, under and along a 10-foot strip of land adjacent to the front, side and rear boundary lines of all Lots within the Property for the installation and maintenance of lines, conduits, pipes and other equipment necessary for furnishing electric power, gas, telephone service, cable service, water, irrigation, sanitary sewer and drainage facilities, storm drainage and/or other utilities. Within the above-described easements no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation of utilities or which may change the direction or flow of drainage channels in the easements. This reservation of easement shall not prohibit the construction of driveways, at locations approved by the ARC, over such easements.

12.14 Declarant's Right to Assign Easements; Maintenance of Easement Areas. Declarant shall have the right to assign and convey, in whole or in part, the easements reserved by it hereunder. The areas burdened by the easements and rights-of-way reserved by Declarant on each Lot or other portion of the Property pursuant hereto, including any improvements in such areas, which are not to be maintained

by the Association or a public authority or utility, shall be maintained continuously by each Owner of such Lot or other portion of the Property, but no structures, plantings or other material shall be placed or permitted to remain upon such area or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems. Notwithstanding the above, the Association and/or Declarant shall have the right, but not the obligation, to maintain the landscaping in the easement areas on any Lot.

12.15 Easement Reserved for the Association and Declarant. Full rights of access, ingress and egress are hereby reserved by Declarant for itself and the Association at all times over and upon any Lot or other portion of the Property for the exercise of the easement rights described in this Article XII and for the carrying out by Declarant or the Association of the rights, functions, duties and obligations of each hereunder; provided, that any such entry by Declarant or the Association upon any Lot or portion of the Property shall be made with the minimum inconvenience to the Owner of such property as is reasonably practical, and any damage caused as a result of the gross negligence of Declarant, the Association or their employees or agents shall be repaired by Declarant or the Association, as the case may be, at the expense of Declarant or the Association, as the case may be.

12.16 Additional Easements. Declarant shall have the right to grant over, under, across and upon any portion of the Property owned by Declarant, and the Board shall have the authority, in its sole discretion, to grant over, under, across and upon the Common Area, such easements, rights-of-way, licenses and other rights in accordance with or to supplement the provisions of this Declaration or as may otherwise be desirable for the development of the Community, by the execution, without further authorization, of such grants of easement or other instruments as may from time to time be necessary or desirable. Such easements may be for the use and benefit of persons who are not Members or Owners. After such time as the members of the Board are no longer appointed by Declarant, the Board shall cooperate with Declarant and execute such grants of easements over the common Areas as may be desirable to Declarant for the development of the Community and the preservation and enhancement of Declarant's interest therein.

Article XIII. Dispute Resolution and Limitation on Litigation.

13.1 Consensus for Association Litigation.

Except as provided in this Section, the Association shall not commence a judicial or administrative proceeding without the approval of Members representing at least sixty-seven (67%) percent of the total votes of the Association. This Section shall not apply, however, to (a) actions by the Association to enforce the Governing Documents (including, without limitation, the imposition of fines, the suspension of privileges or services or the foreclosure of liens); (b) the collection of assessments; (c) proceedings involving challenges to *ad valorem* taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Prior to the Association or any Member commencing any judicial or administrative proceeding to which Declarant is a party and which arises out of an alleged defect in the Community or any improvement constructed thereon, Declarant shall have the right to meet in good faith and discuss the subject of the proceeding with the Members or the particular Member, and to access, inspect, correct the condition of or redesign any portion of the Community, including any improvement as to which a defect

is alleged. In addition, the Association or the Member shall notify the builder who constructed such improvements prior to retaining any other expert witness or for other litigation purposes.

13.2. Alternative Method for Resolving Disputes.

Declarant, the Association, its officers, directors and committee members, all Persons subject to this Declaration, any builder within the Community, and any Person not otherwise subject to the Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to use good faith efforts to resolve those claims, grievances, or disputes described in Section 13.3 ("Claims") using the procedures set forth in Section 13.4 hereof.

13.3. Claims.

Unless specifically exempted below, all Claims arising out of or relating to the interpretation, application, or enforcement of the Governing Documents, or the rights, obligations, and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements in the Community (other than matters of aesthetic judgment under Article V, which shall not be subject to review) shall be subject to the provisions of Section 13.4.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 13.4:

- a. any suit by the Declarant and/or Association against any Bound Party to enforce the provisions of this Declaration;
- b. any suit by the Declarant, Association or any Owner to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the party's ability to enforce the provisions of this Declaration;
- c. any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;
- d. any suit in which any indispensable party is not a Bound Party; and
- e. any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 13.4.1 unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 13.4.

13.4. Mandatory Procedures.

13.4.1. Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

- a. the nature of the Claim, including the Persons involved and Respondent's role in the Claim;
- b. the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
- c. Claimant's proposed remedy; and
- d. that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

13.4.2. Negotiation and Mediation.

a. The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.

b. If the Parties do not resolve the Claim within Thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have Thirty (30) additional days to submit the Claim to mediation under an independent agency providing dispute resolution services in Wake County or surrounding areas.

c. If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; however, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

d. Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within Thirty (30) days after submission of the matter to the mediation, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

e. Within five (5) days of the Termination of Mediation, the Claimant shall make a final written demand ("Settlement Demand") to the Respondent, and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimants' original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

13.4.3. Final and Binding Arbitration.

a. If the Parties do not agree in writing to a settlement of the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the rules of arbitration promulgated or observed by the agency providing the arbitrator. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; however, nothing herein shall release or discharge Respondent from any liability to parties other than Claimant.

b. This subsection 13.4.3(b) is an agreement to arbitrate and is specifically enforceable under any applicable arbitration laws of the State of North Carolina. The arbitration award ("Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of North Carolina.

13.5. Allocation of Costs of Resolving Claims.

13.5.1. Subject to Section 13.5.2, each Party shall bear its own costs, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding ("Post Mediation Costs").

13.5.2. Any Award that is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add Claimant's Post Mediation Costs, including reasonable attorney's fees, to the Award, such costs to be borne equally by all Respondents. Any Award that is equal to or less favorable to Claimant than any Respondents' Settlement Offer shall award such Respondent its Post Mediation Costs, including reasonable attorney's fees.

13.6. Enforcement of Resolution.

If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 13.4 and any Party thereafter fails to abide by the terms of such agreement, or if any Party fails to comply with an Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in Section 13.4. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

Article XIV. Mortgagee Provisions.

The following provisions are for the benefit of holders, insurers, and guarantors of First Mortgages on Lots in the Community. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

14.1. Notices of Action.

An institutional holder, insurer, or guarantor of a First Mortgage which provides a written request to the Association, such request to state the name and address of such holder, insurer, or guarantor and the

street address of the Lot to which its Mortgage relates, thereby becoming an ("Eligible Holder"), shall be entitled to timely written notice of:

- a. any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Lot on which there is a First Mortgage held, insured, or guaranteed by such Eligible Holder;
- b. any delinquency in the payment of assessments or charges owed by a Lot subject to the Mortgage or such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Governing Documents relating to such Lot or the Owner or Occupant which is not cured within sixty (60) days of receiving notice of such violation;
- c. any lapse, cancellation or material modification of any insurance policy the Association maintains; or
- d. any proposed action which would require the consent of a specified percentage of Eligible Holders.

14.2. No Priority.

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

14.3. Notice to Association.

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

14.4. Failure of Mortgagee To Respond.

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

14.5. Construction of Article XIV.

Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, the Bylaws or the Planned Community Act for any of the acts set out in this Article.

Article XV. Changes in Common Area

15.1. Condemnation.

If a Lot or portion thereof shall be taken by eminent domain, compensation and the Owner's interests in the Common Area shall be appropriately allocated among all other Owners. If any part of the

Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least Sixty-seven (67%) percent of the total votes in the Association) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

- a. If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining Common Area to the extent available, unless within sixty (60) days after such taking Declarant, during the Declarant Control Period, and Members representing at least eighty (80%) percent of the total votes in the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Article VIII regarding funds for restoring improvements shall apply.
- b. If the taking or conveyance does not involve any improvements on the Common Area, if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

15.2. Transfer, Partition, or Encumbrance of Common Area.

- a. Except as this Declaration otherwise specifically provides, the Common Area shall not be judicially partitioned or subdivided into Lots, nor shall the ownership of the Common Area be otherwise divided or encumbered in any manner after conveyance to the Association, except upon the approval of Members representing at least eighty (80%) percent of the total votes in the Association, including a majority of the votes held by Members other than Declarant, and the consent of Declarant if during the Declarant Control Period.
- b. The Association shall have the authority, subject to approval of Members representing a majority of the total votes in the Association, including a majority of the votes held by Members other than Declarant, and the consent of Declarant, if during the Declarant Control Period, to transfer portions of the Common Area and improvements thereon to appropriate governmental entities or tax-exempt organizations for the maintenance, operation, and preservation thereof; provided, any such transfer shall not relieve such Common Area from the rights and benefits of the Association and the Members as provided in this Declaration and shall otherwise be subject to the provisions of this Declaration.

Article XVI Fines and Suspension of Privileges or Services.

Notwithstanding any other provision herein, the Board may impose fines on an Owner and/or suspend an Owner's right and privilege to use certain Common Area for failure of that Owner, his lessees, agents or invitees, to abide by this Declaration, the Rules and Regulations or the administrative rules and regulations governing Common Area. The procedure for the Board to do so shall be as set forth in the Bylaws. The Board shall not impose any such fine or suspension unless and until the Owner charged has been given notice of the charge, opportunity to be heard by and present evidence to the Board and notice of the Board's decision. Suspensions may be imposed for a reasonable period of time and/or until a violation or delinquency is cured.

Article XVII. Miscellaneous

17.1 Parties Bound. All persons and entities acquiring any interest in any of the Lots, including but not limited to lessees, shall be bound by the provisions of this Declaration. All guests and invitees of such persons and entities, and any other occupants of any of the Lots, shall likewise be bound.

17.2 Duration. The provisions of this Declaration shall run with and bind the Property perpetually, unless and until the Community is terminated pursuant to N.C.G.S. Section 47F-2-118.

17.3 Amendment. Except as provided in Section 11.11 above, this Declaration may be amended only by a written instrument executed by the Association and authorized by the affirmative vote of at least sixty-seven percent (67%) of all Lots, cast in person or by proxy at a meeting held in accordance with the Bylaws of the Association. Any amendment must be recorded to be effective.

17.4 Enforcement. Subject to the provisions of Article XIII above, the Declarant, any Owner and/or the Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants and obligations imposed by this Declaration. Subject to the provisions of Article XIII above, the Declarant, the Association or any Lot owner may bring any action necessary to enjoin any violation or breach of the provisions of this Declaration. The Declarant, the Association and/or any Owner shall be entitled to recover reasonable attorney's fees incurred in bringing and prosecuting such action from the breaching or violating Owner(s).

17.5 Failure to Enforce Not a Waiver. The failure to enforce any right, reservation, covenant or restriction contained in this Declaration, however long continued, shall not be deemed a waiver of the right to do so thereafter.

17.6 Assignment by Declarant. Any or all of the rights, powers, easements, functions and obligations reserved or given to the Declarant in this Declaration may be assigned to the Association, and the Association shall accept and assume responsibility for any or all such rights, powers, easements, functions and obligations when requested by the Declarant. Any such assignments or transfer shall be made by a Recorded Document, executed by both the Declarant and the Association, and the Association shall thereupon have the same rights and powers and be subject to the same obligations and duties as are herein given to and assumed by the Declarant. The Declarant, but not the Association, shall thereupon be released from such obligations and duties.

17.7 Notice of Sale, Lease or Acquisition. In the event an Owner sells or leases such Owner's Lot, the Owner shall give to the Association, in writing, prior to the effective date of such sales or lease, the name of the purchaser or lessee of the Lot and such other information as the Association may reasonably require. Upon acquisition of a Lot, each new Owner shall give the Association, in writing, the name and mailing address of the Owner and such other information as the board may reasonably require.

17.8 Variances. Notwithstanding anything to the contrary contained herein, the Declarant and/or the Association or its designee shall be authorized to grant individual variances from any of the provisions of this Declaration, the Bylaws and any rule, regulation or use restriction promulgated pursuant thereto if the Declarant or the Association determine that waiver of application or enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development for the Community.

17.9 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any of the other provisions of this Declaration, which shall remain in full force and effect.

17.10 Captions. The captions herein are inserted only as a matter of convenience and for reference, and shall not be construed to define, limit or describe the scope of any provision of this Declaration.

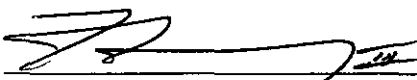
17.11 Law Controlling. This Declaration shall be construed and governed pursuant to the laws of North Carolina.

17.12 References to Statutes. All references herein to any statutory provision shall be construed to include and apply to any subsequent amendments to or replacements of such provision.

-SIGNATURE ON NEXT PAGE-

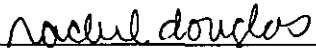
IN WITNESS WHEREOF, KB HOME Raleigh-Durham Inc., as the Declarant hereunder, has caused this instrument to be executed by its duly authorized Division President, all by order and authority duly granted by its corporate board of directors, as of the day and year first above written.

KB HOME Raleigh-Durham Inc.,
a Delaware corporation, Declarant

By: 
Tom Sewitsky, Division President

STATE OF North Carolina
COUNTY OF Wake

I, Rachel Douglas, a Notary Public of the County and State aforesaid, certify that Tom Sewitsky personally appeared before me this day and acknowledged that he is Division President of KB HOME Raleigh-Durham Inc., a Delaware corporation, and that he, being duly authorized to do so, executed the foregoing for and on behalf of said corporation.


Official Signature of Notary Public

Rachel Douglas
Notary's Printed or Typed Name, Notary Public

My commission expires: April 15, 2017

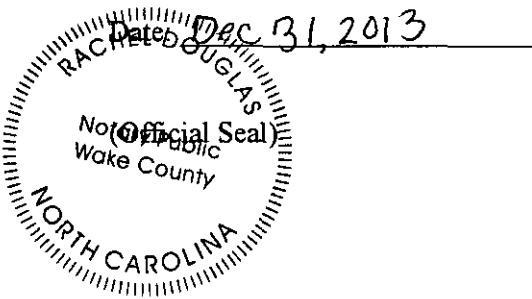


EXHIBIT A

Land Initially Submitted

Tract One:

BEING all of that parcel of land shown as "TRACT 1" and containing approximately 7.158 acres on that unrecorded survey entitled, "ALTA/ACSM LAND TITLE SURVEY OF BEN JOSEPH AND ALMA LUCILLE THOMAS, MINNIE DIXON, AND GRIGSBY DEVELOPMENT INC. PROPERTY," dated 11-6-12 and prepared by William E. Hardin III, Professional Land Surveyor.

Tract Two:

BEING all of that parcel of land shown as "TRACT 2" and containing approximately 11.487 acres on that unrecorded survey entitled, "ALTA/ACSM LAND TITLE SURVEY OF BEN JOSEPH AND ALMA LUCILLE THOMAS, MINNIE DIXON, AND GRIGSBY DEVELOPMENT INC. PROPERTY," dated 11-6-12 and prepared by William E. Hardin III, Professional Land Surveyor.

Tract Three:

BEING all of that parcel of land shown as "TRACT 3" and containing approximately 29.350 acres on that unrecorded survey entitled, "ALTA/ACSM LAND TITLE SURVEY OF BEN JOSEPH AND ALMA LUCILLE THOMAS, MINNIE DIXON, AND GRIGSBY DEVELOPMENT INC. PROPERTY," dated 11-6-12 and prepared by William E. Hardin III, Professional Land Surveyor.

Tract Four:

BEING all of that parcel of land shown as "TRACT 4" and containing approximately 9.992 acres on that unrecorded survey entitled, "ALTA/ACSM LAND TITLE SURVEY OF BEN JOSEPH AND ALMA LUCILLE THOMAS, MINNIE DIXON, AND GRIGSBY DEVELOPMENT INC. PROPERTY," dated 11-6-12 and prepared by William E. Hardin III, Professional Land Surveyor.

EXHIBIT B

Land Subject to Annexation in Future

Any land within one mile of the Property described in Exhibit A of this Declaration.

EXHIBIT C

Initial Rules and Regulations

The following restrictions shall apply to all of the Community until such time as they are amended, modified, repealed, or limited pursuant to Article IV of the Declaration:

1. General. The Community shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for Declarant to assist in the sale of any property or portion thereof as described in **Exhibit A** or **B**, offices for any property manager retained by the Association, and business offices for Declarant or the Association) consistent with this Declaration and any Supplemental Declaration.

2. Restricted Activities. The following activities are prohibited within the Community unless expressly authorized by, and then subject to such conditions as the Board may impose:

(a) Parking any vehicles on streets or thoroughfares within the Community or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages; however, construction, service, and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Lot or the Common Area;

(b) Raising, breeding or keeping animals, livestock or poultry of any kind, except that a reasonable number of dogs, cats (the combined number of dogs and cats not to exceed three) or other usual and common household pets may be permitted on a Lot. Any animal which, makes objectionable noise or, in the Board's judgment, constitutes a nuisance or inconvenience to the Occupants of other Lots, shall be removed by the owner upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Rottweilers, pit bulls, chows and other aggressive breeds of dogs shall not be allowed within the Community. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Owners shall clean up behind any Pet while walking such Pet on any Common Area. Pets shall be registered, licensed, and inoculated as required by law;

(c) Any activity that emits foul or obnoxious odors outside the Lot or creates noise or other conditions, which tend to disturb the peace or threaten the safety of the Occupants of other Lots;

(d) Any activity that violates local, state, or federal laws or regulations; provided, the Board shall have no obligation to take enforcement action in the event of a violation;

(e) Pursuit of hobbies or other activities, which tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Lot;

(f) Any noxious or offensive activity (including, without limitation, barking dogs) which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the Occupants of other Lots;

(g) Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Lot;

(h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to Occupants of other Lots, except alarm devices used exclusively for security purposes;

(i) Use and discharge of firecrackers and other fireworks;

(j) Dumping grass clippings, leaves, or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Community, except that fertilizers may be applied to landscaping on Lots provided care is taken to minimize runoff, and Declarant and builders approved by Declarant may dump and bury rocks and trees removed from a building site on such building site;

(k) Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers. Such containers shall be either screened from view or kept inside, except as reasonably necessary for garbage pick ups;

(l) Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that Declarant and the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Lot without the Owner's consent;

(m) Subdivision of a Lot into two or more Lots, or changing the boundary lines of any Lot after a subdivision plat including such Lot has been approved and recorded, except that Declarant shall be permitted to subdivide or replat Lots it owns;

(n) Swimming, boating, use of personal flotation devices, or other active use of lakes, ponds, streams, or other bodies of water within the Community, except that fishing from the shore shall be permitted with appropriate licenses. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams, or other bodies of water within or adjacent to the Community;

(o) Use of any Lot for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Lot rotates among participants in the program on a fixed or floating time schedule over a period of years, except that Declarant and its assigns may operate such a program;

(p) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(q) On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Lot for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment;

(r) Any business, trade, or similar activity, except that an Owner or Occupant residing in a Lot may conduct business activities within the Lot so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Lot; (ii) the business activity conforms to all zoning requirements for the Community; (iii) the business activity does not involve door-to-door solicitation of residents of the Community; (iv) the business activity does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked within the Community which is noticeably greater than that which is typical of Lots in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of the Community and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents within the Community, as may be determined in the Board's sole discretion.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

Leasing of a Lot shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Declarant or a builder approved by Declarant with respect to its development and sale of the Community or its use of any Lots which it owns within the Community;

(s) Capturing, trapping, or killing of wildlife within the Community, except in circumstances posing an imminent threat to the safety of persons using the Community;

(t) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Community;

(u) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Lot without prior approval pursuant to Article V;

(v) Operation of motorized vehicles on pathways or trails maintained by the Association;

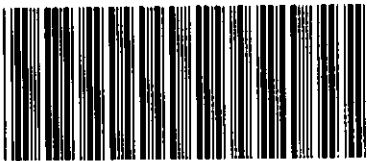
(w) Any construction, erection, placement, or modification of any thing, permanently or temporarily, on the outside portions of the Lot, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article V of the Declaration. This shall include, without limitation, landscaped or grassed areas; signs; basketball hoops, swing sets, and similar sports and play equipment; clotheslines; garbage cans; woodpiles; docks, piers, and similar structures; and hedges, walls, dog runs, animal pens, or fences of any kind. Under no circumstances shall the ARC approve the replacement of all or a majority of the grassed area of a Lot with mulch or stone; and

(x) Use of exterior decorative lights, including holiday displays, with a light bulb color other than white; furthermore, if a holiday display creates a significantly increased traffic flow within the Community, the Lot's Owner or Occupant responsible for such display shall remove it upon request of the Board and if the Owner or Occupant does not remove such display within a reasonable time, the Board may remove the display;

3. Prohibited Conditions. The following shall be prohibited within the Community:

- (a) Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community;
- (b) Structures, equipment, or other items on the exterior portions of a Lot which have become rusty, dilapidated, or otherwise fallen into disrepair;
- (c) Installation of any sprinkler or irrigation systems or wells of any type, other than those initially installed by Declarant or a Declarant approved builder, which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within the Community, except that Declarant and the Association shall have the right to draw water from such sources;
- (d) Satellite dishes, antennas, and similar devices for the transmission of television, radio, satellite, or other signals of any kind, except that Declarant and the Association shall have the right, without obligation, to erect or install and maintain any such apparatus for the benefit of all or a portion of the Community; and (i) satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; (ii) satellite dishes designed to receive video programming services via multi point distribution services which are one meter or less in diameter or diagonal measurement; or (iii) antennas designed to receive television broadcast signals ((i), (ii), and (iii), collectively, "Permitted Devices") shall be permitted; however, any such Permitted Device must be placed in the least conspicuous location on the Lot (generally being the rear yard) at which an acceptable quality signal can be received and is not visible from the street, Common Area, or neighboring property or is screened from the view of adjacent Lots in a manner consistent with the Community-Wide Standard and the Architectural Guidelines; and
- (e) Installation of exterior decorative items, including but not limited to statuary, fountains or wishing balls, but not including flags, political signs and/or permitted exterior decorative lights.

4. Leasing of Lots. "Leasing," for purposes of this Paragraph, is defined as regular, exclusive occupancy of a Lot by any person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. All leases shall be in writing. The Board may require a minimum lease term; however, in no case shall such term be shorter than six (6) months. No Owner shall lease any Lot without first contracting a professional, licensed property management company to manage the Lot and the lease, and without first providing the Association with a copy of that contract. No owner shall lease any Lot without first providing all lessees with copies of the Governing Documents. Each lease shall require all lessees to acknowledge receipt of copies of all of the Governing Documents and to comply with and adhere to all of the Governing Documents. A true copy of each executed lease, together with such additional information as may be required by the Board, shall be given to the Board by the Lot Owner within ten (10) days of execution of the lease.



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It is part of the recorded document and must be submitted with the original for re-recording.

Laura M. Riddick
Register of Deeds
Wake County Justice Center
300 South Salisbury Street, Suite 1700
Raleigh, NC 27601

☐ New Time Stamp

☐ \$25 Non-Standard Fee

☐ Additional Document Fee

☐ Additional Reference Fee

This Customer Group

____ # of Time Stamps Needed

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47 # of Pages
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PARKS AT BASS LAKE HOMEOWNER'S ASSOCIATION, INC
GUIDE TO ARCHITECTURAL REVIEW STANDARDS AND PROCEDURES

Adopted May 30, 2022

In Force June 10, 2022

Introduction

The Board of Directors of Parks at Bass Lake Homeowner's Association, Inc. ("HOA") with the assistance of the Architectural Committee has completed and approved this GUIDE TO ARCHITECTURAL REVIEW STANDARDS AND PROCEDURES. The provisions included in this document will be administered by the Architectural Committee of the Association and establish a consistent standard to follow in planning and implementing any exterior changes to your property or the Common Properties of Parks at Bass Lake. **Please retain this document as part of your permanent documents for future reference. This document and any future new provisions or amendments must also be made available to prospective buyers of your home.**

Authorities

Parks at Bass Lake HOA Board of Directors has final authority for HOA issues. The *Architectural Review Committee* (hereinafter the "ARC"), appointed by the Board, is charged with establishing and implementing consistent architectural standards. Any issues covered in the Guide will be handled by the ARC, including applications, information request, guidance, and requests for approvals or disapprovals. The ARC will provide responses in a timely manner. All properly submitted requests will receive a response within forty-five (45) days of receipt. After the decision of the ARC a homeowner will have thirty (30) days to submit an appeal (in writing, utilizing an ARC appeal form) to the HOA to dispute a decision and will receive a final ruling within thirty (30) days of the receipt of that appeal. The *management company* provides administrative functions for the Board.

Architectural Review

Owners must use the Architectural Review Application when applying to the ARC for approval of any proposed change to the exterior of their property. Normal upkeep, maintenance, or repair to original condition of the property, without changes, is the ongoing responsibility of the owner and requires no review or approval. Following a standard application process will ensure fairness, full disclosure, and speed in handling your requests. No request for a change can be considered unless accompanied by an Architectural Review Application as well as necessary drawings, a plot plan, and supporting exhibits.

You should return your completed applications to the management company at the address shown on the application form. Provided you have no outstanding monetary obligations to the Association, an application will be considered received by the ARC on the fourth calendar day after it is date-stamped by the management company. If, however, you have outstanding monetary obligations to the Association at the time you submit an application, it will be deemed denied upon receipt. If an application is incomplete in any respect it will also be deemed denied upon receipt. Notification of such to the homeowner will be within four calendar days of receipt. In such instances an applicant will be permitted to resubmit an application to the ARC once any previously missing elements are provided. The ARC will evaluate all properly submitted applications and notify the Homeowner of its decision within forty-five (45) calendar days of its formal receipt of that application. The management company will then inform the applicant in writing of this decision.

Remember, as required by Parks at Bass Lake legal documents, **you must obtain written approval** from the ARC before any exterior change or staging can be permitted to your lot, home, deck, porch, patio, fencing, landscaping or any other exterior physical feature or attribute of your property. Written approval is also required by your local city, county or other municipality before any construction permits will be issued. Your adherence to these standards and procedures will not only preclude the potential expense of rework but will also be in the best interests of our community as a whole. Please be aware that failure to follow the provisions in the attached document can result in legal action against you for injunctive relief, fines or both as allowed under the recorded documents for the community and the Planned Community Act. It is essential that all owners take this process seriously.

PARKS AT BASS LAKE ARCHITECTURAL REVIEW STANDARDS AND PROCEDURES

Overview

In a planned community such as Parks at Bass Lake, the question naturally arises as to how to preserve and enhance a harmonious and quality development. This answer is provided by the statement of Architectural Review Standards and Procedures. It is specific as well as flexible, defining benchmarks that any architectural element must meet as well as general procedures for homeowners to follow in proposing exterior changes that will enhance the use, value, and presentation of their individual properties. As such, it provides the basic framework for addressing and balancing the interests of individual owners and the broader community. These responsibilities and procedures are specifically contemplated and authorized by the legal documents of Parks at Bass Lake.

The legal documents of Parks at Bass Lake, which run with the land and establish the authority of the Architectural Committee to maintain the quality and consistency of design, effect, and construction throughout the development, are binding upon all homeowners. They exist to ensure that high standards are uniformly applied throughout, to protect property values and harmoniously preserve the community's overall quality, effect, and environment. Through ownership, every homeowner is subject to and assumes a duty of care to comply with these legal documents.

The Architectural Committee shall be comprised of not fewer than three persons who shall be appointed by the Board of Directors (hereinafter, the "Board") of Parks at Bass Lake Homeowner's Association (hereinafter, the "Association"). The legal documents require that the Association, on behalf of the ARC, shall provide prior written approval or disapproval of any proposed exterior change, addition, or alteration to any property. Such changes shall include, but not be limited to, the erection or alteration or addition to the exterior of any building in any manner or to the erection or alteration or addition to any fence, wall, abutment, steps, hardscaping, swimming pool, spa, water feature, ramp, shrubs, trees, grading or other landscaping. Successful applications to the ARC will be evaluated based on their harmony with the key architectural elements, materials and visual concepts established by the developer and builder, their compatibility with the lot sizes and topography of Parks at Bass Lake, their suitability for Parks at Bass Lake and their general ability to preserve property values and promote an exceptional and responsible quality of life for residents.

The ARC will evaluate all properly submitted applications and notify the Management Company of its decision within thirty (30) calendar days of its receipt of the complete application, including any clarifying questions asked and required by the ARC of the Homeowner. The Management Company will then inform the applicant in writing or by electronic mail of this decision within fifteen (15) calendar days of receiving the ARC's decision.

The standards and procedures in this document will be applied by the ARC to manage and maintain the exterior standards, presentation, and attributes of Parks at Bass Lake. We hope that they serve as a positive tool to assist you in the use and improvement of your property in a manner that is consistent with the quality and aesthetic standards of the community.

Architectural Committee Responsibilities and Guiding Principles

The key responsibility of the ARC is to harmoniously preserve the aesthetic attributes, architectural concepts, and overall presentation standards of Parks at Bass Lake in a way that protects property values, emphasizes shared responsibility, promotes community safety, and ensures a high quality of life for all. In this way, the term

"architecture" extends beyond the design and construction of structures on individual lots and the Common Properties to the appearance and overall presentation of each property. This responsibility is established by Parks at Bass Lake governing documents.

In fulfilling this responsibility, the ARC will emphasize three central principles in evaluating any change to the exterior of an individual property or to the exterior use of an individual property:

- **Harmony and Quality of the Architectural Environment.** Any approved change will preserve and be consistent with the harmony and architectural integrity of existing structures, landscaping, and hardscaping of individual homeowner properties and the Common Properties.
- **General Welfare and Safety of the Community.** Any approved change or permitted use will be compatible with the general welfare and safety of those living in, serving, and visiting your community.
- **Quiet Enjoyment of Property.** Any approved change or permitted use will be compatible with the quiet enjoyment of all immediately neighboring owners as well as any other owners whose quiet enjoyment may be adversely affected by any exterior change or conduct of an owner.

Application Review Criteria

The Architectural Committee evaluates each application on its individual merits. The ARC's decisions will be guided by the following criteria:

Validity of Concept

The basic idea of the exterior change must be sound and appropriate to its surroundings.

Impact on Landscaping and Environment

The exterior change must not adversely impact the condition or aesthetics of either the natural or man-made landscape or environment.

Relationship of Structures and Adjoining Property

The proposed change must relate harmoniously to its surroundings and to any existing buildings and terrain that are visually related to the change.

Protection of Neighbors

The interests of neighboring owners must be protected by making reasonable provisions for such matters as surface water drainage, sound and sight buffers, preservation of views, light and air, and other aspects of design that may have negative effects on the value or enjoyable use of a neighboring property.

Design Compatibility

Any proposed change must be compatible with the design characteristics of the applicant's home and the general neighborhood setting. Compatibility is defined as harmony in design, style, scale, materials, color, and construction details.

- **Design:** Proposed changes must not alter the essential design, appearance, function or construction of your dwelling or any other approved structure although new and compatible design elements will be considered.
- **Style:** Proposed changes must conform to the original style of the dwelling, structures attached to the dwelling, landscaping and hardscaping.

- **Scale:** The three-dimensional size of any proposed change must relate satisfactorily to adjacent structures and its surroundings.
- **Materials:** Continuity will be established by the use of identical or highly compatible materials as used in the existing home, deck, porch, landscaping or hardscaping, as applicable.
- **Color:** Color of all paints and other materials must be identical to the existing color scheme of the home, deck, porch or hardscaping, as applicable.

Workmanship

The proposed and completed quality of any approved work must equal or exceed that of existing structures. No variances or allowances for sub-standard or non-conforming workmanship will be granted. Any instances of such workmanship will be required to meet prevailing community standards.

Project Schedule and Completion Date

All complete applications will contain a planned work schedule and maximum time period from start to completion of any exterior construction work. If the proposed time period is considered unreasonable, the ARC may not approve the application. After approval is obtained, any change in project plans or delays in the implementation or completion of the project of one (1) month or greater will require resubmission of the applicant's plans to the ARC for corrective review. Failure to comply with this requirement will result in the project being declared non-compliant with community standards and subject to the Correction Procedures contained herein and all remedies at law and in equity to which the Association is entitled.

Owners are cautioned to not purchase project materials or hire a contractor in anticipation of application approval by the ARC. All applicants should wait for **written** approval from the ARC before entering into contracts or purchasing materials for such work. Some exterior changes may require city or municipal permits which may not be issued without prior written approval from the ARC. Finally, please plan well ahead to allow time for your application to be reviewed and processed carefully. The ARC may respond to your application with questions that must be answered in writing, it may request additional supporting detail and it may request a visit to inspect proposed work or installation sites.

Application and Project Management Processes

The Association's processes for application, review, inspection, and enforcement of design review are outlined in this section.

Submitting Your Application

Complete the standard application form (available on the Parks at Bass Lake website or by contacting the management company) and attach all required exhibits and sample materials. Only applications from a lot's current owner will be accepted. Be sure to include full details of the proposed change. If the change is structural, landscaping, hardscaping, fencing, or grading: submit a sketch or plan and list all specifications related to dimensions, brand, model, style, materials, finish, texture, and location as appropriate to the proposal. Attach a copy of your plot plan and indicate the location of the proposed exterior design change on your lot in relation to the dwelling and other existing structures. Also attach any other sketches, specifications, pictures, paint charts, finish samples or the like that will assist the ARC in reviewing your application. The ARC also encourages you to speak with your neighbors about proposed changes. They may be able to offer valuable input.

It is highly recommended, but not required, to provide written approval from adjacent neighbors. The application provides a location for neighbors to approve.

Transmit your completed application either by **hand-delivering, certified mail, courier, or electronic mail** to the management company at the address shown on the application form. If you hand-deliver your application, request a dated receipt. Incomplete applications will be returned and deemed denied.

The ARC will rule on your application within thirty (30) calendar days of the date it will be deemed to have received all necessary information to render a decision. The management company, on behalf of the ARC, will inform you of the decision of the ARC by letter within forty-five (45) calendar days of the date it will be deemed to have received all necessary information to render a decision. **The thirty-day ARC review period begins on the fourth day after the management company receives your completed application.**

Completed applications are considered on their individual merit following the steps and processes outlined below.

Action on Your Application

During the review period for an application, ARC member(s) may view the site, talk to the applicant or neighbors, and verify that neighbors are aware of the proposed change. Any concerns raised by neighbors will be documented and given considerable weight by the ARC. However, the ARC will also be required to consider general standards of reasonableness and fundamental fairness along with the standards, principles, criteria, and processes set forth in this document. Immediate neighbors will not, consequently, possess any "veto" power over an application.

After initially reviewing an application and gathering additional data and input as appropriate, an application will be formally reviewed and discussed by the ARC. Following such discussion, the ARC will vote to **approve, approve conditionally, or disapprove** each application. A simple majority will determine the will of the ARC. If an application is conditionally approved or disapproved, the ARC will briefly state in writing on the application its reason(s) for this action. The applicant will be notified in writing by mail and by the use of a duplicate copy of the application or other correspondence of its action on that application. The ARC will record the disposition of each application by placing a copy of the executed application, all supporting documentation, and related correspondence in the ARC's electronic and paper archives. Duplicate copies of all records will also be forwarded to the management company for safekeeping.

If an application is granted conditional approval the applicant may commence work or other proposed changes provided the applicant provides proof to the ARC that all additional requirements have been met either during or at the conclusion of the approved work. Proof can be provided by inspections, photographs, or certifications provided by licensed professionals.

Work-in-progress and completed work may be periodically inspected by or on behalf of the ARC. Any instance of work that fails to comply with the specifications of the approved application and the general standards adopted by the ARC will result in a written request to the applicant to correct any deficiencies before further work is undertaken. If an applicant fails to comply with such a request within seven (7) business days from the date of notification the ARC will issue a letter stating that the project does not comply with the approved application. The owner of any non-compliant project will stand in violation of the provisions of this document and the governing documents and will be subject to the Correction Procedures set forth below.

Project Staging and Inspection

Applicants are advised to minimize the visible staging or storage of work tools and materials during the construction phase of any project.

As appropriate, the ARC may conduct final site inspections to confirm compliance with the approved application.

Correction Procedures

Reported Violations: The ARC may periodically inspect, with prior notification to the homeowner, all authorized work-in-progress and the community in general to identify violations. Additionally, all residents have the right and responsibility to bring to the attention of the ARC, the Board, or the management company any apparent violation of any provision of the Covenants or these Architectural Review standards and procedures.

The ARC investigates each reported violation and seeks the cooperation of the owner. Notification of any known or apparent violation is made by letter to the owner to request a resolution. If temporary mitigating circumstances account for the violation, the ARC may provide a temporary waiver to the owner. Should the owner fail to follow through on the ARC's proposed resolution or some other resolution that is acceptable to the ARC and the owner, the ARC will refer the violation to the Board for further attempts to resolve the matter with the owner or resident. If, after a reasonable period of time, the Board is unable to achieve a mutually satisfactory resolution of a violation, it may, at its own discretion, exercise its authority to assess fines or file a legal claim against the owner, or both.

Confirmed Violations and Remedies: An exterior change made without the written approval of the ARC constitutes a violation of the governing documents and provisions of this declaration of Standards and Procedures. A confirmed violation requires either prompt removal or correction of the violation at the expense of the property owner and, as may be required, payment by the property owner of any legal expenses incurred by the Association in its efforts to restore the affected property as well as payment for any damages sustained by the Association as a result of unauthorized changes. In accordance with the North Carolina Planned Community Act, the Board may impose fines for violations of the Association's covenants, by-laws, rules and regulations, including non-compliance with Architectural Committee standards and guidelines and conditions established by the ARC for the approval of a proposed design change, use change, or property presentation change. Current legislation allows for assessment of fines for covenant violations up to \$100/day per violation.

Association, Board and ARC Exemptions

The ARC will review and act upon proposed plans, projects, and other changes in accordance with the broad requirements and authorities granted to it by the governing documents. In approving an application neither the ARC nor the Board shall make or be understood or construed to have made representations as to the inherent quality, safety, soundness, or structural integrity of any proposed plan, project, or change and neither the ARC, the Board, nor any of the officers or agents of the Association shall be held liable in the event applicant sustains financial or other damages or losses as a result of the failure of any work performed or changes undertaken or as a result of deviations from plans, or negligent or deficient construction of such plans or projects by the applicant's contractors, or any other damages arising from any approved plans or projects contemplated herein. All liability for the quality, usefulness, habitability, appearance, and safety of a project shall reside with the owner.

Design and Community Guidelines

This section is intended to guide you regarding particular design situations that may arise at Parks at Bass Lake. Generally acceptable practices for complying with the architectural standards outlined in this document are listed below. Changes, materials, devices, and design concepts that are generally not acceptable are also indicated for your guidance. Please note that these guidelines may be neither universally applicable nor exhaustive. The ARC will reach its decision on individual applications by considering the intrinsic merits of each

proposal as well as all relevant surrounding circumstances. In some cases, proposed exterior changes that are allowed elsewhere may be denied because the applicant's property has unique characteristics such as a location or topography that make such a change unsuitable. It is therefore important that owners not assume that an application will be approved simply because a similar exterior change has been approved elsewhere. The ARC must consider the impact of each proposed change on the property in question, neighboring properties, and the community as a whole.

PLEASE NOTE THAT THESE GUIDELINES MAY BE MODIFIED PERIODICALLY. AN AMENDED DOCUMENT WILL BE RE-ISSUED WHENEVER SIGNIFICANT CHANGES OCCUR.

Air Conditioning Units

No window air conditioning units may be installed.

Animal Dwellings/Runs

No dwellings, runs, or other accommodations for any animal, including dog houses, bird cages, poultry coops, animal pens, or similar structures are permitted.

Antennas

Except as described below with respect to certain devices that are designed to receive over-the-air video programming, no permanent attachments of any kind or character shall be affixed to the roof or exterior walls of any Dwelling. The installation, maintenance or use of antennas used to receive video programming is governed by the Federal Rules memorialized at 47 C.F.R. Section 1.4000. Accordingly, Parks at Bass Lake ARC requires antenna size and placement restrictions that limit: 1) the size of "dish" antennas to no more than 1.0 meter (39.37 inches) in diameter or diagonal measurement; 2) the height of antennas that are designed to receive local television broadcast signals to no more than twelve feet (12') above the Dwelling roofline. Further, the Homeowners' Association requires that no "dish" antenna be visible in any respect from the front of the property; and must be gray or other neutral color and generally conform to the aesthetics of the community as a whole.

Awnings

Awnings will be considered on a case-by-case basis and will not be approved in highly visible locations.

Clotheslines and Drying Areas

Clotheslines and similar outdoor drying devices are not permitted.

Colors and Textures

All exterior colors on all homes throughout the community are consistent and must be maintained to the original colors. This includes exterior siding, trim, overhead garage door color, front door color, roofing shingles, gutters, and downspouts.

Decks and Back Porches

The addition or modification of a deck or back porch is considered a major design change to an existing dwelling. As such, deck and porch plans will always require the prior approval of the ARC. Multiple building permits may also be required if the project calls for electrical installations. Materials specifically designed for exterior applications, with weather and moisture resistant properties such as pressure treated deck lumber, are recommended. Placement of major weight-bearing posts or pilings in concrete or on secured paving stone is required for strength and the prolonged service life of the structure. The criteria for design compatibility and

workmanship (Section II, preceding) will apply to the review of all deck and porch applications. All projects of this type will also be required to conform to all setback and utility easements, applicable governing documents and building codes of your city and/or county. Any permits required must be issued prior to commencing construction.

Doors and Window Shutters

Homeowners are requested to contact the ARC for guidance on the maintenance, recoating, repainting, and restaining of doors and the shutters that may frame some of your front-facing windows. The original appearance of "Finished Wooden Doors" must be maintained.

Downspouts and Gutters

The originally installed downspouts and gutters attached to your dwelling are vital part of the overall rainwater management system at Parks at Bass Lake. Owners are not permitted to disconnect, shorten, redirect, or otherwise modify any originally installed gutters, downspouts or connections to rainwater diversion pipes that have been installed in the ground. Any proposal that requires changes to existing gutters or downspouts or the installation of new gutters or downspouts must be approved by the ARC.

Fences, Hedges, and Walls

Fences are permitted to enclose rear yards and may extend towards the front of the lot no further than 1/3 of the length of the finished home. A fence must fully enclose the rear yard of a Lot as a single continuous structure or connect directly to a fence on a bordering Lot with signed permission from the owner of that Lot. If a partial fence is to be constructed, it must be connected to any bordering fences and signed permission must be granted by all owners of bordering fences sharing a Lot line with the enclosed space.

The following shows fence styles which will be reviewed for approval:

- White scalloped picket vinyl fence in the style of "Barrette Contractor" provided by Lowes (or equivalent) not to exceed four (4) feet in height.



- Black aluminum fence in the “Old Raleigh” style not to exceed five (5) feet in height, with a minimum of three and a half (3 ft. 6 in) feet.



- Solid wood fence not to exceed six (6) feet in height and must have wooden caps or black vinyl caps.



No chain link, chicken wire, barbed wire, or any other wire fence is allowed.

Once erected, all fences and walls must be properly maintained in as-new condition. This requires the repair of any visible or structural damage to the fence or wall such as replacement of broken face boards, posts, and any element that has become damaged, decayed, or dilapidated no matter the cause. In the case of wooden fences, this also requires maintenance of the appearance of the fence in a stained condition (stain color must be approved by the ARC) or in a power-washed condition such that the color of the fence is closely matched to the original appearance of the wood at the time of installation.

All fencing must follow the grade of the lot and may not exceed a six-foot (6.0') height at any point. The horizontal support members of the fence must be on the inside, leaving the more attractive side towards the outside. All applicable city and/or county laws and regulations that apply to the location, dimensions and other characteristics of fences shall also apply.

Any mass planting, hedge, other shrubbery planted in a row or wall of any nature or material that creates a natural fencing or barrier between properties requires ARC approval. Further, no other wall or abutment or other vertical stone, brick or concrete structure may be erected without ARC approval.

Flags

One flag may be displayed temporarily or permanently when attached to a dwelling, back porch, or deck. One garden flag, no larger than 13" by 18", may be placed in a mulch bed or garden area. No flag may communicate threats or promote nuisance behavior. No flag may exceed 4' x 6'. Flags must be maintained and not allowed to fall into disrepair.

These Guidelines do not prohibit the display of the flag of the United States or North Carolina, of a size no greater than 4' x 6', which is displayed in accordance with or in a manner consistent with the patriotic customs set forth in 4 U.S.C. sections 5-10, as amended, governing the display and use of the flag of the United States.

Front Yard and Entryway Appearance

Exterior sculpture, fountains, bird baths/feeders or similar items must be approved by the ARC.

Garage Doors

Homeowners and residents are encouraged to close their garage doors fully at any time other than ingress, egress, or use of garages for DIY (do-it-yourself) projects or yard work. Garage doors must remain closed overnight or when the garage is not in use for the preceding purposes. This is an essential practice for maintaining the safety, value, and appearance of the community.

Garaging of Personal Vehicles

Homeowners are requested to garage all personal vehicles when possible, unless garage space is already occupied by a secondary vehicle possessed by the homeowner as defined in the covenants. This is an essential practice for promoting the safety of all residents (i.e., by minimizing opportunities for vandalism and theft and easing vehicle flow through the subdivision). Minimizing obstructive views caused by on-street vehicles enhances the visual prominence of the design elements of the dwellings and landscaping of Parks at Bass Lake.

Holiday Decorations

Holiday decorations may be placed on the front exterior of your home not more than 30 days prior and not more than 14 days after the date of that holiday.

Lawn and Lot Maintenance

Lawns and Lots in Parks at Bass Lake must be maintained to the following standards:

- **Dead/Bare Sod Areas:** All dead areas in lawns must be seeded or sodded to establish new growth.
- **Edging:** Sidewalk and driveway areas should be edged so grass does not creep over concrete.
- **Flower/Shrub Beds:** All beds should be free of weeds and grass. Borders should be trimmed and free of weeds and grass.
- **Sloped back lots:** Require the same maintenance standard as the front and back lawns: mowed and free of weeds. If sloped areas are not sodded, bare areas must be mulched at minimum.

- **Tree Rings:** Must be either fully mulched or fully sodded. There should be no weeds or grass in/around tree rings. Sodded trees should be completely sodded and flush to the ground, not mounded.



- **Utility Boxes/Equipment:** Areas around all utility boxes must be kept mowed and free of weeds.
- **Weeds:** Must be managed to minimize presence. Numerous patches of weeds (6 or more) and large patches of weeds (1 sq. ft or more) must be removed to maintain the appearance and overall presentation of the Lot.

Materials and Colors not Acceptable

Exposed standard concrete blocks; un-surfaced poured concrete; prefabricated storage structures or prefabricated materials of any kind (including those made of aluminum, steel, particle board, plastic, or other wood products); unnatural brick tones; bright finish windows; high-gloss ceramic planters, pots or bird baths; or any other non-conforming structures, materials, or colors are not permitted unless expressly approved by the ARC in writing.

Noise

Your local municipality enforces noise and nuisance ordinances to maintain a pleasant environment for everyone, particularly at night. Please familiarize yourself and any other residents in your home with these requirements.

Outdoor Structures, Sheds, Storage and Accessory Buildings, etc.

No structure of a temporary nature shall be erected or allowed to remain on a lot without prior written approval. Any structure considered for approval by the ARC should be constructed using materials identical in appearance to those of the original dwelling.

Any approved equipment such as play structures, benches, planters, sculptures, fountains, water gardens, etc., shall be compatible with and harmonious with the surroundings, installed only at the rear of the dwelling and may be required to be hidden by approved screening.

Parking and Storage of Vehicles, Boats, Trailers, etc.

Parking and Storage of vehicles is governed by Parks at Bass Lake Declaration and Rules and Regulations.

Pet Management

Pet owners are responsible for being considerate of others in our community. Please do not allow your dog to bark excessively or aggressively, or permit any pet to be or become a nuisance to owners or residents. Also,

ensure that your pets are fenced in your back yard and that all pet debris is immediately collected, sealed, and placed in your trash receptacle for collection. When walking your dog please be courteous to your neighbors, ensure that your dog is placed on a leash, and pick up any pet-caused debris.

Plants, Gardens and Trees

ARC approval is not required for minimal plantings (such as annual beds, low growing perennials, and single shrubs). Approval is required for the following:

- Any landscaping project using hardscaping
- Any landscaping other than minimal low-growing plantings in your front yard
- Planting of trees or shrub clusters or rows in front and back yards
- Vegetable gardens and compost areas

Any approved garden or composting areas should be maintained in the rear yard and must not be visible from the street.

No trees shall be removed from a Lot without prior written approval. Owners shall also comply with any local ordinance and zoning condition applicable to tree removal.

For safety reasons, before digging, all subterranean wires, cables, gas lines, water lines and electrical conduit should be located. This can readily be done by contacting the state's free underground line locator service, NC One Call Center; 1-800-632-4949.

Play Equipment

Play equipment is permitted provided it is constructed principally of wood or composite materials and is shielded from the view of neighbors by appropriate landscape screening such as tall plants and shrubs. ARC approval is required for placing any stationary play equipment.

Portable play equipment, except as noted below, must be stored out of view from the street when not in use. All play equipment must be maintained in good condition and repair.

In-ground basketball goals may not be installed without prior written approval. Portable basketball goals may be placed beside driveways, but only if facing the driveway and not the street.

Re-grading

Any plan to re-grade a Lot must be reviewed and approved by the ARC. While applications of this type should be rare and can involve significant rainwater runoff issues affecting your property and neighboring properties, there may be instances where re-grading becomes necessary. Consequently, the ARC will require that you submit a written report prepared by a licensed professional engineer confirming the suitability of such work as supporting documentation for your application. Neither the Board nor the ARC accepts any liability for any damage caused by such grading action, whether or not approved by the ARC.

Repairs

Owners are responsible for repairs to existing structures, additions, etc. No application is needed to effect repairs and restoration to original condition.

Roofing

No roofs with less than 7/12 pitch (except front and or/rear porches) are permitted without written approval by the ARC. All roofs shall be fitted with the roofing material used for the dwelling. All dwellings shall be roofed

continuously with the original roofing material style and color. In instances where the original roofing material becomes unavailable the ARC will specify a compatible alternative material. All roof vents, ducts, fans, etc. shall be painted to match the roof shingle color. All roof sections covered with custom copper sheeting must be maintained to the original standard with original materials.

Signs

The display of signs within Parks at Bass Lake is governed by Parks at Bass Lake governing documents.

For-Sale and For-Rent Signs. Owners may place low-profile "For Sale" or "For Rent" signs on their Lot during any period when their property is being marketed. No sign can be more than four (4) feet high or (3) feet wide and should be professionally made of metal or composite material. "Homemade" or handwritten signs of any type are not to be allowed. "For Sale" or "For Rent" signs may not be attached to wooden posts, placed in any windows facing outward or nailed to a tree. No other signs related to the sale of that property are permitted on the Common Properties, including the entrance, of the subdivision.

Open-Dwelling Signs. One "Open Dwelling" sign is permitted during the hours that a house is open for public viewing.

Political Signs. Owners are encouraged to:

1. Display political signs only during the period beginning 45 days prior to an election and ending 7 days after that election
2. Display no more than one political sign during this period
3. Display only signs provided by the campaign
4. Limit the size of the sign to no more than 24" x 24"
5. Place such signs where normal lawn maintenance will not be impeded.

Alarm Signs. One alarm sign is permitted per property near the front or rear entrance. An additional alarm sign may be displayed in the rear of the property as long as it is not visible from the street.

Slow Down Signs. One professionally made "Slow Down" / "Children Playing" sign is permitted on a Lot. "Slow Down" or "Children Playing" signs may not be attached to wooden posts or nailed to a tree. Such signs must be maintained and not allowed to fall into disrepair.

No other permanent signs may be placed upon any lot, or any portion of the Common Properties, except as explicitly permitted by the Association.

Swimming Pools, Wading Pools, and Hot Tubs

All permanently-installed swimming pools, wading pools and hot tubs – indicated by the presence of hardscaping in stone, brick, or concrete and/or permanent electrical-feeds or plumbing-feeds – must be approved by the ARC. In general, all such pools and tubs must be constructed of conforming materials, be aesthetically harmonious with the dwelling and surrounding area, produce no annoying motor noises and be set back from the nearest property line by not less than fifteen (15) feet. In instances where this setback restriction cannot be feasibly achieved and a variance will not reasonably constitute an annoyance to a neighbor, it may be possible to site a pool or tub closer to a property line.

All other pools and hot tubs are not permitted.

Owners must ensure that no wading pool, fountain, or other water containing device permits mosquitoes to reproduce.

Trash Management and Receptacles

Each owner must ensure that trash receptacle or recycling bin is stowed in a manner that conceals trash from view from neighboring streets. Such containers may be stored at the side or rear of dwellings, preferably screened from view, and must remain closed with no garbage visible except as reasonably necessary for garbage pick ups.

Utilities and Equipment

Portable electrical generators are permitted only for temporary use when a governmental emergency has been declared or for unique individually approved emergency situations. Proposals for permanent electrical generators that are affixed to a slab or to the dwelling will be considered on a case-by-case basis and must be approved in writing by both the ARC and any immediately neighboring owners, and may be used only in the event of a power outage.

Window Treatments

No foil or other reflective materials shall be used on any windows for any purpose. The side of all window treatments which can be seen at any time from the outside of any structure located on a Lot must be white, off-white, or neutral in color, or, in the event of wooden blinds or shutters, natural or lightly stained wood.

After recording, return to: Brian S. Edlin, P.O. Box 10669, Raleigh, NC 27605

STATE OF NORTH CAROLINA

AMENDMENT TO DECLARATION OF
CREATION OF THE PARKS AT BASS LAKE

COUNTY OF WAKE

THIS AMENDMENT TO THE DECLARATION OF CREATION OF THE PARKS AT BASS LAKE ("Amendment") is made and entered into this 9th day of AUGUST 2022 by **THE PARKS AT BASS LAKE HOMEOWNERS ASSOCIATION, INC.**, a North Carolina corporation (hereinafter referred to as the ("Association"), and the requisite number of Owners and Members of the Association voting in favor of the Association.

RECITALS:

A. The Association is the homeowners association for Parks at Bass Lake Subdivision (the "Subdivision") in Wake County, North Carolina, and, as such, is responsible for administering the affairs of the Association pursuant to that certain Declaration of Creation of the Parks at Bass Lake recorded in Book 15550, Page 1767, Wake County Registry, as amended and supplemented (the "Declaration").

B. The Declaration may be amended of not less than sixty seven percent (67%) of the Lots subject to this Declaration.

C. The Owners desire to amend the Declaration to make changes to Article 4.5.3 related to rentals, leases and licenses of Lots in the Parks at Bass Lake Community;

NOW, THEREFORE, the undersigned does hereby declare that the Declaration of Creation of the Parks at Bass Lake shall be amended as follows:

1. Incorporation of Recitals. The foregoing Recitals are incorporated by this reference as if fully set forth herein.

2. To amend Article 4.5.3 by deleting that Section in its entirety and replacing it with the following:

4.5.3 Alienation. No rule promulgated by this Section shall prohibit leasing or transfer of any Lot or require consent of the Association or Board for leasing or transfer of any Lot; however, the Association may require a minimum lease term of twelve (12) months and otherwise regulate the leasing of Lots. Prior to leasing or licensing all or any portion of a Lot, the Owner must reside in the home as his or her personal residence for no less than twelve (12) months.

3. This amendment shall be effective upon recordation in the Office of the Wake County Register of Deeds.

4. Except as amended hereinabove and heretofore, the remaining portions of the Declaration as originally recorded are hereby restated and reacknowledged.

IN TESTIMONY WHEREOF, the Association has caused this instrument to be executed in their individual and corporate names as of the day and year first above written.

[Signature Page Follows]

CERTIFICATION OF VALIDITY
OF AMENDMENT TO DECLARATION OF CREATION
OF THE PARKS AT BASS LAKE

By authority of its Board of Directors, the undersigned officers of the Parks at Bass Lake Homeowners Association, Inc., hereby certify that the foregoing instrument has been duly adopted and approved by the requisite percentage of Owners of Lots in Parks at Bass Lake and is, therefore, a valid amendment to the existing Declaration of Creation of the Parks at Bass Lake.

THE PARKS AT BASS LAKE HOMEOWNERS ASSOCIATION, INC.

By: _____

Vice President

ATTEST: _____

Secretary

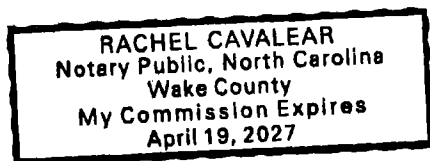
STATE OF NORTH CAROLINA
COUNTY OF WAKE

ACKNOWLEDGMENT

I, Rachel Cavalear, a Notary Public of the County and State aforesaid, certify that Brian Shipp & David M. M. personally came before me this day and acknowledged that he/she is Secretary/Assistant Secretary of Parks at Bass Lake Homeowners Association, Inc., a North Carolina non-profit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President/Vice President and attested by as its Secretary/Assistant Secretary.

Witness my hand and official stamp or seal, this 9th day of August, 2022.

(Stamp or Seal)



4855-3023-5437, v. 1

Rachel Cavalear

Notary Public

Printed Name: Rachel Cavalear

My commission expires: April 19, 2027

After recording, return to: Brian S. Edlin, P.O. Box 10669, Raleigh, NC 27605

STATE OF NORTH CAROLINA

AMENDMENT TO DECLARATION OF
CREATION OF THE PARKS AT BASS LAKE

COUNTY OF WAKE

THIS AMENDMENT TO THE DECLARATION OF CREATION OF THE PARKS AT BASS LAKE ("Amendment") is made and entered into this 2nd day of December, 2022 by **THE PARKS AT BASS LAKE HOMEOWNERS ASSOCIATION, INC.**, a North Carolina corporation (hereinafter referred to as the ("Association"), adopted by the Board with no required vote of the membership.

RECITALS:

A. The Association is the homeowners association for Parks at Bass Lake Subdivision (the "Subdivision") in Wake County, North Carolina, and, as such, is responsible for administrating the affairs of the Association pursuant to that certain Declaration of Creation of the Parks at Bass Lake recorded in Book 15550, Page 1767, Wake County Registry, as amended and supplemented (the "Declaration").

B. The Board may amend, supplement, and/or rescind and restate the Rules and Regulations of the Association pursuant to Article 4.4.2 of the Declaration.

C. The Board has complied with subsection 4.4.2 of the Declaration and desires to amend the Declaration to replace the current Rules and Regulations set forth in **Exhibit C** of the current Declaration with a new Exhibit C Rules and Regulations.

NOW, THEREFORE, the undersigned does hereby declare that the Declaration of Creation of the Parks at Bass Lake shall be amended as follows:

1. Incorporation of Recitals. The foregoing Recitals are incorporated by this reference as if fully set forth herein.

2. To amend the Declaration by replacing the existing Rules and Regulations set forth in **Exhibit C** (and referenced in Article 4.4 of the Declaration) with the attached new Rules and Regulations which are incorporated herein by reference as **Exhibit C**.

3. This amendment shall be effective upon recordation in the Office of the Wake County Register of Deeds.

4. Except as amended hereinabove and heretofore, the remaining portions of the Declaration as originally recorded are hereby restated and reacknowledged.

IN TESTIMONY WHEREOF, the Association has caused this instrument to be executed in their individual and corporate names as of the day and year first above written.

[Signature Page Follows]

CERTIFICATION OF VALIDITY
OF AMENDMENT TO DECLARATION OF CREATION
OF THE PARKS AT BASS LAKE

By authority of its Board of Directors, the undersigned officers of the Parks at Bass Lake Homeowners Association, Inc., hereby certify that the foregoing instrument and new Rules and Regulations have been duly adopted by the Board pursuant to Article 4.4.2 of the Declaration with no required vote of the membership and is, therefore, a valid amendment to the existing Declaration of Creation of the Parks at Bass Lake.

THE PARKS AT BASS LAKE HOMEOWNERS ASSOCIATION, INC.

By: _____

President

ATTEST: _____

Secretary

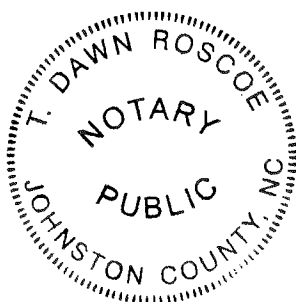
STATE OF NORTH CAROLINA
COUNTY OF ~~WAKE~~ Johnston

ACKNOWLEDGMENT

I, T. Dawn Roscoe, a Notary Public of the County and State aforesaid, certify that Shaun Flynn & Bryan Shipp personally came before me this day and acknowledged that he/she is Secretary/Assistant Secretary of Parks at Bass Lake Homeowners Association, Inc., a North Carolina non-profit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President and attested by as its Secretary/Assistant Secretary.

Witness my hand and official stamp or seal, this 2nd day of December, 2022.

(SEAL)



T. Dawn Roscoe
Notary Public Signature

Printed Name: T. Dawn Roscoe
My commission expires: 2/18/2025

EXHIBIT C

Rules and Regulations

The following restrictions shall apply to all of the Community until such time as they are amended, modified, repealed, or limited pursuant to Article IV of the Declaration:

1. General. The Community shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Association and business offices for Declarant or the Association) consistent with this Declaration and any Supplemental Declaration.

2. Restricted Activities. The following activities are prohibited within the Community unless expressly authorized by, and then subject to such conditions as the Board may impose:

(a) Regular parking of any vehicles on streets or thoroughfares within the Community notable for its duration, frequency, or disruption to traffic (which may include parking directly across the street from neighboring driveways or parking in front of neighboring Lots);

i. Construction, service, and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Lot or the Common Area;

ii. Parking commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages;

iii. Such vehicles may be parked temporarily in their driveway or street for up to 24 hours; the Board may grant an additional 24 hours (48 hours maximum) of short-term driveway or street parking for such vehicles provided notice is given to the Board;

(b) Raising, breeding, or keeping animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats (the combined number of dogs and cats not to exceed three) or other usual and common household pets may be permitted on a lot. Any animal which makes objectionable noise or, in the Board's judgment, constitutes a nuisance or inconvenience to the Occupants of other Lots shall be removed by the owner upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Rottweilers, pit bulls, chows and other aggressive breeds of dogs shall not be allowed within the Community. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Owners shall clean up behind any Pet while walking such Pet on any Common Area. Pets shall be registered, licensed, and inoculated as required by law;

(c) Any activity that emits foul or obnoxious odors outside the Lot or creates noise or other conditions which tend to disturb the peace or threaten the safety of the Occupants of other Lots;

(d) Any activity that violates local, state, or federal laws or regulations; provided, the Board shall have no obligation to take enforcement action in the event of a violation;

- (e) Pursuit of hobbies or other activities which tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Lot;
- (f) Any noxious or offensive activity (including, without limitation, barking dogs) which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the Occupants of other Lots;
- (g) Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Lot;
- (h) Use and discharge of firecrackers and other fireworks;
- (i) Dumping grass clippings, leaves, other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, lake, or elsewhere within the Community, except that fertilizers may be applied to landscaping on Lots provided care is taken to minimize runoff
- (j) Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers. Such containers may be stored at the side or rear of dwellings, preferably screened from view, and must remain closed with no garbage visible except as reasonably necessary for garbage pick ups;
- (k) Obstruction or rechanneling of drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Lot without the Owner's consent;
- (l) Subdivision of a Lot into two or more Lots, or changing the boundary lines of any Lot after a subdivision plat including such Lot has been approved and recorded;
- (m) Swimming, boating, use of personal flotation devices, or other active use of lakes, ponds, streams or other bodies of water within the Community, except that fishing from the shore shall be permitted with appropriate licenses. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams, or other bodies of water within or adjacent to the Community;
- (n) Use of any Lot for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Lot rotates among participants in the program on a fixed or floating time schedule over a period of years;
- (o) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such a discharge;
- (p) On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Lot for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment;
- (q) Any business, trade, or similar activity, except that an Owner or Occupant residing in a Lot may conduct business activities within the Lot so long as: (i) the existence

or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Lot; (ii) the business activity conforms to all zoning requirements for the Community; (iii) the business activity does not involve door-to-door solicitation of residents of the Community; (iv) the business activity does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked within the Community which is noticeably greater than that which is typical of Lots in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of the Community and does not constitute a nuisance, a hazardous or offensive use, or threaten the security and safety of other residents within the Community, as may be determined in the Board's sole discretion.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

Leasing of a Lot shall not be considered a business or trade within the meaning of this subsection;

(r) Capturing, trapping, or killing of wildlife within the Community, except in circumstances posing an imminent threat to the safety of persons using the Community;

(s) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Community;

(t) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Lot without prior approval pursuant to Article V of the Declaration;

(u) Operation of motorized vehicles on pathways or trails maintained by the Association;

(v) Any construction, erection, placement or modification of any thing, permanently or temporarily, on the outside portions of the Lot, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article V of the Declaration. This shall include, without limitation, landscaped or grassed areas; signs; basketball hoops, swing sets, and similar sports and play equipment; clotheslines; garbage cans; woodpiles; docks, piers, and similar structures; and hedges, walls, dog runs, animal pens, or fences of any kind. Under no circumstances shall the ARC approve the replacement of all or a majority of the grassed area of a Lot with mulch or stone; and

(w) Use of exterior decorative lights, excluding religious and holiday displays, with a light bulb color other than white; furthermore, if a holiday display creates a significantly increased traffic flow within the Community, the Lot's Owner or Occupant responsible for such display shall remove it upon request of the Board and if the Owner or Occupant does not remove such display within a reasonable time, the Board will pursue the violation process.

3. Prohibited Conditions. The following shall be prohibited within the Community:

(a) Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community;

(b) Structures, equipment, or other items on the exterior portions of a Lot which have become rusty, dilapidated, or otherwise fallen into disrepair;

(c) Installation of any sprinkler or irrigation systems or wells of any type, other than those initially installed by Declarant or a Declarant approved builder, which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within the Community, except that the Association shall have the right to draw water from such sources;

(d) Satellite Dishes, antennas, and similar devices for the transmission of television, radio, satellite, or other signals of any kind, except that Declarant and the Association shall have the right, without obligation, to erect or install and maintain any such apparatus for the benefit of all or a portion of the Community; and (i) satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; (ii) satellite dishes designed to receive video programming services via multi point distribution services which are one meter or less in diameter or diagonal measurement; or (iii) antennas designed to receive television broadcast signals ((i), (ii), and (iii), collectively, "Permitted Devices") shall be permitted; however, any such Permitted Device must be placed in the least conspicuous location on the Lot (generally being the rear yard) at which an acceptable quality signal can be received and is not visible from the street, Common Area, or neighboring property, or is screened from the view of adjacent Lots in a manner consistent with the Community-Wide Standard and the Architectural Guidelines.

4. Leasing of Lots. "Leasing," for purposes of this Paragraph, is defined as regular, exclusive occupancy of a Lot by any person other than the Owner, for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. No owner shall lease any Lot without first residing in the home as his or her personal residence for no less than twelve (12) months. All leases shall be in writing. The Board may require a minimum lease term; however, in no case shall such term be shorter than twelve (12) months. No Owner shall lease any Lot without first contracting a professional, licensed property management company to manage the Lot and the lease, and without first providing the Association with a copy of that contract. No owner shall lease any Lot without first providing all lessees with copies of the Governing Documents. Each lease shall require all lessees to acknowledge receipt of copies of all of the Governing Documents and to comply with and adhere to all of the Governing Documents. A true copy of each executed lease, together with such additional information as may be required by the Board, shall be given to the Board by the Lot Owner within ten (10) days of execution of the lease.

Violation Process. The violation notification process utilized by the Board is generally governed by North Carolina General Statute § 47F-3-107.1. The Board will grant the minimum due process protections provided in North Carolina General Statute § 47F-3-107.1, but reserves

the right to also follow the procedures herein, which grant further rights and due process to owners to enforce compliance with the Governing Documents as follows:

- a. **Stage 1**: The Board will provide written notice to homeowner of a concern on their Lot that outlines the issue and time to correct. Intended to be informational; sent via email unless no email address is on file.
 - i. Homeowners may address any alleged violations noted.
 - ii. If the violation noted is a temporary or unusual situation, the homeowner must contact and inform the Management Company of such. This communication will be used by the Management Company and Board, at their sole discretion, to determine if the Stage 1 violation should be dismissed.
- b. **Stage 2**: The Board will send a second Notice approximately 30 days after Stage 1 notice if the concern has not been resolved. The second notice will be sent via email and USPS 1st class mail to the address of record.
 - i. Homeowners shall address the issue by correcting any violations noted.
- c. **Stage 3**: Due Process Hearing Notice will be sent 60 to 90 days after Stage 1 notice if the concern has not been resolved.
 - i. **Hearing**: A Hearing will be held with the Board of Directors and Property Manager, giving the homeowner an opportunity to outline why compliance has or has not taken place. The Board will hear arguments, outline actions required for compliance, and will recess to make a final decision. No final determination is communicated to the homeowner during the Hearing. The Board's final decision will be in the Due Process Response Notice (Stage 4).
- d. **Stage 4**: Due Process Response Notice will be sent after the Hearing, outlining the final decision of the Board. This notice describes the required action necessary to come into compliance with the Governing Documents, as well as a timeline for the commencement of fines if action is not taken. Notice will be sent via email (if provided) and USPS 1st class mail to the address of record.
 - i. Fines, not to exceed one hundred dollars (\$100), may be issued by the Board after a Hearing without further notice or warning. Management Company or Board, at their sole discretion, may provide additional warning to homeowners.
 - ii. If the Board decides to suspend the Homeowner's planned community privileges or services, the suspension may be continued until the delinquency is cured.
- e. The scheduling of the stages outlined above may be adjusted at the sole discretion of the Board of Directors.