

After Recording Return to:
Keith D. Burns
Nexsen Pruet, PLLC
4141 Parklake Ave, Suite 200
Raleigh, NC 27612

**DECLARATION OF
COVENANTS, RESTRICTIONS AND EASEMENTS
FOR
TWELVE OAKS PHASE 9
WAKE COUNTY, NORTH CAROLINA**

NPRAL1:1033374.9

Submitted electronically by "Nexsen Pruet, LLC"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Wake County Register of Deeds.

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DECLARATION OF
COVENANTS, RESTRICTIONS AND EASEMENTS
FOR TWELVE OAKS PHASE 9
WAKE COUNTY, NORTH CAROLINA

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS is made by Meritage Homes of the Carolinas, Inc., an Arizona corporation (the "Declarant") with the consent and joinder of SM Raleigh, LLC, a North Carolina limited liability company ("SMR").

WITNESSETH:

WHEREAS, Declarant is the owner of all that tract or parcel of land lying and being in the Town of Holly Springs (the "Town"), Wake County, North Carolina, as shown on the legal description attached hereto as Exhibit "A", incorporated herein (the "Property"), which Property is subject to the Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens for Twelve Oaks recorded in Book 12650, Page 1607, in the Registry (defined below), as subsequently amended pursuant to that certain instrument recorded March 31, 2017 at Book 16738, Pages 1993-2000, that certain instrument recorded August 24, 2018 at Book 17224, Pages 1462-1528, and the Supplemental Declaration Annexing Additional Property Twelve Oaks PUD Phase 9, recorded in Book 16831, Page 1510, in the Registry (the "Master Declaration"); and

WHEREAS, subject to and in addition to but not in lieu of the Master Declaration, Declarant intends to impose on the Property mutually beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the Property and to establish a procedure for the overall development, administration, maintenance and preservation of the Property; and

WHEREAS, in furtherance of such plan, it is desirable to create Twelve Oaks Phase 9 Homeowners Association, Inc. (the "Association") to administer and enforce the covenants and restrictions imposed hereby; and

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

NOW THEREFORE, Declarant does hereby submit the Property to the provisions of this Declaration. This document establishes a mandatory membership homeowners association pursuant to the provisions of the North Carolina Planned Community Act, N.C. Gen. Stat. §§ 47F-1-101, et seq.

ARTICLE I. DEFINITIONS

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

"**Annual Assessment**" shall have the meaning specified in Article VII entitled "ASSESSMENTS", and shall constitute the assessments which, pursuant to the provisions of such Article VII, shall be levied by the Association against all Lots each year for the purpose of raising the funds necessary to pay the Annual Expenses.

"**Annual Expenses**" (as that term is defined in such Article VII).

"**Articles of Incorporation**" shall mean the Articles of Incorporation of the Association, as the same may be amended from time to time.

"Association" shall mean Twelve Oaks Phase 9 Homeowners Association, Inc., a North Carolina non-profit corporation. The Association is a Sub-Association pursuant to Article I, Section 38 of the Master Declaration.

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

"Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

"Common Property" shall mean all personal property owned, leased or used by the Association, or with respect to which the Association has a financial obligation, for the common use, enjoyment or benefit of the Members or the Property, including without limitation all components of Irrigation Systems defined in Article IV, the Disposal System referenced in Article V, and the Stormwater Management System referenced in Article VI. All Common Property shall be maintained by the Association unless dedicated to public use and accepted by a public agency, authority or utility or conveyed to another nonprofit entity formed for similar purposes, provided that such nonprofit entity receives an assignment of and assumes the Association's obligation to maintain such Common Property and the Association's rights to assess and collect from Owners for all of the costs of maintaining, insuring, operating, repairing and replacing such Common Property.

"Declarant" shall mean Meritage Homes of the Carolinas, Inc., an Arizona corporation, and shall include any successor or assign who shall acquire any portion of the Property for the purpose of development and/or sale and who is designated as Declarant in a recorded instrument executed by the immediately preceding Declarant; provided, however, that there shall be only one "Declarant" hereunder at any one time.

"Declaration" shall mean this Declaration of Covenants, Restrictions and Easements, as the same may be hereafter amended in accordance with the terms hereof. The Declaration is a Sub-Association Declaration pursuant to Article I, Section 38 of the Master Declaration and is subject and subordinate to the Master Declaration.

"Development Period" shall mean the period of time during which Declarant or SMR owns any property that is subject to this Declaration. Declarant may, but shall not be obligated to, unilaterally relinquish its rights under this Declaration and, if SMR no longer owns any property that is subject to this Declaration, terminate the Development Period by recording a written instrument with the Registry.

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

"Lot(s)" shall mean each portion of the Property that may be independently owned and conveyed and which is intended for development, use and occupancy as a residence for a single family, as shown and indicated as a "Lot" on any of the Plats which have been or are hereafter recorded.

"Master Association" shall mean the Twelve Oaks Master Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

"Master Declarant" shall mean the Declarant under the Master Declaration.

"Master Declaration" is defined in the Recitals.

"Member" shall mean a Person subject to membership in the Association pursuant to Article III entitled "THE ASSOCIATION."

"Mortgage" shall mean a deed or other document by means of which title to any Lot is conveyed or encumbered to secure a debt. The term "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

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

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

"Plats" shall mean all plats for any portion of the Property, and any amendments to such Plats, which are hereafter recorded in the Registry's plat book records.

"Property" shall have the meaning ascribed to it hereinabove.

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

"Supplemental Declaration" shall mean an instrument filed with the Registry which imposes additional restrictions and/or obligations on the land described in such instrument.

ARTICLE II. PROPERTY SUBMITTED TO THIS DECLARATION

Section 2.01 Lots Hereby Subjected to this Declaration. Declarant, for itself and its successors and assigns, does hereby submit the Property and the Lots to this Declaration. The Property shall hereafter be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration, including, but not limited to, the lien provisions set forth herein. All of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration as applicable to the Lots shall be a permanent charge thereon, and shall run with the Lots.

Section 2.02 All Lots Bear the Burdens and Enjoy the Benefits of this Declaration. Every Owner, by taking record title to a Lot, agrees to all of the terms and provisions of this Declaration. Each of the Lots is subject to all burdens, and enjoys all benefits, made applicable hereunder.

Section 2.03 Annexation of Additional Property.

(a) Annexation without Approval of Class "A" Membership. The Declarant shall, at any time, and from time to time, have the unilateral right, but not the obligation, to annex any property, whether such property is now owned or subsequently owned by the Declarant (or any successor), which is adjacent or contiguous to or located within a five (5) mile radius of property already subject to the Declaration, measured from the then existing boundary of the Association, and which is already subject to or simultaneously made subject to the Master Declaration in accordance with the provisions thereof, into the Association and subject said annexed property to the Declaration and to the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration. For purposes of this Section, adjacent or contiguous property includes any property which is separated from property subject to the Declaration by a natural or man-made barrier including, but not limited to any lakes, rivers, roadways, paths or other barriers. Such annexation shall be accomplished by filing with the Registry a Supplemental Declaration annexing such property.

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

In addition to the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens set forth in this Declaration, Declarant shall further have the right at its election, without the consent of any Owner or Owners, to subject any such annexed property to varying or additional controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens by filing a Supplemental Declaration with the Register of Deeds covering only such annexed property. The Association shall have the right and authority to

enforce all controls, covenants, conditions, restrictions, easements, and developments contained in such Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the annexed property in order to reflect the different character and intended use of such property. Such additional covenants may also include subjecting the annexed property into a separate mandatory membership homeowners or condominium association which, if created, would be a sub-association to the Association.

No approval from any member of the Association, or from anyone else whomsoever, shall be required for the Declarant to subject Additional Property to this Declaration. Declarant shall have the unilateral right to transfer to any other Person the right, privilege, and option to annex Additional Property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the real property described in this Section 2.03(a), and that such transfer is memorialized in a written, recorded instrument executed by the Declarant.

Declarant's right of annexation shall be subject to the consent of the owner of the property proposed to be annexed (if not Declarant) and survive termination of its Class "B" membership status and the termination of the Declarant Control Period.

The Declarant is under no obligation, pursuant to this Section 2.03, to add common area or recreational facilities and subject the same to this Declaration, regardless of annexation of Additional Property for development.

(b) Annexation with Approval of Class "A" Membership. Subject to the consent of the owners thereof, the Association may annex real property to the provisions of this Declaration and the jurisdiction of the Association, provided such property is already subject to or simultaneously made subject to the Master Declaration in accordance with the provisions thereof and subject to the affirmative vote of a majority of the total available votes of the Class "A" votes of the Association (other than those held by Declarant) or such other percentage of votes as may be required by the Act, present at a meeting duly called for such purpose and the approval of the Declarant, so long as Declarant owns property subject to this Declaration or which may become subject hereto in accordance with this Section 2.03.

(c) Acquisition of Common Area. Declarant may convey to the Association real estate, improved or unimproved, located within the Property or within the additional property described in Section 2.03(a), which upon conveyance or dedication to the Association shall be accepted by the Association, irrespective of the condition of the property. Nothing herein will obligate Declarant to convey any property or easement to the Association. Declarant shall have the option of conveying nothing, conveying to the Association, or conveying to any other Person provided, Declarant shall have no right to convey any property to the Master Association without the Master Declarant's consent during the Development and Sale Period under the Master Declaration or the Master Association's consent thereafter. However, any common areas or common area easements to be conveyed to the Association shall be maintained immediately by the Association at its expense for the benefit of all its Members upon the recordation of a Plat, irrespective as to whether such property has actually been conveyed to the Association. The Association shall be obligated to accept as common area any property or interest therein conveyed to it by the Declarant, and the Declarant shall have the unilateral right to convey common area property to the Association through the Declarant's recordation of a deed of conveyance.

The Association shall be solely responsible for maintenance and operation of all components of the Irrigation Systems described in Article IV, the Disposal System described in Article V, and the Stormwater Management System described in Article VI. Any code, ordinance, permit, stormwater agreement, or other legal requirements requiring maintenance of any such items by a homeowners association shall be deemed to require maintenance by the Association and not the Master Association." In the event that the Master Association elects or agrees to assume responsibility for or otherwise undertakes maintenance of any such items (which it shall have no obligation to do), all costs incurred by the Master Association in so doing shall be assessed solely against the Lots within the Property and the Owners thereof and the Master Association shall be entitled to exercise all rights of the Association hereunder to assess and collect such costs from the Owners of the Lots, including its lien rights, in addition to such rights as the Master Association has under the Master Declaration.

(d) Amendment. This Section 2.03 shall not be amended without the prior written consent of Declarant, so long as the Declarant owns any of the Property, or property susceptible to being subject to the Declaration.

Section 2.04 Withdrawal of Property. Declarant reserves the right to amend this Declaration during the Development Period for the purpose of removing any portion of the Property from the coverage of this Declaration, provided such withdrawal is not contrary to the overall, uniform scheme of development for the Property and is not contrary to the planned residential development requirements of the zoning ordinance in effect for the Property. This provision includes Declarant's right to deed over property to any governmental entity as required or deemed necessary in Declarant's discretion. Such amendment shall not require the consent of any Person other than the Owner of the property to be withdrawn, if same is not Declarant, and the Master Declarant.

Section 2.05 Submission to the Master Declaration.

(a) The Property is subject to the Master Declaration. If there is any conflict between this Declaration and the Master Declaration, the terms of the Master Declaration will control. For purposes of this paragraph, restrictions in this Declaration that are greater than the restrictions contained in the Master Declaration will not be characterized as being in conflict. The Master Association may, but shall not be required to, enforce any covenants or restrictions in this Declaration applicable to the Property.

(b) Pursuant to the Master Declaration, each Owner is also an Owner under the Master Declaration and bound by the terms of the Master Declaration.

ARTICLE III. THE ASSOCIATION

Section 3.01 The Association. Prior to the date this Declaration has been recorded with the Registry, Declarant has caused the Association to be formed, and the Association does now exist, under its Articles of Incorporation and Bylaws.

Section 3.02 Membership. Every Owner is and shall be a Member of the Association. In no event shall such membership be severed from the Ownership of such Lot.

Section 3.03 Classes of Membership; Voting Rights. The Association shall have two classes of voting membership: Class A and Class B.

(a) Class A. The Class A Members shall be the Owners, except for those Persons who are Class B Members. Until such time as the Class A Members shall be entitled to full voting privileges, as hereinafter specified, the Class A membership shall be a non-voting membership except as to such matters and in such events as are hereinafter specified.

The Class A Members shall be entitled to full voting privileges on the earlier of the following dates to occur: (i) the date which the Declarant may designate by notice in writing delivered to the Association, or (ii) the termination of the Development Period. Until the earliest of these dates occurs, the Class A Members shall be entitled to vote only on matters for which it is herein specifically provided, or for which it is provided by law, that approval of each and every class of membership of the Association is required. When entitled to vote, Class A Members shall be entitled to cast one (1) vote for each Lot in which they hold an interest required for membership.

(b) Class B. Declarant and SMR shall be the only Class B Members. Class B membership shall be a full voting membership and, during its existence, the Class B Members shall be entitled to vote on all matters and in all events. At such time as the Class A Members shall be entitled to full voting privileges, as provided in paragraph (a) hereof, the Class B membership shall automatically terminate and cease to exist, and the Class B Members shall be and become Class A Members insofar as they may then hold any interest required for membership.

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

Section 3.04 Suspension of Membership Rights. The membership rights of any Member of the Association, including the right to vote, may be suspended by the Board of Directors pursuant to the authority granted in the Bylaws. Any such suspension shall not affect such Member's obligation to pay assessments coming due during the period of such suspension and shall not affect the permanent charge and lien on the Member's Lot in favor of the Association.

Section 3.05 Meetings of the Membership. All matters concerning the meetings of Members of the Association, including the time at which and the manner in which notice of any said meeting shall be given to Members, the quorum required for the transaction of business at any meeting, and the vote required on any matter, shall be as specified in this Declaration, or in the Articles of Incorporation or the Bylaws, or by law.

Section 3.06 Association Acts Through Its Board of Directors. Whenever approval of, or action or inaction by, the Association is referred to or called for in this Declaration, such action, inaction or approval shall be by the Board of Directors of the Association, unless it is specifically stated in this Declaration, the Articles of Incorporation, the Bylaws, or North Carolina law with respect to such action, inaction or approval that the Members of the Association, or the Owners of Lots, must vote. No member of the Board of Directors of the Association or any officer of the Association (including, without limitation, any such individual who shall have been elected by a vote of the Class B Members) shall be personally liable to any owner of any Lot for any mistake of judgment or for any other act or omission of any nature whatsoever, except for any acts or omissions found by a court of competent jurisdiction to constitute gross negligence or fraud.

Section 3.07 Professional Management. The Association may, but shall not be obligated to, obtain and pay for the services of any Person or other entity to manage the affairs of the Association, or any part thereof, as the Board of Directors deems to be in the best interests of the Association.

ARTICLE IV. IRRIGATION

Section 4.01 Irrigation. The Association shall maintain irrigation systems installed by Developer or the Association within the front yard of Lots within the Property ("Irrigation Systems"). Such maintenance may include annual winterization, Spring start-up, and repair and replacement of Irrigation Systems equipment and infrastructure. The Association may set the times at which Irrigation Systems begin irrigating, location of the irrigation, the duration of such irrigation, and the frequency of irrigation. The Association may prohibit any Owner from adjusting or supplementing irrigation practices established by the Association and there shall be no modification to the Irrigation Systems without the prior written approval of the Board, which may be granted or denied in the Board's sole discretion. All water charges and other expenses relating to the Irrigation Systems shall be a Common Expense. No Owner may install an irrigation system or supplemental irrigation system without first obtaining the written approval of the Board, which may be granted or denied in the Board's sole discretion, and if granted, the Owner shall be solely responsible for the maintenance of the irrigation system it installs, shall be solely responsible for all water or other utility charges related to such system, shall not be allowed to connect the Owner's system to the Irrigation Systems, and shall comply with directives of the Association regarding the location of the irrigation, the duration of such irrigation, and the frequency of irrigation from the Owner's system.

If an Owner installs a fence (such fence must be approved in accordance with Article IX of the Master Declaration) on their Lot, the Association shall have no responsibility for maintenance of any Irrigation Systems or portion of Irrigation Systems located inside of such fence. If maintenance is required, the Association may elect either to disable such portion of the Irrigation Systems or to require the Owner to perform the maintenance using a contractor designated by the Association.

Section 4.02 Access Easement. The Association, and its successors and assigns, shall at all times have the right of access over and upon any Lot for the purpose of installation, maintenance and repair of the Irrigation Systems, and each Lot Owner shall accept title to his or her Lot subject to such right of access.

ARTICLE V. WASTEWATER COLLECTION SYSTEM

Section 5.01 Disposal System. Pursuant to N.C.G.S. 143-215.1 and that certain Operational Agreement between Declarant and the North Carolina Environmental Management Commission (the "Commission"), the Declarant has constructed a system of pipes, pumps and related structures that will receive reclaimed wastewater generated by the Town at one or more municipal wastewater treatment plants and that will dispose of such reclaimed wastewater by using it to irrigate landscaping within the Property (the "Disposal System"). Accordingly, notwithstanding anything contained herein to the contrary, the construction and operation of water supply wells within the Property is prohibited and the Association shall not enter into voluntary dissolution without first having transferred the Disposal System to some person, corporation, or other entity acceptable to and approved by the Commission as evidenced by the issuance of a permit.

Section 5.02 Maintenance Obligation. The Disposal System is Common Property and, with the exception of Federal, State, and local taxes and insurance, shall receive the highest priority for Association expenditures. The cost to maintain, repair, and/or replace the Disposal System is an Annual Expense. To ensure that funds are readily available for the routine operation and maintenance of the Disposal System the Association shall create a fund (the "Disposal System Fund") which shall be kept in a separate account from all other Association funds and shall be a part of the yearly budget. In the event the Annual Expenses and Disposal System Fund are not adequate for the construction, repair, and maintenance of the Disposal System, the Association shall levy a special assessment to cover the necessary costs. Notwithstanding anything to the contrary in this Declaration, there is no limitation on the amount of such a special assessment or when it may be levied.

Section 5.03 Access Easement. The Association, the Commission, and their respective successors and assigns, shall at all times have the right of access over and upon any Lot and Common Property for the purpose of installation, maintenance and repair of the Disposal System, and each Lot Owner shall accept title to his or her Lot subject to such right of access.

ARTICLE VI. STORMWATER MANAGEMENT SYSTEM

Section 6.01 Stormwater Management System. The Association shall maintain the permanent stormwater management system serving the Property, including all "Stormwater Control Measures" as defined in the Master Declaration ("Stormwater Management System"). There shall be no modification to the Stormwater Management System, and no Owner may install Stormwater Control Measures, without the prior written approval of the Board, which may be granted or denied in the Board's sole discretion. If granted, the Owner shall be solely responsible for the maintenance of any Stormwater Control Measures it installs and shall comply with directives of the Association relating thereto. The Stormwater Management System is Common Property and the cost to maintain, repair, and/or replace the Stormwater Management System is an Annual Expense.

Section 6.02 Access Easement. The Association, the Commission, and their respective successors and assigns, shall at all times have the right of access over and upon any Lot and Common Property for the purpose of installation, maintenance and repair of the Stormwater Management System, and each Lot Owner shall accept title to his or her Lot subject to such right of access.

ARTICLE VII. ASSESSMENTS

Section 7.01 Creation of Lien and Personal Obligation. Each Owner, by acceptance of a deed or other conveyance for a Lot, covenants and agrees to pay to the Association all assessments and charges which are levied by the Association against the Lot(s) owned by such person in accordance with the terms and provisions of this Declaration.

All sums lawfully assessed by the Association against any Lot and the Owner thereof, together with interest thereon, late charges, and the costs of collection thereof, shall, from the time the sums become due and payable, be the personal obligation of the Owner of such Lot and constitute a continuing lien in favor of the Association on such Lot prior and superior to all other liens whatsoever except: (1) liens for ad valorem taxes on the Lot; (2) the lien of any first priority mortgage covering the Lot and the lien of any mortgage recorded prior to the recording of this

Declaration; and (3) the lien of any secondary purchase money Mortgage covering the Lot, provided that neither the grantee nor any affiliate or successor grantee of such Mortgage is the seller of the Lot. The covenant to pay assessments herein stated is and shall be a covenant running with land.

Section 7.02 Purposes of Assessments. The assessments levied by the Association pursuant to this Article VII shall be used to pay amounts due from the Association or its Members for the costs and expenses which the Association shall incur in connection with the performance of its duties and responsibilities pursuant to the Act, this Declaration, the Articles of Incorporation and the Bylaws, specifically including, but not limited to those costs associated with the Irrigation Systems described in Article IV, the Disposal System and the Disposal System Fund as described in Article V, and the Stormwater Management System described in Article VI (such costs and expenses being herein referred to as the "Annual Expenses"). Without limiting the generality of the foregoing, the Annual Expenses shall include the costs of: payment of all costs and expenses incurred by the Association in connection with the irrigation; payment of the premiums for all insurance, fidelity and other bonds which shall be obtained by the Association; the payment of the fees of such management firms as the Board of Directors shall employ; payment of fees for the provision of such professional services as the Board of Directors shall determine to be required by the Association, including but not limited to legal, and accounting services; and such other purposes as the Board of Directors shall deem necessary or desirable to promote the health, safety and welfare of the Association and its Members.

Section 7.03 Determination of Annual Assessment and Shares Thereof. Prior to the commencement of each fiscal year of the Association (said fiscal year being specified in the Bylaws) or at any time it deems best, the Board of Directors shall estimate the total amount of the Annual Expenses which are anticipated to be incurred by the Association during such fiscal year and shall determine the amount which will be deposited during such fiscal year into reserve funds maintained by the Association. The Board of Directors shall thereupon adopt a budget for the Association's expenditures and reserves based upon such estimate and providing for the total annual assessment to be levied against the Members of the Association for such fiscal year (the total assessment which shall be so determined and levied for any fiscal year is herein referred to as the "Annual Assessment"). The Master Declarant and the Master Association shall have the right to review each budget. The budget shall be ratified by the Owners in the manner and through the procedures specified by N.C. Gen. Stat. §§ 47F-3-103 and as may be specified in the Bylaws.

The assessments provided for herein shall commence as to a Lot on the date that Declarant transfers the Lot. Each Owner shall pay a portion of the Annual Assessment that will be calculated by multiplying the total Annual Assessment by a fraction, the denominator will be the number of Lots and the numerator will be the number of Lots that Owner owns. The result may be adjusted by the Board of Directors by up to One Hundred Dollars (\$100) for the purpose of creating whole dollar amounts for payments, equal periodic payments and avoiding losses due to rounding. The Board of Directors shall send a copy of the budget adopted as provided above, together with a written notice of the amount of the Annual Assessment so determined for such fiscal year and the amount of such Annual Assessment which shall be levied against each Lot, to the Owner of every Lot, prior to the commencement of the fiscal year during which such Annual Assessment is to be paid. The amount of such Annual Assessment which shall be levied against each Lot shall be due and payable to the Association in a single installment or in such multiple installments as the Board of Directors shall determine and shall be paid to the Association when due without further notice.

Section 7.04 Special Assessments. If for any reason, including non-payment of any assessments to the Association by the persons liable therefore, the budget adopted by the Board of Directors for any fiscal year proves to be inadequate to defray the Annual Expenses for such fiscal year, or if the Board of Directors determines that it is in the best interests of the Association to levy a special assessment to pay the costs of any capital improvements or capital repairs, the Board of Directors shall have the authority to levy a special assessment against the Lots and the Owners thereof to raise such needed funds. Any special assessment levied by the Board of Directors pursuant to the provisions of this section shall be payable at such times and such installments as the Board of Directors shall determine. Each Improved Lot shall be liable for the payment of an equal share of every special assessment which shall be levied by the Association pursuant to the provisions of this section.

Section 7.05 Specific Assessments. The Board of Directors may levy specific assessments against individual Owners (i) for the purpose of paying for the costs of any construction, reconstruction, repair or replacement of anything maintained by the Association or fines imposed on the Association, which is occasioned by the act(s) of individual Owner(s), their family, pets or their invitees, and not the result of ordinary wear and tear, (ii) for the payment of fines, penalties or other charges imposed against an individual Owner relative to such Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws, or any rules or regulations promulgated hereunder, or (iii) for any common expenses which benefit less than all of the Lots or which significantly disproportionately benefit specific Lots (which expenses may be specially assessed equitably among all of the Lots which are benefited according to the benefit received); provided that in no event shall Declarant be obligated to pay any specific assessment. Failure of the Board of Directors to exercise its authority under this section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board of Directors' right to exercise its authority under this section in the future with respect to any expenses.

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

Section 7.06 Special Assessment for Working Capital. Upon the first transfer of title of an Improved Lot, there shall be levied against such Improved Lot and paid to the Association a special assessment against such Improved Lot as set from time to time by Declarant or the Board of Directors of the Association. Such amount shall be not less than Eight Hundred Eighty Dollars (\$880.00). The Association shall use all special assessment payments for working capital or to establish a working capital reserve fund. Declarant or Board of Directors shall endeavor to collect such special assessment at the closing of the purchase of the Improved Lot, however the failure to collect such special assessment at that time shall not excuse the obligation to make such payment.

Section 7.07 Effect of Non-Payment of Assessments; Remedies of the Association.

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

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

Section 7.08 Budget Deficits During Declarant Control Period. Declarant may advance funds to the Association sufficient to satisfy the deficit, if any, in any fiscal year between the actual operating expenses of the Association (exclusive of any allocation for capital reserves) and the annual and special assessments for such fiscal

year. Such advances shall be evidenced by promissory notes from the Association in favor of Declarant and shall be paid back to Declarant if and to the extent that sufficient funds are generated by assessments in future years until such time as Declarant no longer has the authority to appoint the directors and officers of the Association.

Section 7.09 Failure to Assess. The failure of the Board of Directors to fix the assessment amounts or to deliver to each Owner the assessment notice shall not be deemed a waiver, modification or release of any Owner of the obligation to pay assessments. In such event, each Owner shall continue to pay assessments on the same basis as for the last year for which an assessment was made until a new assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

ARTICLE VIII. MORTGAGEE PROVISIONS

Section 8.01 Notice of Action. An institutional holder, insurer, or guarantor of a Mortgage, who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number, therefore becoming an "Eligible Holder"), shall be entitled to timely written notice of: (a) any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is a Mortgage held, insured, or guaranteed by such Eligible Holder; (b) any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the Mortgage of such eligible holder where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by the Owner of the encumbered Lot of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days; (c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; (d) any proposed action which would require the consent of a specified percentage of Eligible Holders.

Section 8.02 Financial Statements. Upon written request of any institutional holder of a Mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of final financial statements of the Association within ninety (90) days of the date of the request.

Section 8.03 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.

Section 8.04 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.

Section 8.05 Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

Section 8.06 Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any Mortgage on a Lot. The sale or transfer of any Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a Mortgage, shall extinguish the lien of any assessments which became due prior to the date of conveyance pursuant to such foreclosure. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any Mortgage.

ARTICLE IX. EASEMENTS

Section 9.01 Drainage Easements. There is hereby created a blanket easement for drainage of surface water on, over and across each Lot. An Owner shall not at any time hereafter fill, block or obstruct any drainage improvements on his Lot and each Owner shall repair and maintain all drainage improvements located on his Lot. No structure of any kind shall be constructed and no vegetation shall be planted or allowed to grow within the

drainage improvements which may impede the flow of surface water or which may materially increase the flow of surface water onto another Lot. All drainage areas and improvements shall be maintained by the Owner of the Lots on which such areas and improvements are located.

Section 9.02 Declarant's Easement. Declarant hereby reserves for itself (or its designated agents and contractors) easements over the Lots, the Common Property, the Irrigation Systems and the Disposal System for: (a) the performance of warranty work or other corrective action elected to be performed by Declarant in its sole discretion; and (b) the installation and maintenance of electric, telephone cable, communications, water, gas, drainage and sanitary sewer or similar or other lines, pipes or facilities as shown on the recorded Plat or as may hereafter be required or needed to service any Lot, the Common Property, the Irrigation Systems or the Disposal System (provided, however, no utility other than a connection line to a Residential Unit served by the utility shall be installed in any area upon which a Residential Unit has been or may legally be constructed on the Lot), together with the right to grant and transfer same and also together with such temporary construction easement(s) as may be necessary or desirable to accomplish same.

Section 9.03 Easements to Facilitate Development. Declarant hereby reserves to itself and its successors and assigns, subject to the limitations of the Master Declaration, the right to: (a) use any Lots owned or leased by such party, or any other Lot with written consent of the Owner thereof, any portion of the Common Property as models, management offices, sales offices, a visitors' center, construction, construction offices, customer service offices or sales office parking areas; and (b) install and maintain on the Common Property, any Lot owned or leased by such party, or any other Lot with the consent of the Owner thereof, such marketing, promotional or other signs which the Declarant deems necessary for the development, sale or lease of the Property.

Section 9.04 Dedications and Easements Required by Governmental Authorities. Declarant hereby reserves to itself and its successors and assigns the right to make any declarations and to grant any easements, rights-of-way and licenses required by any government or governmental agency over and through all or any portion of the Common Property.

Section 9.05 Easements for Maintenance and Enforcement. The Association and its directors, officers, agents, contractors and employees, and any other persons and entities authorized by the Board are hereby granted the right of access over and through any Lots (excluding the interior of any Residential Unit), for (i) the exercise and discharge of their respective powers and responsibilities under the Declaration and Bylaws; (ii) correcting any condition originating in a Lot or in the Common Property threatening another Lot or the Common Property; (iii) performing installations or maintenance of utilities, landscaping or other improvements located on the Lots for which the Association is responsible for maintenance; or (iv) correcting any condition which violates the Declaration or Bylaws.

ARTICLE X. INSURANCE

Section 10.01 Association Insurance. The Association shall obtain and maintain commercial general liability insurance of at least One Million (\$1,000,000.00) Dollars, and, if reasonably available, directors' and officers' liability insurance. Policies may contain a reasonable deductible as determined by the Board of Directors. In addition, the Board of Directors shall obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirements of applicable laws, and a fidelity bond or bonds on all persons handling or responsible for the Association's funds, if reasonably available. If obtained, the amount of fidelity coverage shall at least equal three months' total assessments plus reserves on hand. Fidelity coverage shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation. All such insurance coverage shall be written in the name of the Association.

Section 10.02 Additional Insurance Requirements. The Board of Directors shall utilize reasonable efforts to include a waiver of the insurer's rights of subrogation of any claims against directors, officers, the managing agent, the individual Owners, occupants, and their respective household members in the policies that the Association obtains.

All policies of insurance shall be written with a company licensed to do business in the State of North Carolina. Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

Additionally, the Association shall obtain such insurance coverage as is necessary to satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U.S. Department of Veterans Affairs, and the U.S. Department of Housing and Urban Development, if and to the extent applicable to the Property.

Nothing contained herein requires the Association to make a claim under the insurance policies upon the occurrence of an insured event. The Association has the right to exercise reasonable business judgment in all insurance decisions.

ARTICLE XI. RULES AND REGULATIONS

The Board of Directors shall have the authority to adopt additional rules and regulations governing the use of the Property and Lots and shall furnish a written copy of said rules and regulations to the Owner(s) of each Lot at least fifteen (15) days before such rules and regulations become effective.

In addition to any other rights and remedies that the Association may have under this Declaration, the Association may impose sanctions for violations of this Declaration, the Bylaws of the Association, the rules and regulations adopted by the Association, or other restrictions applicable to the Properties, in accordance with procedures set forth in the Bylaws, which sanctions may include, but are not limited to, reasonable monetary fines, which fines shall be deemed a special assessment and a lien upon the Lot of the violator, and suspension of the right to vote and the right to use any recreational facilities; provided, however, that the Association may not suspend such Owner's right of access to or any utilities servicing his Lot.

In addition, pursuant to procedures provided in the Bylaws, the Association may exercise self-help to cure violations provided, however, that the Association may not suspend such Owner's right of access to or any utilities servicing his Lot.

The Association shall have the right and easement to go upon any Lot for the purpose of exercising its rights hereunder. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass. All remedies set forth in this Declaration and the Bylaws shall be cumulative of any remedies available at law or in equity. In any action to enforce its rights and remedies, the party prevailing in such action shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred by such action.

Declarant shall have the right to similarly enforce the restrictions contained in the Master Declaration.

ARTICLE XII. AMENDMENT

Until the termination of the Development Period, the Declaration may be amended only by Declarant, who, subject to the approval of the Master Declarant as evidenced by its execution of the amendment, may unilaterally amend this Declaration for any purpose. Thereafter, Declarant or the Board of Directors may unilaterally amend this Declaration if such amendment is necessary to: (a) bring any provision hereof into compliance with any applicable governmental statute, rules or regulation or judicial determination which shall be in conflict therewith, (b) enable any reputable title insurance company to issue title insurance coverage with respect to the Lots, (c) enable an institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans (such as the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation) to make, purchase, insure or guarantee mortgage loans on the Lots, (d) an amendment is necessary to enable any governmental agency or private insurance company, including but not limited to the U.S. Department of Housing and Urban Development and the U.S. Department of Veterans Affairs, to insure or guarantee mortgage loans on the Lots. However, any such amendment shall not adversely affect the title to any Owner's Lot unless such Lot Owner shall consent thereto in writing, or (e) an amendment related to the merger of the Association into the Master Association or some other owner's

association. Notwithstanding the foregoing, no amendment (a) through (e) shall amend the provisions with respect to the Master Declaration, the Master Association or the Master Declarant. After the termination of the Development Period, except for items (a) through (e) above, this Declaration may be amended only upon the affirmative vote or written consent, or any combination thereof, of 2/3 of the Lot Owners and, during the Development and Sale Period under the Master Declaration, consent of the Master Declarant as evidenced by its execution of the amendment.

Any amendment shall become effective upon the recording with the Registry of the instrument evidencing such change unless a later effective date is specified therein. If an Owner consents to an amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment. Any procedural challenge to an amendment must be made within six months of the recording of the amendment or such amendment shall be presumed to have been validly adopted.

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

ARTICLE XIII. MISCELLANEOUS

Section 13.01 Failure of Enforcement. If the Association fails to enforce the compliance with any of the provisions of this Declaration by the Owner of any Lot, then the Owner of any other Lot shall have the right to file an action in the Superior Court of the county where the Property is located for an order from such court enforcing such compliance; provided, however, in no event shall the Board of Directors, or any officer of the Association, or any of their agents, be personally liable to anyone on account of their failure to enforce any of the terms, provisions or restrictions set forth in this Declaration.

Section 13.02 No Waivers. In no event shall the failure by the Association to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, provisions or agreements set forth in this Declaration be construed as a waiver or relinquishment of the future enforcement of any such term, covenant, condition, provision, or agreement. The acceptance of performance of anything required to be performed with knowledge of the breach of a term, covenant, condition, provision or agreement shall not be deemed a waiver of such breach, and no waiver by the Association of any term, covenant, condition, provision or agreement shall be deemed to have been made unless expressed in writing and signed by a duly authorized officer of the Association.

Section 13.03 Duration. This Declaration, and all of the terms, easements, provisions, liens, charges, restrictions and covenants set forth herein, shall run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty (20) years from and after the date this Declaration is recorded, after which time such covenants and restrictions shall be automatically extended for successive periods of twenty (20) years until the recordation of an instrument of termination within two (2) years of the expiration of the initial twenty-year period or any extension thereof, such instrument having been executed by a minimum of sixty-six percent (66%) of the record Owners of the Lots.

Section 13.04 Notices. Any notice required or permitted to be sent to any member of the Association pursuant to any provision of this Declaration may be served by depositing such notice in the mail, postage prepaid, addressed to the member or Owner to whom it is intended, at the address which such member shall have furnished to the Secretary of the Association in accordance with the Bylaws, or, in the absence of any such address having been so furnished to the Secretary of the Association, at the address of the Lot owned by such member. The date of service shall be the date of mailing. The address of Declarant or the Association shall be the address of its respective registered agent on file with the Secretary of State of North Carolina. The date of service shall be the date shown on the return receipt. Rejection or other refusal to accept shall be deemed to be receipt of the notice sent.

Section 13.05 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if any provision of this Declaration or the application thereof to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other

provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

Section 13.06 Judicial Proceedings. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any Person or Persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the Lots, to enforce any liens created by this Declaration. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by Declarant during the Declarant Control Period or, after the Declarant Control Period, approved by at least seventy-five percent (75%) of the Lot Owners, which approval must be accompanied by the approval of a reasonable litigation budget and the approval of a Special Assessment in an amount equal to the litigation budget to be levied equally among the Lots and collected before commencement of any action. This section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including the foreclosure of liens); (b) the collections of assessments; (c) proceeding involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This section 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.

Section 13.07 Successors to Declarant. In no event shall any person or other entity succeeding to the interest of Declarant by operation of law or through purchase of Declarant's interest in all or any portion of the Property at foreclosure, sale under power or by deed in lieu of foreclosure, be liable for any act, omission or matter occurring, or arising from any act, omission or matter occurring, prior to the date such successor succeeded to the interest of Declarant.

Section 13.08 Right to Approve Additional Covenants. No Person shall record any amendment to this Declaration or any declaration of covenants, conditions and restrictions, declaration of condominium, or similar instrument affecting any portion of the Property, during the Development Period, without Declarant's and the Master Declarant's written consent, and thereafter without consent of the Association and the Master Declarant. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed and recorded by Declarant and Master Declarant.

ARTICLE XIV. SPECIAL PROVISIONS

Section 14.01 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be. However, neither the Association, the Board, the management company of the Association, any neighborhood association, Declarant, the Master Association, the Master Declarant, nor any land entity shall in any way be considered insurers or guarantors of security within the property, nor shall any of the above-mentioned parties be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the property (or onsite roving patrol or resources, if applicable) cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases present loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and covenants to inform all occupants of its Improved Lot, and their respective families and invitees, that neither the Association, the Board, committees, neighborhood associations, nor any other person involved with the governance, maintenance, and management of the Property, including Declarant, are insurers of safety or security within the Property. All Owners and occupants, and their respective families and invitees, assume all risks of personal injury and loss or damage to persons, units, and the contents of units, and further acknowledge that neither the Association, its Board and committees, the management company of the Association, any neighborhood association, Declarant nor any land entity have made representations or warranties regarding any attended or unattended entry gate, patrolling of the property, any fire protection system, burglar alarm system, or other security systems recommended or installed or any security measures undertaken within the Property. All Owners and occupants, and their respective families and invitees, further acknowledge that they have not relied upon any such representations or warranties, expressed or implied.

Section 14.02 View Impairment. Neither Declarant nor the Association guarantees or represents that any view over and across the open space from adjacent Improved Lots or other property will be preserved without impairment. Without limiting the foregoing, neither Declarant nor the Association shall have the obligation to relocate, prune, or thin trees or other landscaping except as set forth above. Any express or implied easements for view purposes and/or for the passage of light and air are hereby expressly disclaimed.

Section 14.03 Mailbox Easements. Mailbox structures shall be installed at such locations within the Property as Declarant and the U.S. Postal Service determine to be appropriate. If mailbox structures benefiting more than a single Improved Lot are constructed or installed on Lots, an easement shall be deemed to exist over such portion of the Lot(s) on which such structures are constructed or installed so as to facilitate the use of such mailbox structure by the U.S. Postal Service, the Owners of the Improved Lots to be served by such structures, and the Association. All such common mailbox structures shall be Common Property.

Section 14.04 Future Development. Declarant presently plans to develop only those Lots which have already been released for construction and sale, and Declarant has no obligation with respect to future phases, plans, zoning, or development of other real property contiguous to or nearby the Lots presently planned for development. The Owner of a Lot may have seen proposed or contemplated residential and other developments which may have been illustrated in the plot plan or other sales literature in or from Declarant's sales office, and/or may have been advised of the same in discussions with sales personnel; however, notwithstanding such plot plans, sales literature, or discussions or representations by sales personnel or otherwise, Declarant is under no obligation to construct such future or planned developments or units, and the same may not be built in the event that Declarant, for any reason whatsoever, decides not to build same. An Owner is not entitled to rely upon, and in fact has not relied upon, the presumption or belief that the same will be built; and no sales personnel or any other person in any way associated with Declarant has any authority to make any statement contrary to the foregoing provisions. Without limiting the foregoing, Declarant reserves the right to install bike and pedestrian pathways and/or trails within the Property, and users of the pathways and/or trails could produce noise, leave trash, loiter in the area and create other disturbances that may result in inconvenience and disturbances to Owners and occupants of the Lots.

Section 14.05 Construction Nuisances. Residential subdivision and new home construction are subject to and accompanied by substantial levels of noise, dust, traffic, and other construction-related "nuisances." Each Owner acknowledges and agrees that it is purchasing a Lot which is within a residential subdivision currently being developed, and that the Owner will experience and accepts substantial level of construction-related "nuisances" until the subdivision (and other neighboring portions of land being developed) have been completed and sold out. Declarant reserves the right, until the conveyance of title to the Purchaser of the last Lot in the Property, to unilaterally restrict and/or re-route all pedestrian and vehicular traffic within the Property, in Declarant's sole discretion, to accommodate Declarant's construction activities, and sales and marketing activities; provided that no Lot shall be deprived of access to a dedicated street adjacent to the Property.

Section 14.06 Model Homes. Model homes are displayed for illustrative purposes only, and such display shall not constitute an agreement or commitment on the part of Declarant to deliver the Lot in conformity with any model home, and any representation or inference to the contrary is hereby expressly disclaimed. None of the decorator items and other items or furnishings (including, but not limited to, decorator paint colors, wallpaper, window treatments, mirrors, upgraded carpet, decorator built-ins, model home furniture, model home landscaping, and the like) shown installed or on display in any model home are included for sale to a purchaser unless an authorized officer of Declarant has specifically agreed in a written addendum to the purchase agreement to make specific items a part of the purchase agreement.

Section 14.07 Wild Animals. The Property is located adjacent or nearby to certain undeveloped areas that may contain various species of wild creatures (including, but not limited to, deer and foxes), which may from time to time stray onto the Property, and which may otherwise pose a nuisance or hazard.

Section 14.08 Subdivision Plan Restrictions. The Lots are subject to all easements, rights of way and restrictions shown on the Plat, including, without limitation, impervious surface restrictions, if any.

Section 14.09 Easement to Inspect and Correct.

(a) Easement. Declarant reserves, for itself and such other persons as it may designate, perpetual, non-exclusive easements throughout the Property, to the extent reasonably necessary for the purposes of access, inspecting, testing, redesigning, correcting, or improving any portion of the Property, including Lots and the Common Property. Declarant shall have the right to redesign, correct, or improve any part of the Property, including Lots and the Common Property.

(b) Right of Entry. In addition to the above easement, Declarant reserves a right of entry onto a Lot upon reasonable notice to the Owner; provided, in an emergency, no such notice need be given. Entry into a Lot shall be only after Declarant notifies the Owner (or occupant) and agrees with the Owner regarding a reasonable time to enter the Lot to perform such activities. Each Owner agrees to cooperate in a reasonable manner with Declarant in Declarant's exercise of the rights provided to it by this Section.

Entry onto the Common Property and into any improvements and structures thereon may be made by Declarant at any time, provided advance notice is given to the Association; provided, in an emergency, no notice need be given.

(c) Damage. Any damage to a Lot or the Common Property resulting from the exercise of the easement and right of entry described in subsections (A) and (B) of this Section shall promptly be repaired by, and at the expense of, Declarant. 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.

Section 14.10 Highways/Roadways. The Property is or may be located adjacent to or nearby expressways and/or arterial or major roadways, and subject to levels of traffic thereon and noise, dust, and other nuisance from such roadways and vehicles. Also, each Lot is located in proximity to streets and other Lots within the Property, and subject to substantial levels of sound and noise.

Section 14.11 Gas Lines. The Property or portions thereof are or may be nearby major regional underground natural gas transmission pipelines.

Section 14.12 Electrical Power Systems. Distribution lines and transformers, overhead power lines, underground electric transmission or a power substation are located near the Property. These lines are owned, operated and maintained by Duke Power Company. Please note that the size, nature, voltage and location of such distribution lines and transformers, overhead power lines, underground electric transmission or a power sub-station, whichever exist, are not within Seller's control and are subject to change.

Section 14.13 Recreational Facilities. If developed as planned, the Property may include, without limitation, recreational facilities consisting of walking trails, boardwalk, pool, cabana and a tot lot (collectively, the "Recreational Facilities"). The use of these Recreational Facilities may cause noise, night light, and other disturbances to Owner. Owners living near the Recreational Facilities will likely experience higher than normal pedestrian traffic and other disturbances associated with the use of the Recreational Facilities. The condition of the Recreational Facilities may change over time and the Association may change the hours of operation of and access to the Recreational Facilities from time to time.

Section 14.14 Nuclear Power Plant. The Shearon Harris Nuclear Station is located approximately six miles from the Property and the Property may therefore be subject to fumes and physically airborne particulates caused by the operation and maintenance of the nuclear plant.

Section 14.15 Landfill. The Wake County Landfill is located approximately .75 miles from the Property and the Property may be subject to unpleasant odors and other such impacts from the operation and maintenance of the landfill.

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

DECLARANT

Meritage Homes of the Carolinas, Inc.
An Arizona corporation

By: *Pat E. Hanchette*
Name: Patricia E. Hanchette
Its: Division President
Date: 11/18, 2018

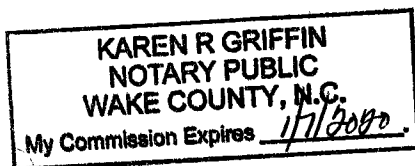
STATE OF North Carolina
COUNTY OF Wake

I certify that the following person personally appeared before me this day, acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:
Patricia E. Hanchette.

Witness my hand and official seal, this the 19 day of November, 2018.

Karen R. Griffin
Printed Name: Karen R. Griffin
My commission expires: January 7, 2020

[SEAL]



CONSENT AND JOINDER

SM Raleigh, LLC, a North Carolina limited liability company (hereinafter "**Owner**") is the owner of a portion of those tracts or parcels of land described in Exhibit A to this Declaration of Covenants, Restrictions and Easements for Twelve Oaks Phase 9 (the "**Property**").

The Owner, acting not as Declarant, but in its capacity as the Owner of a portion of the Property, hereby consents to the encumbrance of the Property with the above-referenced Declaration of Covenants, Restrictions and Easements for Twelve Oaks Phase 9 (the "**Declaration**") and agrees that the Property shall be subject to and is hereby subjected to the provisions of such Declaration and any and all amendments recorded thereto.

IN WITNESS WHEREOF, Owner has caused this instrument to be executed under seal by its duly authorized representative on this 19th day of NOVEMBER, 2018.

SM Raleigh, LLC

By: [Signature]
 Name: GEORGE W. WELTER
 Title: PRESIDENT - RALEIGH DIVISION

STATE OF North Carolina
 COUNTY OF Wake

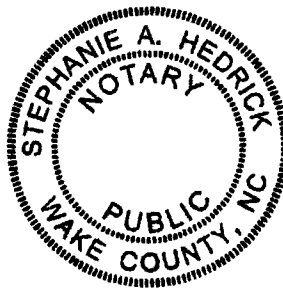
I certify that George W. Welter personally appeared before me this day, acknowledging to me that she/he is the President of SM Raleigh, LLC and that she/he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated.

Witness my hand and official seal, this the 19th day of November, 2018.

(Official Seal)

[Signature]
 Notary Public

My commission expires: 08/02/2020



CONSENT OF MASTER DECLARANT

Pursuant to the Master Declaration, WSLD 12 Oaks VI, L.L.C., a Delaware limited liability company, which is the Declarant under the Master Declaration, approves the Declaration and recordation hereof as evidenced by its signature below. This consent does not constitute a subordination of the Master Declaration or a waiver of any provision of the Master Declaration.

WSLD 12 Oaks VI, LLC
a Delaware limited liability company

By: WSLD 12 Oaks VI, L.L.C.,
a Delaware limited liability company, its Sole Member

By: WSLD NC/SC Portfolio Investors VI, L.L.C.,
a Delaware limited liability company, its Managing Member

By: Walton Landeavor Holdings VI, L.L.C.,
a Delaware limited liability company, its Managing Member

By: Walton Landeavor Investors VI, L.L.C., a Delaware limited
liability company, its Managing Member

By: Walton Acquisition REOC Master IV, L.L.C.,
a Delaware limited liability company, its Sole Member

By: Walton Street Real Estate Fund VI-Q, L.P.,
a Delaware limited partnership, its Managing Member

By: Walton Street Managers VI, L.P.,
a Delaware limited partnership, its General Partner

By: WSC Managers VI, Inc., a Delaware
corporation, its General Partner

By: T-Je
Name: Timothy J Junker
Its: VP

STATE OF IL

COUNTY OF COOK

I, Michelle Villaseñor, a notary public of the County and State aforesaid, certify that Timothy J. Junker personally came before me this day and acknowledged that (s)/he is VP of WSC Managers VI, Inc., General Partner of Walton Street Managers VI, L.P., General Partner of Walton Street Real Estate Fund VI-Q, L.P., Managing Member of Walton Acquisition REOC Master VI, L.L.C., Sole Member of Walton Landeavor Investors VI, L.L.C., Managing Member of Walton Landeavor Holdings VI, L.L.C., Managing Member of WSLD NC/SC Portfolio Investors VI, L.L.C., Managing Member of WSLD 12 Oaks VI, L.L.C., a Delaware limited liability company, and that, in such capacity, he/she signed the foregoing document on behalf of the company, by its authority duly given.

WITNESS my hand and official stamp (or seal), this the 12 day of November, 2018.

(SEAL)



Notary Public: Michelle Villaseñor

My commission expires: 12/28/2019

EXHIBIT "A"

Legal Description

BEING all of **Tract 1**, containing approximately 48.193 acres, **Tract 2**, containing approximately 58.756 acres, and **Tract 3**, containing approximately 22.940 acres, as shown on a plat entitled "Exempt Subdivision Map Tracts 1-3 H&B Stephenson Family, LLC," prepared by Robinson & Plante, P.C., and recorded in Book of Maps 2017, Pages 1277 and 1278, Wake County Registry.