Mail to: SSL Limited Partnership
1330 Ashleybrook Lane, Winston-Salem, NC 27103

PRESENTED
FOR
REGISTRATION

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KENNETH C. WILKINS
REGISTER OF DEEDS
WAKE COUNTY

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NORTH CAROLINA)
)
WAKE COUNTY)

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF SUNSET RIDGE

THIS DECLARATION, made this 17 day of May, 1991, by SSL LIMITED PARTNERSHIP, C.Y. JORDAN & wife, DOROTHY THOMAS JORDAN, HATTIE D. JORDAN (widow), MARJORIE J. MATTHEWS & husband, RAYMOND WRIGHT MATTHEWS, and the ESTATE OF G.H. JORDAN, JR. by HATTIE D. JORDAN and BRANCH BANKING AND TRUST COMPANY, CO-EXECUTORS, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property located in Holly Springs Township, Wake County, North Carolina, which property is more particularly described on the attached Exhibit "A"; and

WHEREAS, Declarant will convey the said property subject to certain protective covenants, conditions, restrictions, reservations and charges as hereinafter set forth; and

WHEREAS, Declarant desires to create thereon a planned community with a mix of housing types; and

WHEREAS, Declarant desires to provide for the preservation and enhancement of the property values, amenities and opportunities in said community and for the maintenance of the properties and the improvements thereon, and to that end desires to subject the real property as described above, together with any and all such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities in said community to create an agency to which should be delegated and assigned the powers of owning, maintaining and administering the community properties and facilities, administering and enforcing the covenants and restrictions,

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collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety and welfare of the residents; and

WHEREAS, Declarant has incorporated under the laws of the State of North Carolina the Sunset Ridge Association, Inc. as a non-profit corporation for the purpose of exercising the functions aforesaid, among others.

NOW, THEREFORE, Declarant hereby declares all of the property as hereinabove-described to be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, all of which shall run with the real property, shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Sunset Ridge Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Sunset Ridge" shall mean and refer to that certain real property which is subject to this Declaration and any such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean and refer to all real property within Sunset Ridge which is owned by the Association for the common use and enjoyment of all Members.

Section 4. "Limited Common Area" shall mean those lands not owned by the Association that serve only a limited number of dwelling units and which may include, but specifically are not limited to, driveways and walkways serving townhouse sites, parking spaces, buildings or other areas serving only specified dwelling units, and other such similar areas as may be designated by the Association. Limited common areas shall be maintained at the expense of the owners of dwelling units served thereby and not by the Association.

Section 5. "Site" shall mean any plot of land regardless of size as shown on a recorded subdivision map of Sunset Ridge which has been approved by Declarant as required by this Declaration. A site may provide for or contain one or more dwelling units as provided for in the development plan as approved by the Town of Holly Springs, including any additions thereto.

Section 6. "Undeveloped Site" shall mean a site or an area of Sunset Ridge yet undeveloped but intended to contain one or more residential units as provided in the general plan for Sunset Ridge as appoved by the Town of Holly Springs, including any additions thereto.

Section 7. "Dwelling Unit" shall mean a residence containing sleeping facilities for one or more persons and a kitchen. A dwelling unit may be attached to or separated from other dwelling units.

Section 8. "Member" shall mean and refer to every person or entity entitled to membership in the Association as provided in this Declaration.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title or undivided interest in and to any dwelling unit or site which is a part of Sunset Ridge, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 10. "Declarant" shall mean and refer to SSL Limited Partnership, C.Y. Jordan and wife, Dorothy Thomas Jordan, Hattie D. Jordan, Marjorie J. Matthews and husband, Raymond Wright Matthews, and the Estate of G.H. Jordan, Jr., by Hattie D. Jordan and Branch Banking and Trust Company, Co-Executors, as well as their heirs, successors and assigns, if such heirs, successors and assigns should acquire more than one undeveloped site from the Declarant for the purpose of development.

Section 11. "Board of Directors" shall mean those persons elected or appointed to act collectively as the directors of the Association.

Section 12. "Book of Resolutions" shall mean and refer to the document containing rules and regulations and policies adopted by the Board of Directors.

Section 13. "VA" shall mean Veterans Administration and "HUD" shall mean Department of Housing and Urban Development.

Section 14. "Bylaws" shall mean the bylaws of the Association as they now or hereafter exist.

ARTICLE II

COMMON AREA OWNERSHIP AND MAINTENANCE

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right of enjoyment in and to the common area which shall be appurtenant to and shall pass with the title to every site or dwelling unit.

Section 2. Delegation of Use. Any owner may delegate his right of enjoyment of the common area and facilities to the members of his family, his tenants, contract purchasers who reside on the property, or his guests.

Section 3. Rules and Regulations. The Board of Directors shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the common area. Such rules and regulations, along with all policy resolutions and actions taken by the Board of Directors, shall be recorded in a Book of Resolutions, which shall be maintained in a place reasonably convenient to the members and available to them for inspection during normal business hours.

Section 4. Leasing Common Area Facilities. The Board of Directors shall have the power to lease the use of any recreational facility for functions, lessons or other special events, and to allow such lessee to charge admission or other fees for functions, lessons or other special events.

Section 5. Operating Common Area Facilities. The Board of Directors shall have the power to limit the number of guests, to regulate behavior and hours of operation, and

to curtail any use or uses it deems necessary for either the protection of the facilities or the peace and tranquility of adjoining residents.

Section 6. Common Area Facilities Admission Fees. The Association may charge reasonable admission and other fees for the use of any common area recreational facility.

Section 7. Suspensions. The Board of Directors shall have the power to suspend the voting rights and the right to use the common area facilities of a Class A member, or any person to whom that member has delegated his right of enjoyment, for any period during which any assessment against his dwelling unit or site remains unpaid, and, for a period not to exceed thirty (30) days, for any infraction of its published rules and regulations.

Section 8. Declarant's Covenant to Convey Title to Common Area. Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the property designated common area and portions thereof to the Association after completion by Declarant of improvements thereon, if any, and upon such time as Declarant determines that the Association is able to maintain same, but, notwithstanding any provision to the contrary herein, such conveyance to the Association shall be made no later than January 1, 2001.

Section 9. Mortgaging Common Area. The Association shall have the power to borrow money for the purpose of improving the common area and facilities and, pursuant thereto, to mortgage the common area or any portion thereof; provided, however, that the execution of such mortgage shall require the same approval of the membership which is required for special assessments for capital improvements as set forth in Article VI, Section 5, of this Declaration. The rights of such mortgagee in said common area shall not be subordinate to the rights of the members.

Section 10. Common Area Dedication or Transfer. The Association shall have the right to dedicate or transfer all of the common area or any part thereof to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by members entitled to cast two-thirds (2/3) of the votes of the membership has been recorded,

agreeing to such dedication or transfer, and unless written notice of the proposed action has been sent to every member not less than thirty (30) days in advance.

ARTICLE III

LAND USE

Section 1. Restrictions. Each dwelling unit or site and the common area shall be subject to both the restrictions herein and those set forth in the bylaws of the Association.

Section 2. Designated Residential Property Restrictions. All property designated for residential use shall be used, improved and devoted exclusively to residential use.

Section 3. Common Area Restriction. All common area recreational facilities and amenities shall be used, improved and devoted exclusively to recreational purposes for the benefit of the owners.

Section 4. Common Area Offensive Use. No immoral, improper, offensive or unlawful use shall be made of Sunset Ridge, and any dwelling ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed.

Section 5. Common Area Construction or Alteration. No person shall undertake, cause or allow any alteration or construction in or upon any portion of the common area unless directed by and with the express written consent of the Association.

Section 6. Nuisance or Annoying Activity. No obnoxious or offensive activity shall be carried on in or upon Sunset Ridge, nor shall anything be done which may be or may become a nuisance or annoyance to any resident within Sunset Ridge. In addition, no owner of a dwelling unit or site shall store or keep a trailbike, motorcycle, motorized 3-wheel bike, tractor, truck, or other such motorized riding vehicle except one pick-up truck and one or more operational automobiles without specific written approval of the Association. In granting such approval, the Association may attach specific conditions which shall be binding on the owner and occupants of the dwelling unit or site.

Section 7. Parking and Antennae. The Association may regulate the parking of boats, campers, and trailers, and the placing of tents and other such items on the common area, including the provision of special facilities for which a reasonable charge may be made. No automobiles, trucks, tractors, boats, campers, or trailers shall be regularly parked within the right-of-way of any street in or adjacent to Sunset Ridge. The Association may regulate or prohibit the erection of antennae on dwelling units.

ARTICLE IV

ARCHITECTURAL CONTROL

Section 1. Architectural Committee. An Architectural Committee consisting of at least three (3) persons shall be appointed at or prior to the sale of the first site by Declarant. At such time as Declarant conveys its last remaining site, the Architectural Committee shall be appointed by the Board of Directors of the Association.

Section 2. Plan or Design Approval. No site preparation or initial construction, erection or installation of any improvements, including but not limited to, dwelling units, outbuildings, fences, walls, signs, antennae, clotheslines and other structures, excavation or changes in grades shall be undertaken on any site unless the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the proposed improvements shall have been submitted to the Architectural Committee and expressly approved in writing. No subsequent alteration or modification of any existing improvements or construction, erection or installation of additional improvements may be undertaken or allowed to remain on any site without the review and express written approval of the Architectural Committee.

Section 3. Effect of Failure to Approve or Disapprove. In the event that the Architectural Committee fails to approve or disapprove the design of any proposed improvements within thirty (30) days after plans and specifications for same have been submitted to and received by it, approval will not be required and the provisions of this Article will be deemed to have been complied with fully; provided, however, that the plans and specifications

required to be submitted shall not be deemed to have been received by the Architectural Committee if they contain erroneous data or fail to present adequate information upon which the Architectural Committee can base its decision.

Section 4. Right of Inspection. The Architectural Committee shall have the right, at its election, to enter upon any of the sites during preparation, contruction, erection or installation of any improvements in order to determine that such work is in accordance with the approved plans and specifications.

Section 5. Exterior Maintenance. The exterior maintenance of dwelling units and sites and the improvements constructed thereon shall be the duty of the owner of such dwelling unit or site, except where specifically provided otherwise, and shall not normally be interfered with by the Association. If, however, in the opinion of the Association, any owner shall fail to maintain any dwelling unit or site in a reasonably neat and orderly manner, or shall fail to keep improvements constructed thereon in a state of repair so as not to be unsightly, the Association, at its discretion and after ten (10) days written notice to such owner, may enter upon and make or cause to be made any necessary repairs and maintenance to such dwelling unit or site, including but not limited to, removal of trash, cutting of grass, pruning of shrubbery, and seeding for erosion control. The Association or its agents shall have an easement for the accomplishment of the foregoing. Any costs incurred by the Association in the making of such repairs and maintenance, plus a service charge in the amount of twenty (20%) percent of such costs, shall be added to and become a part of such other assessments to which the dwelling unit or site is subject.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Section 1. Members. The Declarant, for so long as it shall be an owner, and every person or entity who is an owner of a fee or undivided fee simple interest in any dwelling unit or site which is subject by covenant of record to assessments by the Association, including contract sellers, shall be a member of the Association. The

foregoing does not include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of such dwelling unit or site shall be the sole qualification for membership, and no owner shall have more than one membership, except as expressly provided hereinafter. Membership shall be appurtenant to and shall not be separated from any dwelling unit or site which is subject to assessment by the Association. The Board of Directors may make reasonable rules relating to the proof of ownership of a dwelling unit or site in Sunset Ridge.

Section 2. Member Classes and Voting Rights. The Association shall have two (2) classes of voting members:

Class A. Class A members shall be all those owners with the exception of the Declarant. Class A members shall be entitled to one (1) vote for each dwelling unit or site in which they hold the required ownership interest. When more than one person or entity holds such interest in any dwelling unit or site, all such persons or entities shall be members. The vote for such dwelling unit or site shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any dwelling unit or site and no fractional vote may be cast with respect to any dwelling unit or site.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to seven (7) votes for each dwelling unit or site in which it holds the required ownership interest; provided, however, that the Class B membership shall cease and be converted to Class A membership on the happening of the earlier of the following events:

(a) The total votes outstanding in Class A membership equals the total votes outstanding in Class B membership; provided, however, that the Class B membership shall be reinstated with all the rights, privileges, responsibilities and voting power if, after the conversion of Class B membership to Class A membership as hereinabove provided, additional land is annexed to the properties without the assent of the members on account of development of such additional land by Declarant, all in accordance with Article VIII, Section 2, of this Declaration; or

(b) January 1, 2005.

Section 3. Voting Rights Suspension. The right of any Class A member to vote may be suspended by the Board of Directors of the Association for just cause pursuant to its rules and regulations and according to the provisions of Article II, Section 7, of this Declaration.

Section 4. Right of Declarant to Representation on Board of Directors of the Association. Notwithstanding anything contained herein to the contrary, until January 1, 2005, or until Declarant shall have conveyed seventy-five (75%) percent of the properties shown on the general development plan for Sunset Ridge as approved by the Town of Holly Springs, Declarant or its express assignee shall have the right to designate and select a two-thirds (2/3) majority of the Board of Directors of the Association. Whenever Declarant shall be entitled to designate and select any person(s) to serve on any Board of Directors, the manner in which such person(s) shall be designated shall be as provided in the Articles of Incorporation and/or bylaws of the Association. Declarant shall have the right to remove any person(s) so selected by it and to replace such person(s) so removed with another person(s) selected as herein provided. Any Director designated and selected by Declarant need not be an owner. Declarant, as a member of the Association, or any representative of Declarant serving on the Board of Directors, shall not be required to disqualify itself or himself from the vote upon or entrance into any contract or matter between Declarant and the Association in which Declarant may have a pecuniary or other interest.

ARTICLE VI

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each site and dwelling unit owned, hereby covenants, and every other owner of any site or dwelling unit covered by this Declaration by acceptance of a deed therefor, whether or not expressed in any such deed or other covenant, is deemed to covenant and agree to pay to the Association:

(a) Annual assessments or charges; and,
(b) Special assessments for capital improvements to be fixed, established and collected from time to time as hereinafter provided.

Section 3. Voting Rights Suspension. The right of any Class A member to vote may be suspended by the Board of Directors of the Association for just cause pursuant to its rules and regulations and according to the provisions of Article II, Section 7, of this Declaration.

Section 4. Right of Declarant to Representation on Board of Directors of the Association. Notwithstanding anything contained herein to the contrary, until January 1, 2005, or until Declarant shall have conveyed seventy-five (75%) percent of the properties shown on the general development plan for Sunset Ridge as approved by the Town of Holly Springs, Declarant or its express assignee shall have the right to designate and select a two-thirds (2/3) majority of the Board of Directors of the Association. Whenever Declarant shall be entitled to designate and select any person(s) to serve on any Board of Directors, the manner in which such person(s) shall be designated shall be as provided in the Articles of Incorporation and/or bylaws of the Association. Declarant shall have the right to remove any person(s) so selected by it and to replace such person(s) so removed with another person(s) selected as herein provided. Any Director designated and selected by Declarant need not be an owner. Declarant, as a member of the Association, or any representative of Declarant serving on the Board of Directors, shall not be required to disqualify itself or himself from the vote upon or entrance into any contract or matter between Declarant and the Association in which Declarant may have a pecuniary or other interest.

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(a) Annual assessments or charges; and,
(b) Special assessments for capital improvements to be fixed, established and collected from time to time as hereinafter provided.

The annual and special assessments on a dwelling unit or site, together with interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which the assessment is made. Each such assessment, together with interest and costs and reasonable attorney's fees as provided in NCGS 6-21.2 incurred by the Association in collecting delinquent assessments, shall also be the personal obligation of the person or entity who was the owner of such dwelling unit or site at the time the assessment became due. The obligation of an owner for delinquent assessments shall pass to his successors or assigns in title unless expressly excused by the Association.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the beautification of Sunset Ridge, the recreation, health, safety and welfare of the owners in Sunset Ridge, the enforcement of these covenants and the rules of the Association, and, in particular, the improvement and maintenance of the services and facilities of the common area.

Section 3. Annual Assessment. To and including December 31, 1992, the annual assessment shall be shared equally and shall not be in excess of Fifty ($50.00) Dollars per dwelling unit or site, except as otherwise provided herein, the exact amount of which shall be determined from time to time by the Board of Directors in accordance with the following provisions:

(a) Beginning January 1, 1993, the basic annual assessment may be increased by the Board of Directors of the Association without the vote of the members by a percentage which may not exceed the percentage increase in the US City Average, Consumer Price Index, as published by the US Bureau of Labor Statistics, or such index as may succeed the Consumer Price Index, for the 12-month period ending the preceding July 1.

(b) Beginning January 1, 1993, the basic annual assessment may be increased by the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting called for such purpose. For this

purpose, the Class B member shall be entitled to only one vote for each dwelling unit or site in which it holds the required ownership interest. Written notice of such meeting shall be given to all members not less than thirty (30) days prior to the meeting date. The provisions of this subsection shall not apply to nor be a limitation upon any change in the basic annual assessment undertaken incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

Section 4. Special Assessment for Repairs. In the event any portion of the common area is damaged by an owner or any of his guests, tenants, licensees, agents or family members, such owner does hereby authorize the Association to repair said damaged area in a good and workmanlike manner. The amount necessary for such repairs, labor and materials shall become a special assessment upon the dwelling unit or site of said owner.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments as authorized hereinabove, the Association may levy one or more special assessments applicable to that year only for the purpose of defraying the costs of construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the common area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of the members as defined in Section 3(b) of this Article who are voting in person or by proxy at a meeting duly called for this purpose, with notice of said meeting having been sent to all members at least thirty (30) days in advance.

Section 6. Uniform Rate of Assessment. Both annual and special assessments, except for those assessments authorized by Section 4 of this Article, must be fixed at a uniform rate for all dwelling units or sites, and shall be collected on a monthly, quarterly or annual basis in advance.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments as herein provided shall

commence as to all dwelling units or sites on the first day of the year following the date on which such site has either had construction of a dwelling unit begun or been owned by one other than the Declarant for two (2) years. Notwithstanding anything herein to the contrary, Declarant's assessments shall be twenty-five (25%) percent of the annual assessment of all other dwelling units or sites. The Board of Directors shall fix the amount of the annual assessment against each dwelling unit or site at least thirty (30) days in advance of each assessment period and written notice of such amount shall be sent to each owner subject thereto. If the Board of Directors determines that it would be inequitable to require the payment of the full amount of the annual assessment, such as might be the case if only a portion of the recreational amenities were available to members at the time, the Board may waive payment of any portion of the annual assessment. The due date and appropriate penalties for late payment shall be established by the Board of Directors. The Association shall, upon demand, furnish a written certificate setting forth the status of assessments applicable to a specified dwelling unit or site, and may make a reasonable charge for the issuance of such certificate. Such certificate shall be conclusive evidence of the status of the payment of assessments.

Section 8. Remedies for Non-Payment of Assessments. Any assessment which is not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days of the specified due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen (18%) percent per annum. The Association may bring an action at law against the owner personally obligated to pay such assessment or may foreclose the lien created herein in the same manner prescibed by the laws of the State of North Carolina for foreclosure of Deeds of Trust. Costs and reasonable attorney's fees as hereinabove provided shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for assessments by the nonuse of the common area or the abandonment of his dwelling unit or site. In the event of such action at law or in the event of the entrance of judgment against the owner in favor of the Association, the Association shall be further empowered to execute on such judgment in such manner and to the extent permitted by the laws of the State of North Carolina.

Section 9. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage Deed of Trust and to ad valorem taxes. Sale or transfer of any dwelling unit or site shall not affect the assessment lien; provided, however, that the sale or transfer of any dwelling unit or site pursuant to an order of foreclosure of a mortgage thereon, or any procedure in lieu of foreclosure, shall extinguish the lien of assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve a dwelling unit or site from liability or liens arising from assessments which become due thereafter.

Section 10. Exempt Property. Any portion of Sunset Ridge dedicated to and accepted by a local public authority shall be exempt from assessments herein created; provided, however, that no land or improvements devoted to dwelling unit use shall be exempt from assessments.

Section 11. Annual Budget. By majority vote of the directors, the Board of Directors shall adopt an annual budget for the subsequent operational year which shall provide for the allocation of expenses in such manner that the obligations imposed by this Declaration and by any and all Supplementary Declarations will be met.

ARTICLE VII

EASEMENTS

Section 1. Walks, Drives, Parking Areas, Utilities, Etc. Sunset Ridge, including all sites and common areas, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage, gas lines, telephone lines, electric power lines, television antennae lines, any other utilities, ingress, egress, regress and otherwise, as shall be established by the Declarant or by its predecessors in title prior to the conveyance of the common area to the Association. After such conveyance, the Association shall have the power and authority to grant and establish further easements upon, over, under and across the common areas.

Section 2. Encroachments; Declarant's Easement to Correct Drainage. All dwelling units or sites and the common areas shall be subject to easements for the

encroachment of initial improvements constructed on adjacent sites by Declarant to the extent that such initial improvements actually encroach, including but not limited to, overhanging eaves, gutters, downspouts, exterior storage rooms, bay windows, steps and walls. If such encroachment is a result of settling or shifting of any building or of any permissable repair, construction, reconstruction or alteration, there is hereby created a valid easement for such encroachment for the maintenance of same. For a period of twenty-five (25) years from the date of the first conveyance of a dwelling unit or site in any parcel, phase or section, Declarant reserves a blanket easement on, over and under the ground within that parcel, phase or section for the maintenance and correction of drainage or surface water in order to maintain reasonable standards of health, safety and appearance. Such easement expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action as may be reasonably necessary. After such action has been completed, Declarant shall restore the affected area to its original condition to the extent practicable. Declarant shall give reasonable notice of its intent to take such action to the affected owner. These rights, easements and reservations are assignable by the Declarant.

Section 3. Private Streets and Limited Common Areas. Private streets and limited common areas may be created upon any site to serve the needs of multiple dwelling units thereon. Such private streets and limited common areas shall be subject to an easement in favor of every dwelling unit to which they are adjacent or which they are designed to serve and shall be deemed appurtenant to each dwelling unit whereby the owner of such unit shall be entitled to use them as a means of ingress, egress and regress and for such other uses as may have been designated.

Section 4. Easement to the Town of Holly Springs. An easement is hereby established for municipal, state or other public utilities serving the area, and for their agents and employees, over all common area hereby or hereafter established for setting, removing and reading utility meters, maintaining or replacing utility or drainage connections, and acting with other purposes consistent with the public safety and welfare, including without limitation, police and fire protection.

ARTICLE VIII

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation by Members. Except as provided in Section 2 of this Article, additional lands may be annexed to Sunset Ridge only if two-thirds (2/3) of the aggregate votes in each class are cast in favor of such annexation. In this particular case, the Class B member shall be entitled to only one vote for each dwelling unit or site owned. Written notice of the meeting duly called for this purpose shall be given to all members at least thirty (30) days in advance of the meeting date. The presence at such meeting of the members or authorized proxies entitled to cast, in the aggregate, sixty (60%) percent of the votes shall constitute a quorum. If the required quorum is not met, another meeting shall be called within sixty (60) days thereafter, subject to the same rules of notice as hereinabove set forth, with the required quorum at that meeting being one-half (1/2) of that required for the first meeting. If a quorum is present and a majority of votes is cast in favor of annexation, but the majority is less than the two-thirds (2/3) majority required for approval and it appears that the required two-thirds (2/3) majority would be met if the members not present or voting by proxy would assent to the annexation, the members not present or voting by proxy may assent to or dissent from the proposed annexation in writing within one hundred twenty (120) days following the meeting date. At that time, if the number of votes actually cast at the meeting in favor of annexation together with the votes deemed to have been cast by members assenting to same shall constitute the required two-thirds (2/3) majority, the annexation shall stand approved.

Section 2. Annexation by Declarant. Declarant may annex additional land to Sunset Ridge in the following manner:

(a) If within fifteen (15) years of the date of incorporation of the Association Declarant should develop additional land within the boundaries as shown on the general development plan for Sunset Ridge as approved by the Town of Holly Springs or submitted to VA or HUD, such additional land may be annexed to Sunset Ridge without the assent of the members.

(b) If within fifteen (15) years of the date of incorporation of the Association Declarant should develop from time to time an additional tract or tracts other than as described in subsection 2(a) above but contiguous to such boundaries, such additional land may be annexed to Sunset Ridge without the assent of the members; provided, however, that such annexation shall be approved by the Town of Holly Springs if so required, and further provided that the annexation of such additional lands shall not include more than three hundred (300) acres or four hundred (400) dwelling units, whichever is less.

(c) Declarant may annex to Sunset Ridge additional land as described in subsections 2(a) and 2(b) above by recordation in Wake County Registry a Supplementary Declaration describing the land to be annexed and incorporating the provisions of this Declaration. The additional land will be deemed annexed to Sunset Ridge as of the date of such recordation and no other action or consent by the members shall be required.

(d) Subsequent to recordation of such Supplementary Declaration, Declarant shall deliver to the Association a deed conveying any common area on the annexed land to the Association.

ARTICLE IX

GENERAL PROVISIONS

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

Section 2. Rights of Lenders and Insurers of First Mortgages. Lenders and insurers of first mortgages shall have the following rights:

(a) In the event that any member is in default in any obligation hereunder which remains uncured for a period of sixty (60) days, every lender who is a first mortgagee as to the dwelling unit or site of the defaulting member and every insurer of any such first mortgage, shall be notified immediately of such default, provided that such lender and/or insurer shall have given written certified notice to the Association that it is a mortgagee or insurer as to the dwelling unit or site of such member and shall have requested the notice of default as herein set forth.

(b) Every first mortgagee and/or insurer of the first mortgage of a dwelling unit or site of a member of the Association shall have the right to examine the books of the Association during regular business hours.

Section 3. Amendment by Owners. The covenants, conditions and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Association or the owner of any dwelling unit or site subject hereto, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date of recordation of this Declaration, after which time said covenants shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first thirty (30) year period or thereafter by an instrument executed by the owners of not less than seventy-five (75%) percent of the dwelling units or sites; provided, however, that the Board of Directors of the Association, with prior approval of VA or HUD, may amend this Declaration to correct any obvious error or inconsistency in drafting, typing or reproduction, or to make any amendment requested by VA, HUD or Federal National Mortgage Association, without action or consent of the owners, and such amendment shall be certified as an official act of the Board and recorded in Wake County Registry.

Section 4. Amendment to Achieve Tax-Exempt Status. Declarant, for so long as it controls the Board of Directors of the Association, and thereafter the Board of Directors, may amend this Declaration as shall be necessary in its opinion, without the consent of any owner and with the

consent of VA or HUD, to qualify the Association or Sunset Ridge, or any portion thereof, for tax-exempt status. Such amendment shall become effective at the time of its recordation in the Wake County Registry.

Section 5. Certification and Recordation of Amendment. Any instrument amending this Declaration, other than an amendment to correct an obvious error or inconsistency in drafting, typing or reproduction, shall be delivered, following approval by the owners, to the Board of Directors. Thereupon, the Board of Directors shall, within thirty (30) days of delivery, do the following:

(a) Reasonably assure itself that the amendment has been duly approved by the owners as provided in Section 3 of this Article. For this purpose, the Board may rely on its roster of members without causing any title to be searched;

(b) Attach to the amendment a certification as to its validity which shall be executed by the Association; and,

(c) Cause the instrument to be recorded in the Wake County Registry.

Section 6. Effect and Validity of Amendments. All amendments shall be effective from the date of recordation in the Wake County Registry. Upon such recordation and certification by the Board of Directors, it shall be conclusively presumed that such instrument constitutes a valid amendment as to the owners of all dwelling units or sites in Sunset Ridge.

Section 7. Exchange of Common Area. Notwithstanding any provision contained herein to the contrary, except as contained in Section 4 of this Article, it is expressly provided that the Association may convey to Declarant, as well as any other member, for fair market value, any portion of the common area previously conveyed to the Association, as provided in the Articles of Incorporation of the Association. Any such conveyance shall be subject to the prior approval of VA or HUD. Upon such conveyance, the area conveyed shall cease to be subject to the provisions of this Declaration as it relates to common area. Any area so purchased by the Association pursuant to these terms shall

become common area and shall be subject to the provisions of this Declaration as it relates to common area. The following hypothetical situation is by way of illustration only and not of limitation: Due to a surveying error, an area of undesirable drainage is designated as a dwelling unit site. Pursuant to these terms, Declarant may convey to the Association said site which will then become common area.

Section 8. Protective Covenants for Multi-Unit Dwellings. Nothing herein shall affect Declarant's right to establish, from time to time, appropriate specific additional covenants for the development and use of sites for attached or detached dwelling units on single unit or multiple unit sites in Sunset Ridge.

Section 9. Conflicts. In the event of any irreconcilable conflict between this Declaration and the bylaws of the Association, the provisions of this Declaration shall control. In the event of an irreconcilable conflict between this Declaration or the bylaws of the Association and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 10. Severability. Invalidation of any one of the provisions of this Declaration by judgment or court order shall in no way affect any other provisions of this Declaration, which shall remain in full force and effect.

ARTICLE X

DISSOLUTION OR INSOLVENCY OF THE ASSOCIATION

The Association may be dissolved with the assent given in writing and executed by not less than two-thirds (2/3) of each class of members. Upon dissolution other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those intended by the Association. If such dedication is refused, the assets shall be granted, conveyed and assigned to any non-profit corporation, association or trust or any other organization devoted to similar purposes.

ARTICLE XI

VA AND HUD APPROVAL

As long is there is a Class B member, the following acts will require prior approval for compliance with VA and HUD guidelines, such approval to be not unreasonably withheld:

(a) Annexation of additional properties;
(b) Dedication of common area; and,
(c) Amendment of this Declaration.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed and its seal affixed hereto, the day and year first above written.

SSL LIMITED PARTNERSHIP (SEAL)

by: SUNSET LAKE DEVELOPMENT COMPANY, GENERAL PARTNER

by: _____
President

ATTEST:

_____
Secretary

_____ (SEAL)
C.Y. Jordan

_____ (SEAL)
Dorothy Thomas Jordan

EXHIBIT "A"

BEING KNOWN AND DESIGNATED as all that certain property as shown on a map entitled "SUNSET WEST TRACT MAP" as

Hattie D. Jordan (SEAL)
Hattie D. Jordan (widow)

Marjorie J. Matthews (SEAL)
Marjorie J. Matthews

Raymond Wright Matthews (SEAL)
Raymond Wright Matthews

THE ESTATE OF G.H. JORDAN, JR.

by: Hattie D. Jordan (SEAL)
Hattie D. Jordan Co-Executor

by: BRANCH BANKING AND TRUST COMPANY,
CO-EXECUTOR

by: Betsy B. Davis
Vice President

ATTEST:

Asst Secretary

NORTH CAROLINA, WAKE COUNTY

I, Martha G Powell, Notary Public, do hereby certify that CARDOVIA L. BLACKMON, JR. personally appeared before me this day and acknowledged that he is Secretary of SUNSET LAKE DEVELOPMENT COMPANY, GENERAL PARTNER OF SSL LIMITED PARTNERSHIP, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by him as its Secretary. Witness my hand and official seal, this the 11th day of June, 1991.

Martha G Powell
Notary Public
My commission expires: 2-22-94

MARTHA G. POWELL
NOTARY PUBLIC
WAKE COUNTY, NC

NORTH CAROLINA, WAKE COUNTY

I, Vicky Henderson, Notary Public, do hereby certify that C.Y. JORDAN & wife, DOROTHY THOMAS JORDAN, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal, this the 11 day of June, 1991.

Vicky Henderson
Notary Public
My commission expires: 2/22/94

NORTH CAROLINA, WAKE COUNTY

I, Patricia White, Notary Public, do hereby certify that HATTIE D. JORDAN (widow) personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal, this the 11th day of June, 1991.

PATRICIA WHITE
NOTARY
PUBLIC
WAKE COUNTY N.C.

Patricia White
Notary Public
My commission expires: 10-13-92

NORTH CAROLINA, WAKE COUNTY

I, Deborah A. Rumbel, Notary Public, do hereby certify that MARJORIE J. MATTHEWS & husband, RAYMOND WRIGHT MATTHEWS, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal, this the 12 day of June, 1991.

Deborah A. Rumbel
Notary Public
My commission expires: 4-16-94

NORTH CAROLINA, WAKE COUNTY

I, Patricia White, Notary Public, do hereby certify that HATTIE D. JORDAN, CO-EXECUTOR OF THE ESTATE OF G.H. JORDAN, JR. personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal, this the 11th day of June, 1991.

PATRICIA WHITE NOTARY PUBLIC WAKE COUNTY N.C.

Patricia White
Notary Public
My commission expires: 10.13.92

NORTH CAROLINA, WAKE COUNTY

I, Michele M. Maig, Notary Public, do hereby certify that Earl W. Rose personally appeared before me this day and acknowledged that (s)he is Asst. Secretary of BRANCH BANKING AND TRUST COMPANY, CO-EXECUTOR OF THE ESTATE OF G.H. JORDAN, JR., and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal, and attested by him/her as its Asst. Secretary. Witness my hand and official seal, this the 10 day of June, 1991.

Michele M. Maig
Notary Public
My commission expires: 2.28.94

Drafted by/Mail to:

D.R. Bryan
PO Box 728
Holly Springs NC 27540

Wake County,NC 404
Laura M Riddick, Register Of Deeds
Presented & Recorded 07/15/1999 11:56:36
Book : 008361 Page : 02134 - 02143

NORTH CAROLINA)
)
)
WAKE COUNTY)

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS: SUNSET RIDGE SUBDIVISION, PHASE 7B, LOTS TH-1 & TH-2 INTO LOTS 862-871

THIS SUPPLEMENTARY DECLARATION made this 12 day of July, 1999, by DIXON/KIRBY & COMPANY, [formerly W.E. DIXON & ASSOCIATES, INC.] (DECLARANT). INC.

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in Holly Springs Township, Wake County, North Carolina, which is more particularly described on a map entitled SUNSET RIDGE SUBDIVISION, PHASE 7B, LOTS TH-1 & TH-2 INTO LOTS 862-871, as recorded in Book of Maps 1999, page(s) 1277, Wake County Registry, reference to which is hereby made; and,

WHEREAS, Declarant will convey said property subject to the covenants, conditions, restrictions, reservations, and charges as set forth in that certain Declaration of Covenants, Conditions and Restrictions recorded in Deed Book 4927, page 774, Wake County Registry, and as further set forth herein, and which shall run with the lots and be binding on all parties having any right, title, or interest therein and their heirs, successors, and assigns, and which shall inure to the benefit of each owner thereof; and,

WHEREAS, Declarant desires to insure the most appropriate development and improvement of each lot, to protect the lot owners against such improper use as would depreciate the value of the property to each, to preserve insofar as practicable the natural beauty of each lot, to guard against the erection thereon of poorly designed or proportioned structures and structures built of substandard or unsuitable materials, to secure and maintain proper setbacks with adequate free space between structures, and in general to provide for a high quality of improvements.

NOW, THEREFORE, Declarant hereby declares that all of the real property as described hereinabove shall be held, sold, and conveyed subject to that certain Master Declaration of Covenants, Conditions and Restrictions recorded in Deed Book 4927, page 774, and subject further to the following easements, restrictions, covenants, and conditions:

1. UNIT SIZE. No unit shall be erected or allowed to remain on any of the lots as shown on the recorded plat referenced hereinabove if the floor area of the main structure, exclusive of one-story open porches and garages, shall be less than 1650 square feet.

2. DESIGN SPECIFICS. These lots are constructed as attached townhomes. Accordingly, the following design specifics are applicable to the numbered lots as shown on the recorded plat as referenced hereinabove:

(a) Building height:	2 stories minimum; 3 stories maximum;
(b) Building width:	n/a;
(c) Setbacks - front:	5 feet minimum; 15 feet maximum;
- side:	5 feet minimum;
- rear:	20 feet minimum.

The stated rear setback is not applicable to any accessory buildings or structures, including detached garages. The stated front setback shall not apply to steps, stoops, eaves, or unenclosed porches which do not project more than five (5) feet beyond the building line. Deviations from building line restrictions of ten percent (10%) or less shall not be construed as a violation of this Supplementary Declaration; further, Declarant shall have the right, in its sole discretion and without the consent of any other party, to waive the building setbacks, in whole or in part, as applicable to any given lot.

3. ANNUAL ASSESSMENTS; INITIAL CONTRIBUTION. The annual assessment applicable to the numbered lots as shown on the recorded plat shall, for assessment year one, be in the amount of $70/month/dwelling unit constructed thereon, which assessment shall be subject to all applicable provisions as set out in that Declaration recorded in Deed Book 4927, page 774. It is specifically understood that the amount of the assessment paid to the Association by owners of completed dwelling units located on each of the numbered lots which exceeds the amount of the assessment paid during that same assessment year by owners of detached single-family dwelling units subject to assessment under the terms of said Declaration shall be allocated by the Association for use solely for expenditures applicable exclusively to the townhomes.

Further, each purchaser of a completed dwelling unit constructed on each of the numbered lots as shown on the recorded plat referenced hereinabove shall, at the time of the closing of such purchase, contribute to the Association a sum equal to one month's assessment in effect at the time such payment is due, which initial contribution shall be allocated by the Association as a reserve fund for expenditures applicable exclusively to the townhomes. Initial contributions shall not be considered to be advance payment of annual assessments or special assessments of any nature.

It is further understood that, notwithstanding any provision contained in the Declaration, this Supplementary Declaration or the Bylaws of the Association, any and all decisions of every kind and nature regarding Association expenditures applicable exclusively to the townhomes, including but not limited to the levy of a special assessment against the townhome owners for maintenance, repairs and/or improvement to those dwelling units, shall be made in the sole and exclusive discretion of the owners of the dwelling units affected thereby and not by the entire membership of the Association. It is the intent of this provision that the townhome owners have the autonomy to effect maintenance, repairs and other improvements applicable solely to the townhome units.

4. ALLEYS. Certain of the lots as shown on the recorded plat referenced hereinabove are or may be accessed by private alleys or lanes. Such private alleys or lanes shall function as and be maintained in the same manner as other Common Areas, whether or not such designation shall appear on the recorded plat. All costs associated with the maintenance, repair and/or improvement to said alleys shall be the sole responsibility of the owners served thereby and shall be paid by the Association via the levy of a special assessment for repairs against those owners at the time such expenditures are made or scheduled to be made.

5. ARCHITECTURAL CONTROL. Only units or other improvements which have been approved in writing by the Architectural Review Board ("ARB") prior to the commencement of clearing, grading, or construction of any kind on a lot will be permitted. Upon completion of the foundation and before proceeding with other construction, an actual field survey of the foundation shall be presented to the ARB to ensure compliance with the site plan. The survey must show the proposed location of driveways, and shall indicate the actual distance from all buildings at their closest point to all property lines. All improvements shall comply with the plans as presented unless changes are approved in writing by the ARB. All drives and walks must be paved with concrete or brick. All [illegible] on which a unit is approved and built shall be landscaped [illegible] ordance with the plans approved by the ARB. Landscaping [illegible] finished upon completion of the unit. Total construc-

tion time, from the date of final approval of plans by the ARB to the completion of the unit for occupancy, shall not exceed nine months.

6. PARTY WALLS. The numbered lots as shown on the recorded plat referenced hereinabove are constructed as attached townhomes. Accordingly, each wall which is built as a part of the original construction of the attached homes and placed on the dividing line between the lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Supplementary Declaration, the general rules of law regarding party walls and the liability for property damage due to negligent or willful acts or ommissions shall apply thereto. The costs of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of such wall in proportion to such use. If a party wall is destroyed or damaged by fire or other casualty, any owner who makes use of such wall may undertake its restoration, and each owner having use thereof shall contribute pro-rata to such restoration and repair. Such pro-rata contribution shall not prejudice the right of any owner to call for a larger contribution from one or more owners under the rules of law regarding liability for negligent or willful acts or ommissions. Notwithstanding any other provision herein contained, an owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole and entire cost of all necessitated repairs and of the furnishing of the necessary protection against such elements. The right of any owner to a contribution from any other owner under these party wall provisions shall be appurtenant to the land and shall pass to his successor in title.

7. EXTERIOR MAINTENANCE. The Association shall provide exterior maintenance upon each of the completed dwelling units constructed on the numbered lots as shown on the recorded plat referenced hereinabove as follows: repair, replacement and ongoing care of roofs, gutters, downspouts, trees, shrubs, grass, exterior building surfaces (including, but not limited to, paint, but specifically excluding glass surfaces), and any other exterior improvements, and sidewalks and alleys, to the extent such are not publically maintained. All costs associated with such exterior maintenance, repair and/or improvement shall be the sole responsibility of the dwelling units constructed on the numbered lots and shall be paid by the Association from funds collected via the annual assessment paid by those owners. In the event the need for maintenance, repair or replacement is caused by the negligent or willful act of an owner, his family, guests or invitees, or is caused by those excluded acts or incidents as defined and explained in the NC Standard Fire and Extended Coverage Insurance Policies, the costs of such maintenance, repair or replacement shall be added to and become a part of the assessment to which such lot(s) is/are subject. In order to accomplish the foregoing, there is reserved unto the Association the right to

unobstructed access over, under, and across each lot at all reasonable times to perform the maintenance as herein provided.

8. COVENANT TO INSURE. Each owner of a completed dwelling unit constructed on the numbered lots as shown on the recorded plat referenced hereinabove, by acceptance of a deed therefor, is deemed to covenant to keep the unit constructed on the lot insured against loss by fire with what is commonly known as "extended coverage" in an amount equal to not less than ninety percent (90%) of the replacement value of the unit; to name the Association as an additional insured "as its interest may appear" in order that the Association will be notified of any lapse in coverage; to apply the full amount of insurance proceeds to the repair or rebuilding of the unit; to repair or restore the unit in the event of damage thereto substantially in accordance with this Supplementary Declaration and the original plans and specs for same; and, to keep the unit in good repair as herein provided. In the event of non-payment by an owner of any insurance premium as required hereunder, the Association is authorized to make such payment and to assess the subject lot with the sums so paid as a special assessment.

9. LAKE USE. No motorized boats or other motorized watercraft shall at any time be allowed on the lake.

10. LEASE OF PORTION OF DWELLING UNIT. An owner may rent or let his entire dwelling unit, but no portion of any dwelling unit shall be leased nor may any other building located on a lot be leased separately from the dwelling unit.

11. GARAGES AND PARKING. Each dwelling unit shall have an enclosed garage with adequate space for at least two full-sized vehicles. In addition, each lot shall contain sufficient off-street paved parking for at least two automobiles.

12. NUISANCES. No portion of any lot shall be used for business, manufacturing, or commercial purposes, nor shall any animals, fowl, or merchandise be kept or allowed to remain on any lot for commercial purposes, and no animals other than household pets shall be kept or allowed to remain on any lot for any purpose, nor shall anything be done on any lot which is a nuisance or an annoyance to the community. Each lot owner shall maintain his buildings, improvements, landscaping, and grounds in a safe, clean, and orderly condition.

13. UTILITIES. All water, sewer, gas, electric, telephone, television, and other utility lines, and all connections between the main utility lines and the dwelling unit or any other structures on any lot shall be located underground and concealed so as not to be visible.

14. EASEMENTS. Easements for installation and maintenance of drainage facilities are reserved as shown on the recorded

plat, and Declarant further reserves and easement for, and the right at any time in the future to grant, rights-of-way for the installation and maintenance of public utilities and any irrigation systems over, under, and across any lot at a distance of not more than 10 feet from the side and rear lines of said lot. Each lot and any property designated as Common Area shall be subject to an easement for minor encroachments created by construction, settling, overhangs, brick ledges, balconies, fences, or other protrusions designated or constructed by Declarant.

Further, some lots are subject to a "Sign Easement" as shown on the recorded plat, which easement is created by Declarant for the purpose of construction and maintenance of a neighborhood identification sign. Declarant hereby reserves unto itself, its successors and assigns, and thereafter to Sunset Ridge Association, Inc., the free and full right of ingress, egress, and regress over and across those areas sujbect to said "Sign Easement" and the right from time to time to remove any and all obstructions that, in the opinion of Declarant, its successors and assigns, and thereafter Sunset Ridge Association, Inc., may injure, endanger, or interfere with the maintenance, visibility, or appearance of the sign. Declarant, and thereafter Sunset Ridge Association, Inc., shall be solely responsible for any and all grassing, planting, or other landscaping introduced within the boundaries of said "Sign Easement", including the regular maintenance thereof, and the owner(s) of the lot(s) subject to such easement shall at no time attempt to add to, remove, or interfere in any manner whatsoever with such grassing, planting, and/or landscaping. The owner(s) of such lot(s) shall not locate any structure of any nature within the boundaries of said "Sign Easement" without the express written permission of Declarant. Owner(s) shall otherwise retain all rights to use the property subject to said "Sign Easement" except as set forth hereinabove.

Further, as shown on the recorded plat referenced hereinabove, certain areas which are not Common Areas or Limited Common Areas may be designated as Landscape Easements or Maintenance Easements, including without limitation all trees, grass, and other landscaping contained within the tree lawns behind the curbs, even though such tree lawns lie within the public rights-of-way of the adjacent streets. Declarant hereby reserves for itself, its successors and assigns, and then, without further assignment required, for the Association, an easement over, under, and across each of those areas so designated for the purposes of the installation, operation, maintenance, and repair of all improvements located or to be located thereon, including all personal property which may be associated with such improvements, except for any such improvements or personal property for which a public utility or other public authority shall be responsible.

15. TEMPORARY STRUCTURES. No structure of a temporary character shall be erected or allowed to remain on any lot, and no basement (unless constructed as part of the main dwelling being erected at the same time), tent, shack, garage, mobile home, barn, or other outbuilding erected on a lot shall be used as a residence, either permanently or temporarily. Neither shall any trailer, recreational vehicle, motor home, building material, or non-operative motor vehicle be stored on any lot, except as specifically permitted by Declarant.

16. OUTDOOR STRUCTURES AND VEHICLES. No outside clothes-lines, tree houses, play houses, motorcycles, supplies, tractors, trucks (other than one pick-up truck rated one-half ton or less), trailers, vans (except one non-commercial van owned and operated on a regular daily basis by the owner-occupant of the lot), campers, or other equipment or vehicles, except for operative automobiles, shall be regularly parked or stored in any area on a lot except inside an enclosed building, behind screening approved by Declarant, or as otherwise consented to in writing by Declarant. Garbage and refuse containers, transformers, air conditioning and other mechanical equipment, including solar or other alternative energy devices approved by Declarant, shall either be concealed behind approved screening or integrated into the building design so as to be inconspicuous. All outdoor equipment and accessories on a lot, such as play structures, benches, planters, sculptures, etc., shall be concealed by approved screening or approved in writing by Declarant as compatible and harmonious with the surroundings.

17. BUFFER AREAS. Areas within certain lots are designated as buffer areas, Landscape Buffer, or Thoroughfare Buffer. The topography or any landscaping within any such buffer shall not be disturbed or altered without the prior written consent of Declarant. No walks or paths shall be installed within a buffer area without the prior written consent of Declarant. No buffer area shall be fenced, screened, or otherwise enclosed. A buffer area shall be that portion of any lot within 50 feet of any property line adjoining a lake or pond, or Devils Ridge Golf Club, or as may otherwise be shown on the recorded plat.

18. APPLICATION OF RESTRICTIONS. The foregoing restrictions shall apply only to the lots, and nothing contained herein shall prevent the Declarant from altering the size or frontage of any property other than the lots or the location of any streets or roads other than portions of such streets or roads as abut the lots.

19. WAIVER OF AND CONSENT TO VIOLATIONS. Declarant may waive any violation of these restrictions by an appropriate instrument recorded in the Wake County Registry; provided, however, that if the violation occurs on any lot which abuts a lot previously conveyed to an owner in fee simple, the consent

of such adjoining owner shall also be contained within the aforementioned instrument to be recorded in the Wake County Registry. The provisions of this paragraph whereby the consent of the adjoining property owner is required shall not be applicable to paragraphs 1, 2, 5, 11, 15, 16 and 17 of this Supplementary Declaration whereby only the written consent of Declarant is required.

20. TERM. These restrictions shall run with the land and be binding on all parties and persons claiming under them for a period of forty (40) years from the date of recordation hereof, after which time said restrictions shall be automatically extended for successive ten (10) year periods unless an instrument agreeing to a change in said restrictions, in whole or in part, and executed by a majority of the then owners of the lots has been recorded in the Wake County Registry.

21. ENFORCEMENT. Enforcement of this Supplementary Declaration shall be by proceedings at law or in equity against any person or persons attempting to violate any of the restrictions contained herein, either to restrain violation or to cover damages.

22. ASSIGNMENT BY DECLARANT. Declarant shall have the right to assign its rights under this Supplementary Declaration, in whole or in part, to any person or entity by an express transfer of such rights.

23. SEVERABILITY. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions contained herein, which shall remain in full force and effect.

IN WITNESS WHEREOF, Declarant has hereunto set its hand and seal, the day and year first above written.

DIXON/KIRBY & COMPANY, INC. [formerly W.E. DIXON & ASSOCIATES, INC.]

by: _____
President

DIXON/KIRBY & COMPANY CORPORATION NORTH CAROLINA SEAL 1998

ATTEST:

_____
Asst. Secretary

NORTH CAROLINA, WAKE COUNTY

I, S. Elaine Hudspeth, Notary Public, do hereby certify that DEAN S. SIBLEY personally appeared before me this day and acknowledged that (s)he is Asst Secretary of DIXON/KIRBY & COMPANY, P.A. [formerly W.E. DIXON & ASSOCIATES, INC.] and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by him/her as its Asst Secretary. Witness my hand and official seal, this the 12 day of July, 1999.

OFFICIAL SEAL
North Carolina Wake County
S. ELAINE HUDSPETH
Notary Public
My Commission Expires November 3, 2001

Notary Public
My commission expires: 11-3-01

Laura M Riddick
Register of Deeds
Wake County, NC

Book : 008361 Page : 02134 - 02143

Wake County Register of Deeds
Laura M. Riddick
Register of Deeds

North Carolina - Wake County

The foregoing certificate___ of _____

S. Elaine Hudspeth

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

Laura M. Riddick, Register of Deeds

By: Hedrick C. Baynor
Assistant/Deputy Register of Deeds

This Customer Group
2 # of Time Stamps Needed

This Document
_____ New Time Stamp
10 # of Pages

BK8225PG0723

Drafted by/Mail to:

D.R. Bryan
PO Box 728
Holly Springs NC 27540

000071

PRESENTED FOR REGISTRATION

99 JAN -0 AM 9:50

LAURA M. RIDDICK
REGISTER OF DEEDS
WAKE COUNTY

NORTH CAROLINA)
)
)
WAKE COUNTY)

REVISED SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS: SUNSET RIDGE, PHASE 7B

THIS SUPPLEMENTARY DECLARATION made this 5 day of January, 1999, by SUNSET FOREST, LLC (DECLARANT) and W.E. DIXON & ASSOCIATES, INC. (OWNER).

WITNESSETH:

WHEREAS, Declarant and Owner are the owners of certain real property located in Holly Springs Township, Wake County, North Carolina, which is more particularly described on a map entitled SUNSET RIDGE, PHASE 7B, as recorded in Book of Maps 1998, page 1736, Wake County Registry, reference to which is hereby made; and,

WHEREAS, Declarant and Owner will convey said property subject to the covenants, conditions, restrictions, reservations, and charges as set forth in that certain Declaration of Covenants, Conditions and Restrictions recorded in Deed Book 4927, page 774, Wake County Registry, and as further set forth herein, and which shall run with the lots and be binding on all parties having any right, title, or interest therein and their heirs, successors, and assigns, and which shall inure to the benefit of each owner thereof; and,

WHEREAS, Declarant and Owner desire to insure the most appropriate development and improvement of each lot, to protect the lot owners against such improper use as would depreciate the value of the property to each, to preserve insofar as practicable the natural beauty of each lot, to guard against the erection thereon of poorly designed or proportioned structures and structures built of substandard or unsuitable materials, to secure and maintain proper setbacks with adequate free space between structures, and in general to provide for a high quality of improvements.

1530 with mgt. fee

further, Declarant shall have the right, in its sole discretion and without the consent of any other party, to waive the building setbacks, either in whole or in part, as applicable to any given lot.

4. ANNUAL ASSESSMENTS; INITIAL CONTRIBUTION: LOTS TH-1, TH-2 AND TH-3. The annual assessment applicable to the lots numbered TH-1, TH-2 and TH-3 as shown on the recorded plat shall, for assessment year one, be in the amount of $70/month/dwelling unit constructed thereon, which assessment shall be subject to all applicable provisions as set out in that Declaration recorded in Deed Book 4927, page 774. It is specifically understood that the amount of the assessment paid to the Association by owners of completed dwelling units located on each of lots numbered TH-1, TH-2 and TH-3 which exceeds the amount of the assessment paid during that same assessment year by owners of detached single-family dwelling units subject to assessment under the terms of said Declaration shall be allocated by the Association for use solely for expenditures applicable exclusively to the townhomes.

Further, each purchaser of a completed dwelling unit constructed on lots numbered TH-1, TH-2 and TH-3 as shown on the recorded plat referenced hereinabove shall, at the time of the closing of such purchase, contribute to the Association a sum equal to one month's assessment in effect at the time such payment is due, which initial contribution shall be allocated by the Association as a reserve fund for expenditures applicable exclusively to the townhomes. Initial contributions shall not be considered to be advance payment of annual assessments or special assessments of any nature.

It is further understood that, notwithstanding any provision contained in the Declaration, this Supplementary Declaration or the Bylaws of the Association, any and all decisions of every kind and nature regarding Association expenditures applicable exclusively to the townhomes, including but not limited to the levy of a special assessment against the townhome owners for maintenance, repairs and/or improvement to those dwelling units, shall be made in the sole and exclusive discretion of the owners of the dwelling units affected thereby and not by the entire membership of the Association. It is the intent of this provision that the townhome owners have the autonomy to effect maintenance, repairs and other improvements applicable solely to the townhome units.

5. ALLEYS. Certain of the lots as shown on the recorded plat referenced hereinabove are or may be accessed by private alleys or lanes. Such private alleys or lanes shall function as and be maintained in the same manner as other Common Areas, whether or not such designation shall appear on the recorded plat. All costs associated with the maintenance, repair and/or improvement to said alleys shall be the sole responsibility of

the owners served thereby and shall be paid by the Association via the levy of a special assessment for repairs against those owners at the time such expenditures are made or scheduled to be made.

6. ARCHITECTURAL CONTROL. Only units or other improvements which have been approved in writing by the Architectural Review Board ("ARB") prior to the commencement of clearing, grading, or construction of any kind on a lot will be permitted. Upon completion of the foundation and before proceeding with other construction, an actual field survey of the foundation shall be presented to the ARB to ensure compliance with the site plan. The survey must show the proposed location of driveways, and shall indicate the actual distance from all buildings at their closest point to all property lines. All improvements shall comply with the plans as presented unless changes are approved in writing by the ARB. All drives and walks must be paved with concrete or brick. All lots on which a unit is approved and built shall be landscaped in accordance with the plans approved by the ARB. Landscaping must be finished upon completion of the unit. Total construction time, from the date of final approval of plans by the ARB to the completion of the unit for occupancy, shall not exceed nine months.

7. PARTY WALLS. The lots numbered TH-1, TH-2 and TH-3 as shown on the recorded plat referenced hereinabove are intended for use as attached townhomes and will be subdivided into dwelling unit lots and associated Common Areas or Limited common Areas, at which time a revised plat will be recorded reflecting same. Accordingly, each wall which is built as a part of the original construction of the attached homes and placed on the dividing line between the lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Supplementary Declaration, the general rules of law regarding party walls and the liability for property damage due to negligent or willful acts or ommissions shall apply thereto. The costs of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of such wall in proportion to such use. If a party wall is destroyed or damaged by fire or other casualty, any owner who makes use of such wall may undertake its restoration, and each owner having use thereof shall contribute pro-rata to such restoration and repair. Such pro-rata contribution shall not prejudice the right of any owner to call for a larger contribution from one or more owners under the rules of law regarding liability for negligent or willful acts or ommissions. Notwithstanding any other provision herein contained, an owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole and entire cost of all necessitated repairs and of the furnishing of the

necessary protection against such elements. The right of any owner to a contribution from any other owner under these party wall provisions shall be appurtenant to the land and shall pass to his successor in title.

8. EXTERIOR MAINTENANCE. The Association shall provide exterior maintenance upon each of the completed dwelling units constructed on lots numbered TH-1, TH-2 and TH-3 as shown on the recorded plat referenced hereinabove as follows: repair, replacement and on-going care of roofs, gutters, downspouts, trees, shrubs, grass, exterior building surfaces (including, but not limited to, paint, but specifically excluding glass surfaces), and any other exterior improvements, and sidewalks and alleys, to the extent such are not publically maintained. All costs associated with such exterior maintenance, repair and/or improvement shall be the sole responsibility of the dwelling units constructed on Lots TH-1, TH-2 and TH-3 and shall be paid by the Association from funds collected via the annual assessment paid by those owners. In the event the need for maintenance, repair or replacement is caused by the negligent or willful act of an owner, his family, guests or invitees, or is caused by those excluded acts or incidents as defined and explained in the NC Standard Fire and Extended Coverage Insurance Policies, the costs of such maintenance, repair or replacement shall be added to and become a part of the assessment to which such lot(s) is/are subject. In order to accomplish the foregoing, there is reserved unto the Association the right to unobstructed access over, under, and across each lot at all reasonable times to perform the maintenance as herein provided.

9. COVENANT TO INSURE. Each owner of a completed dwelling unit constructed on lots numbered TH-1, TH-2 and TH-3 lot as shown on the recorded plat referenced hereinabove, by acceptance of a deed therefor, is deemed to covenant to keep the unit constructed on the lot insured against loss by fire with what is commonly known as "extended coverage" in an amount equal to not less than ninety percent (90%) of the replacement value of the unit; to name the Association as an additional insured "as its interest may appear" in order that the Association will be notified of any lapse in coverage; to apply the full amount of insurance proceeds to the repair or rebuilding of the unit; to repair or restore the unit in the event of damage thereto substantially in accordance with this Supplementary Declaration and the original plans and specs for same; and, to keep the unit in good repair as herein provided. In the event of non-payment by an owner of any insurance premium as required hereunder, the Association is authorized to make such payment and to assess the subject lot with the sums so paid as a special assessment.

10. LAKE USE. No motorized boats or other motorized watercraft shall at any time be allowed on the lake.

11. LEASE OF PORTION OF DWELLING UNIT. An owner may rent or let his entire dwelling unit, but no portion of any dwelling unit shall be leased nor may any other building located on a lot be leased separately from the dwelling unit.

12. GARAGES AND PARKING. Each dwelling unit shall have an enclosed garage with adequate space for at least two full-sized vehicles. In addition, each lot shall contain sufficient off-street paved parking for at least two automobiles.

13. NUISANCES. No portion of any lot shall be used for business, manufacturing, or commercial purposes, nor shall any animals, fowl, or merchandise be kept or allowed to remain on any lot for commercial purposes, and no animals other than household pets shall be kept or allowed to remain on any lot for any purpose, nor shall anything be done on any lot which is a nuisance or an annoyance to the community. Each lot owner shall maintain his buildings, improvements, landscaping, and grounds in a safe, clean, and orderly condition.

14. UTILITIES. All water, sewer, gas, electric, telephone, television, and other utility lines, and all connections between the main utility lines and the dwelling unit or any other structures on any lot shall be located underground and concealed so as not to be visible.

15. EASEMENTS. Easements for installation and maintenance of drainage facilities are reserved as shown on the recorded plat, and Declarant further reserves and easement for, and the right at any time in the future to grant, rights-of-way for the installation and maintenance of public utilities and any irrigation systems over, under, and across any lot at a distance of not more than 10 feet from the side and rear lines of said lot. Each lot and any property designated as Common Area shall be subject to an easement for minor encroachments created by construction, settling, overhangs, brick ledges, balconies, fences, or other protrusions designated or constructed by Declarant.

Further, some lots are subject to a "Sign Easement" as shown on the recorded plat, which easement is created by Declarant for the purpose of construction and maintenance of a neighborhood identification sign. Declarant hereby reserves unto itself, its successors and assigns, and thereafter to Sunset Ridge Association, Inc., the free and full right of ingress, egress, and regress over and across those areas sujbect to said "Sign Easement" and the right from time to time to remove any and all obstructions that, in the opinion of Declarant, its successors and assigns, and thereafter Sunset Ridge Association, Inc., amy injure, endanger, or interfere with the maintenance, visibility, or appearance of the sign. Declarant, and thereafter Sunset Ridge Association, Inc., shall be solely responsible for any and all grassing, planting, or other landscaping introduced within the

boundaries of said "Sign Easement", including the regular maintenance thereof, and the owner(s) of the lot(s) subject to such easement shall at no time attempt to add to, remove, or interfere in any manner whatsoever with such grassing, planting, and/or landscaping. The owner(s) of such lot(s) shall not locate any structure of any nature within the boundaries of said "Sign Easement" without the express written permission of Declarant. Owner(s) shall otherwise retain all rights to use the property subject to said "Sign Easement" except as set forth hereinabove.

Further, as shown on the recorded plat referenced hereinabove, certain areas which are not Common Areas or Limited Common Areas may be designated as Landscape Easements or Maintenance Easements, including without limitation all trees, grass, and other landscaping contained within the tree lawns behind the curbs, even though such tree lawns lie within the public rights-of-way of the adjacent streets. Declarant hereby reserves for itself, its successors and assigns, and then, without further assignment required, for the Association, an easement over, under, and across each of those areas so designated for the purposes of the installation, operation, maintenance, and repair of all improvements located or to be located thereon, including all personal property which may be associated with such improvements, except for any such improvements or personal property for which a public utility or other public authority shall be responsible.

16. TEMPORARY STRUCTURES. No structure of a temporary character shall be erected or allowed to remain on any lot, and no basement (unless constructed as part of the main dwelling being erected at the same time), tent, shack, garage, mobile home, barn, or other outbuilding erected on a lot shall be used as a residence, either permanently or temporarily. Neither shall any trailer, recreational vehicle, motor home, building material, or non-operative motor vehicle be stored on any lot, except as specifically permitted by Declarant.

17. OUTDOOR STRUCTURES AND VEHICLES. No outside clotheslines, tree houses, play houses, motorcycles, supplies, tractors, trucks (other than one pick-up truck rated one-half ton or less), trailers, vans (except one non-commercial van owned and operated on a regular daily basis by the owner-occupant of the lot), campers, or other equipment or vehicles, except for operative automobiles, shall be regularly parked or stored in any area on a lot except inside an enclosed building, behind screening approved by Declarant, or as otherwise consented to in writing by Declarant. Garbage and refuse containers, transformers, air conditioning and other mechanical equipment, including solar or other alternative energy devices approved by Declarant, shall either be concealed behind approved screening or integrated into the building design so as to be inconspicuous. All outdoor equipment and accessories on a lot, such as play structures, benches,

planters, sculptures, etc., shall be concealed by approved screening or approved in writing by Declarant as compatible and harmonious with the surroundings.

18. BUFFER AREAS. Areas within certain lots are designated as buffer areas, Landscape Buffer, or Thoroughfare Buffer. The topography or any landscaping within any such buffer shall not be disturbed or altered without the prior written consent of Declarant. No walks or paths shall be installed within a buffer area without the prior written consent of Declarant. No buffer area shall be fenced, screened, or otherwise enclosed. A buffer area shall be that portion of any lot within 50 feet of any property line adjoining a lake or pond, or Devils Ridge Golf Club, or as may otherwise be shown on the recorded plat.

19. APPLICATION OF RESTRICTIONS. The foregoing restrictions shall apply only to the lots, and nothing contained herein shall prevent the Declarant from altering the size or frontage of any property other than the lots or the location of any streets or roads other than portions of such streets or roads as abut the lots.

20. WAIVER OF AND CONSENT TO VIOLATIONS. Declarant may waive any violation of these restrictions by an appropriate instrument recorded in the Wake County Registry; provided, however, that if the violation occurs on any lot which abuts a lot previously conveyed to an owner in fee simple, the consent of such adjoining owner shall also be contained within the aforementioned instrument to be recorded in the Wake County Registry. The provisions of this paragraph whereby the consent of the adjoining property owner is required shall not be applicable to paragraphs 1, 2, 3, 6, 12, 16, 17 and 18 of this Supplementary Declaration whereby only the written consent of Declarant is required.

21. TERM. These restrictions shall run with the land and be binding on all parties and persons claiming under them for a period of forty (40) years from the date of recordation hereof, after which time said restrictions shall be automatically extended for successive ten (10) year periods unless an instrument agreeing to a change in said restrictions, in whole or in part, and executed by a majority of the then owners of the lots has been recorded in the Wake County Registry.

22. ENFORCEMENT. Enforcement of this Supplementary Declaration shall be by proceedings at law or in equity against any person or persons attempting to violate any of the restrictions contained herein, either to restrain violation or to cover damages.

23. ASSIGNMENT BY DECLARANT. Declarant shall have the right to assign its rights under this Supplementary Declaration, in whole or in part, to any person or entity by an express transfer of such rights.

24. SEVERABILITY. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions contained herein, which shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, the day and year first above written.

SUNSET FOREST, LLC (SEAL)

by: John T. Coley, III (SEAL)
Manager

W.E. DIXON & ASSOCIATES, INC.

by: _____
President

ATTEST:

Pamela M. Pace
Secretary

NORTH CAROLINA, WAKE COUNTY

I, S. Elaine Hudspeth, Notary Public, do hereby certify that JOHN T. COLEY, IV, MANAGER OF SUNSET FOREST, LLC, personally appeared before me this day and acknowledged the execution of the foregoing instrument, Witness my hand and official seal, this the 5 day of January, 1999.

OFFICIAL SEAL
North Carolina Wake County
S. ELAINE HUDSPETH
Notary Public
My Commission Expires November 3, 2001

S. Elaine Hudspeth
Notary Public
My commission expires: 11-3-01

NORTH CAROLINA, WAKE COUNTY

I, S. Elaine Hudspeth, Notary Public, do hereby certify that Pamela M. Pace personally appeared before me this day and acknowledged that (s)he is Secretary of W.E. DIXON & ASSOCIATES, INC. and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by him/her as its Secretary. Witness my hand and official seal, this the 6 day of January, 1999.

OFFICIAL SEAL
North Carolina Wake County
S. ELAINE HUDSPETH
Notary Public
My Commission Expires November 3, 2001

S. Elaine Hudspeth
Notary Public
My commission expires: 11-3-2001

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate(s) of

S. Elaine Hudspeth

Notary(y)(ies) Public

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

LAURA M. RIDDICK, Register of Deeds

By