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**Declaration of
Covenants, Conditions, and
Restrictions for Granite Falls**



A Granite Falls Swim And Athletic Club Community

WAKE COUNTY, NC 250
LAURA M RIDDICK
REGISTER OF DEEDS
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GRANITE FALLS COMMUNITIES
The New Landscape of Rolesville

Developed by
REMC
REAL ESTATE MARKETING & CONSULTING, INC.

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
GRANITE FALLS

TABLE OF CONTENTS

Article/Section

PART ONE: INTRODUCTION TO THE COMMUNITY 1

Article I CREATION OF THE COMMUNITY..... 1

 1.1. Purpose and Intent..... 1

 1.2. Binding Effect 1

 1.3. Governing Documents 1

Article II CONCEPTS AND DEFINITIONS..... 2

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS 6

Article III USE AND CONDUCT 6

 3.1. Framework for Regulation..... 6

 3.2. Rule Making Authority 6

 3.3. Owners' Acknowledgment and Notice to Purchasers 7

 3.4. Protection of Owners and Others 7

Article IV ARCHITECTURE AND LANDSCAPING 8

 4.1. General..... 8

 4.2. Architectural Review 9

 4.3. Guidelines and Procedures 10

 4.4. No Waiver of Future Approvals..... 12

 4.5. Variances 12

 4.6. Limitation of Liability 12

 4.7. Certificate of Compliance..... 13

Article V MAINTENANCE AND REPAIR 13

 5.1. Maintenance of Units 13

 5.2. Maintenance of Exclusive Common Area 13

5.3. Responsibility for Repair and Replacement 14

§ PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION 14

Article VI THE ASSOCIATION AND ITS MEMBERS 14

6.1. Function of Association 14

6.2. Membership 14

6.3. Voting 15

6.4. Neighborhoods, Neighborhood Representatives, and Voting Groups 15

Article VII ASSOCIATION POWERS AND RESPONSIBILITIES 17

7.1. Acceptance and Control of Association Property 17

7.2. Maintenance of Area of Common Responsibility 17

7.3. Insurance 18

7.4. Management 21

7.5. Compliance and Enforcement 21

7.6. Implied Rights; Board Authority 22

7.7. Indemnification of Officers, Directors and Others 22

7.8. Security 23

7.9. Provision of Services 23

Article VIII ASSOCIATION FINANCES 24

8.1. Budgeting and Allocating Common Expenses 24

8.2. Budgeting and Allocating Neighborhood Expenses 24

8.3. Budgeting for Reserves 25

8.4. Special Assessments 25

8.5. Specific Assessments 26

8.6. Authority to Assess Owners; Time of Payment 26

8.7. Personal 26

8.8. Lien for Assessments 27

8.9. Exempt Property 28

8.10. Capitalization of Association 28

8.11. Limitations on Increases in Base Assessments 28

PART FOUR: COMMUNITY DEVELOPMENT 28

Article IX EXPANSION OF THE COMMUNITY 28

9.1. Expansion by the Declarant 28

9.2. Expansion by the Association 29

9.3. Additional Covenants and Easements 29

Article X ADDITIONAL RIGHTS RESERVED TO DECLARANT 29

10.1. Withdrawal of Property 29

10.2. Marketing and Sales Activities 30

10.3. Right to Develop 30

10.4. Right to Approve Additional Covenants 30

10.5. Right to Approve Changes in Community Standards 30

10.6. Right to Transfer or Assign Declarant Rights 30

10.7. Exclusive Rights to Use Name of Development 31

10.8. Termination of Rights 31

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY 31

Article XI EASEMENTS 31

11.1. Easements in Common Area 31

11.2. Easements of Encroachment 32

11.3. Easements for Utilities, Etc 32

11.4. Easements to Serve Additional Property 33

11.5. Easements for Maintenance, Emergency and Enforcement 33

11.6. Right to Grant Additional Easements 33

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY 33

Article XII DISPUTE RESOLUTION AND LIMITATION ON LITIGATION 33

12.1. Consensus for Association Litigation..... 33

12.2. Alternative Method for Resolving Disputes..... 34

12.3. Claims..... 34

12.4. Mandatory Procedures 35

12.5. Allocation of Costs of Resolving Claims 36

12.6. Enforcement of Resolution 36

Article XIII THE CLUB 36

13.1. General 36

13.2. Ownership and Control of the Club..... 37

13.3. Conveyance of the Club..... 37

13.4. View Impairment 37

13.5. Architectural Control 37

13.6. Limitations on Amendments..... 38

13.7. Jurisdiction and Cooperation 38

13.8. Maintenance of Common Areas..... 38

13.9. Easements for the Club 38

Article XIV MORTGAGEE PROVISIONS 39

14.1. Notices of Action 39

14.2. No Priority..... 39

14.3. Notice to Association 39

14.4. Failure of Mortgagee to Respond 39

PART SEVEN: CHANGES IN THE COMMUNITY 40

Article XV CHANGES IN OWNERSHIP OF UNITS..... 40

Article XVI CHANGES IN COMMON AREA 40

16.1. Condemnation 40

16.2. Partition 40

16.3. Transfer or Dedication of Common Area..... 40

16.4. Actions Requiring Owner Approval..... 41

Article XVII AMENDMENT OF DECLARATION 41

17.1. By Declarant..... 41

17.2. By Members 41

17.3. Validity and Effective Date 41

17.4. Exhibits..... 42

-TABLE OF EXHIBITS-

<u>Exhibit</u>	<u>Subject Matter</u>	<u>Page First Mentioned</u>
"A"	Land Initially Submitted	1
"B"	Land Subject to Future Development	4
"C"	Initial Use Restrictions and Rules	6
"D"	Rules of Arbitration	36
"E"	By-Laws of Granite Falls Community Association	2

**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
GRANITE FALLS**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS is made this ____ day of October, 2007, by North Wake Developers, LLC, a North Carolina limited liability company ("Declarant"); Perry Builders, LLC, a North Carolina limited liability company; MYSEC, LLC, a North Carolina limited liability company and Jordan's Construction, Inc., a North Carolina corporation ("Lot Owners").

PART ONE: INTRODUCTION TO THE COMMUNITY

**Article I
CREATION OF THE COMMUNITY**

1.1. Purpose and Intent.

The Declarant, as the owners of the real property described on Exhibit "A," or if not the owners, with the written consent of such owner or owners, intend by the recording of this Declaration to create a general plan of development for the planned community known as Granite Falls. This Declaration provides a flexible and reasonable procedure for the future expansion of Granite Falls to include additional real property as Declarant deems appropriate and provides for the overall development, administration, maintenance and preservation of the real property now and hereafter comprising Granite Falls. An integral part of the development plan is the creation of the Granite Falls Community Association ("Association"), an association comprised of all owners of residential property in Granite Falls, to own, operate and/or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents referred to in this Declaration.

1.2. Binding Effect.

All property described on Exhibit "A," and any additional property which is made a part of Granite Falls in the future by recording of one or more Supplemental Declarations, shall be owned, conveyed and used subject to all of the provisions of this Declaration, which shall run with the title to such property. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of the Properties, their heirs, successors, successors-in-title, and assigns.

This Declaration shall be enforceable by the Declarant, the Association, any Owner, the Owner of the Club and their respective legal representatives, heirs, successors, and assigns, perpetually, from the date this Declaration is Recorded in the Public Records, unless terminated by the agreement of Owners representing 90% of the votes in the Association. Nothing in this Section shall be construed to permit termination of any easement right, or interest created in this Declaration in favor of the Declarant, the Owner of the Club or other third party without the consent of the holder of such easement, right, or interest.

1.3. Governing Documents

The Governing Documents create a general plan of development for Granite Falls which, may

be supplemented by additional covenants, restrictions and easements. In the event of a conflict between or among the Governing Documents and any such additional covenants or restrictions, and/or the provisions of any other articles of incorporation, by-laws, rules or policies governing any Neighborhood, the Governing Documents shall control. Nothing in this Section shall preclude any Supplemental Declaration or other Recorded covenants applicable to any portion of the Properties from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration. The Association may, but shall not be required to, enforce any such covenants, restrictions, or other instruments applicable to any Neighborhood.

All provisions of the Governing Documents shall apply to all Owners and to all occupants of their Units, as well as their respective tenants, guests and invitees. Any lease on a Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of the Governing Documents.

If any provision of this Declaration is determined by judgment or court order to be invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications.

Article II

CONCEPTS AND DEFINITIONS

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below.

"Area of Common Responsibility": The Common Area, together with such other areas, if any, for which the Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration, resolution of the Board, Covenant to Share Costs, or any other contracts or agreements.

"Association": Granite Falls Community Association, Inc., a North Carolina nonprofit corporation, its successors or assigns.

"Base Assessment": Assessments levied on all Units subject to assessment under Article VIII to fund Common Expenses for the general benefit of all Units, as determined in accordance with Section 8.1.

"Board of Directors" or "Board": The body responsible for administration of the Association, selected as provided in the By-Laws and generally serving the same role as the board of directors of a nonprofit corporation under North Carolina corporate law.

"Builder": Any Person who purchases one or more Units for the purpose of constructing improvements for later sale to consumers, or who purchases one or more parcels of land within the Properties for further subdivision, development, and/or resale in the ordinary course of such Person's business.

"By-Laws": The By-Laws of Granite Falls Community Association, Inc., as they may be amended. A copy of the initial By-Laws is attached to this Declaration as Exhibit "E."

"Class "B" Control Period": The period of time during which the Class "B"

Member is entitled to appoint a majority of the members of the Board as provided in Section 3.3 of the By-Laws.

"Club": Certain real property and any improvements and facilities thereon located adjacent to, in the vicinity of, or within Granite Falls, which are privately owned and operated by Persons other than the Association for recreational and related purposes, on a club membership basis or otherwise, and may include, without limitation, a swimming pool, tennis courts, fitness facilities, locker rooms, dining facilities, and all related and supporting facilities and improvements.

"Common Area": All real and personal property, including easements, which the Association owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners and such other Persons as may be designated by the Board. The term shall include the Exclusive Common Area, as defined below.

"Common Expenses": The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including any reasonable reserve as well as membership fees or dues paid to the Club for the Owners, as the Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include any expenses incurred during the Class "B" Control Period for initial development or other original construction costs unless approved by a majority of the Board of Directors of the Association.

"Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing at Granite Falls, or the minimum standards established pursuant to the Design Guidelines, Restrictions and Rules, and Board resolutions, whichever is a highest standard. Declarant shall establish initially such standard and it may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and desires within Granite Falls change.

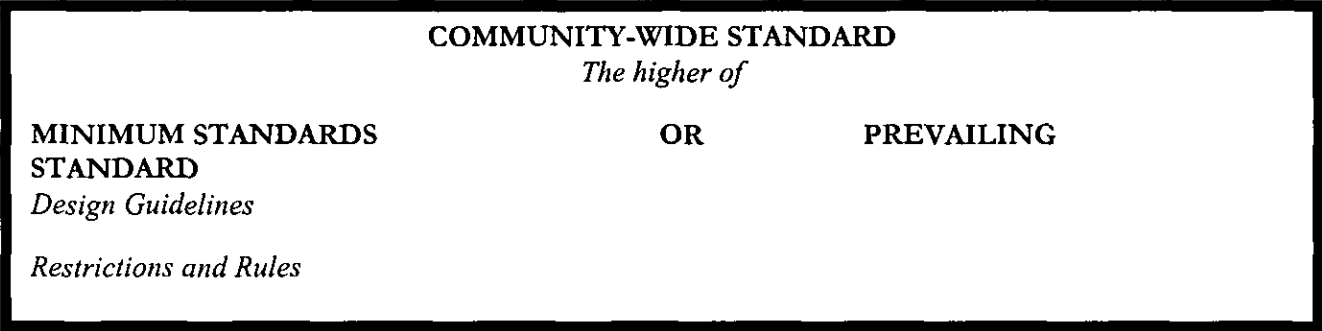


Diagram 2.1. Community-Wide Standard

"Covenant to Share Costs": A Recorded Declaration of Easements and Covenant to Share Costs which creates certain easements for the benefit of the Association and the present and future owners of the subject real property. It obligates the Association and such owners to share the costs of maintaining property described in the Covenant to Share Costs.

"Declarant": North Wake Developers, LLC, a North Carolina limited liability company, as

well as any successor or assign who takes title to any portion of the property described on Exhibits "A" or "B" for the purpose of development and/or sale and who is designated as the Declarant in a Recorded instrument executed by the immediately preceding Declarant.

"Design Guidelines": The architectural, design and construction guidelines and review procedures adopted pursuant to Article IV, as they may be amended.

"Exclusive Common Area": A portion of the Common Area designated by Declarant for the primary use and benefit of one or more, but less than all, Neighborhoods, as more particularly described Section 6.4.

"Governing Documents": A collective term referring to this Declaration and any applicable Supplemental Declaration, the By-Laws, the Articles, the Design Guidelines, and the Use Restrictions and Rules, as they may be amended.

"Master Plan": The land use plan for the development of Granite Falls prepared by John A. Edwards & Company or related entities and approved by the Town of Rolesville, Wake County, North Carolina, as it may be amended from time to time which includes all of the property described on Exhibit "A" and all or a portion of the property described on Exhibit "B." Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall the omission of property described on Exhibit "B" from the Master Plan bar its later submission to this Declaration as provided in Article IX.

"Member": A Person subject to membership in the Association pursuant to Section 6.2.

"Mortgage": A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit. A "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

"Neighborhood": A group of Units designated as a separate Neighborhood for purposes of sharing Exclusive Common Areas and/or receiving other benefits or services from the Association which are not provided to all Units. A Neighborhood may be comprised of more than one housing type and may include noncontiguous parcels of property. If the Association provides benefits or services to less than all Units within a particular Neighborhood, then the benefited Units shall constitute a sub-Neighborhood for purposes of determining and levying Neighborhood Assessments for such benefits or services.

Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the By-Laws) or Neighborhood Association, if any, having concurrent jurisdiction over the property within the Neighborhood. Neighborhood boundaries may be established and modified as provided in Section 6.4.

"Neighborhood Assessments": Assessments levied against the Units in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as described in Section 8.2.

"Neighborhood Association": A condominium association or other owners association, if any, having jurisdiction over any Neighborhood concurrent with (but subject to) the jurisdiction of the Association. Nothing in this Declaration shall require the creation of any Neighborhood Association.

"Neighborhood Expenses": The actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may be authorized pursuant to this Declaration or in the Supplemental Declaration(s) applicable to such Neighborhood(s).

"Neighborhood Representative": The representative selected by the Class "A" Members within each Neighborhood pursuant to Section 6.4(b) to cast the Class "A" votes attributable to their Units on all matters requiring a vote of the membership (except as otherwise specifically provided in the Governing Documents). Where the context permits or requires, the term "Neighborhood Representative" shall also refer to alternate Neighborhood Representatives acting in the absence of the Neighborhood Representative and any Owners authorized personally to cast the votes for their respective Units pursuant to Section 6.4(b) or elsewhere in the Governing Documents.

"Owner": One or more Persons who hold the record title to any Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

"Owner of the Club": One or more Persons who hold the record title to the Club, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

"Person": A natural person, a corporation, a partnership, a trustee, or any other legal entity.

"Properties" or "Granite Falls": The real property described on Exhibit "A," together with such additional property as is subjected to this Declaration in accordance with Article IX.

"Public Records": The Office of the Register of Deeds of Wake County, North Carolina.

"Record," "Recording," or "Recorded": The filing of a legal instrument in the Public Records, or such other place as may be designated as the official location for recording deeds, plats, and similar documents affecting title to real estate.

"Special Assessment": Assessments levied in accordance with Section 8.4.

"Specific Assessment": Assessments levied in accordance with Section 8.5.

"Supplemental Declaration": An instrument Recorded in the Public Records pursuant to Article IX which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described in such instrument. The term shall also refer to an instrument filed by the Declarant pursuant to Section 6.4(c) which designates Voting Groups.

"Unit": A portion of the Properties, whether improved or unimproved, which may be independently owned and is intended for development, use, and occupancy as an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon.

In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to contain a single unit until such time as a subdivision plat is filed of record on all or a portion of the parcel. Thereafter, the portion encompassed by such plat shall contain the number of Units determined as set forth in the preceding paragraph and any portion not encompassed by such plat shall continue to be treated in accordance with this paragraph.

"Use Restrictions and Rules": The initial use restrictions and rules set forth on Exhibit "C," as they may be supplemented, modified and repealed pursuant to in Article III.

"Voting Group": One or more Neighborhood Representatives who vote on a common slate for election of directors to the Board, as more particularly described in Section 6.4(c) or, if the context so indicates, the group of Members whose Units are represented thereby.

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

Article III
USE AND CONDUCT

3.1. Framework for Regulation

The Governing Documents establish, as part of the general plan of development for the Properties, a framework of affirmative and negative covenants, easements and restrictions which govern the Properties. However, within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, desires, trends and technology which inevitably will affect Granite Falls, its Owners and residents. Toward that end, this Article establishes procedures for modifying and expanding the initial Use Restrictions and Rules set forth on Exhibit "C."

3.2. Rule Making Authority

(a) Subject to the terms of this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board may modify, cancel, limit, create exceptions to, or expand the Use Restrictions and Rules. The Board shall provide notice to Owners through Neighborhood Representatives, by mail, by posting, or by any other reasonable method of broadcast or publication designed to notify Owners of any such proposed action at least five business days prior to the Board meeting at which such action is to be considered. Neighborhood representatives shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

Such action shall become effective, after compliance with subsection (c) below, unless disapproved at a meeting by Neighborhood Representatives representing more than 67% of the total Class "A" votes in the Association and by the Class "B" Member, if any. The Board shall have no obligation to call a meeting of the Neighborhood

Representatives to consider disapproval except upon receipt of a petition of the Neighborhood Representatives as required for special meetings in the By-Laws. Upon such petition of the Neighborhood Representatives prior to the effective date of any Board action under this Section 3.2(a), the proposed action shall not become effective until after such meeting is held, and then subject to the outcome of such meeting.

(b) Alternatively, the Neighborhood Representatives, at an Association meeting duly called for such purpose, may adopt rules which modify, cancel, limit, create exceptions to, or expand the Use Restrictions and Rules by a vote of Neighborhood Representatives representing more than 67% of the total Class "A" votes in the Association and the approval of the Class "B" Member, if any.

(c) At least 30 days prior to the effective date of any action taken under subsections (a) or (b) of this Section, the Board shall send a copy of the new rule or explanation of any changes to the Use Restrictions and Rules to each Owner specifying the effective date.

The Association shall provide, without cost, a copy of or reasonable access to the Use Restrictions and Rules then in effect to any requesting Member or Mortgagee.

(d) Nothing in this Article shall authorize the Board or the Neighborhood Representatives to modify, repeal or expand the Design Guidelines. In the event of a conflict between the Design Guidelines and the Use Restrictions and Rules, the Design Guidelines shall control.

3.3. Owners' Acknowledgment and Notice to Purchasers

ALL OWNERS ARE GIVEN NOTICE THAT USE OF THEIR UNITS AND THE COMMON AREA IS LIMITED BY THE USE RESTRICTIONS AND RULES AS THEY MAY BE AMENDED, EXPANDED AND OTHERWISE MODIFIED HEREUNDER. EACH OWNER, BY ACCEPTANCE OF A DEED, ACKNOWLEDGES AND AGREES THAT THE USE AND ENJOYMENT AND MARKETABILITY OF HIS OR HER UNIT CAN BE AFFECTED BY THIS PROVISION AND THAT THE USE RESTRICTIONS AND RULES MAY CHANGE FROM TIME TO TIME. ALL PURCHASERS OF UNITS ARE ON NOTICE THAT CHANGES MAY HAVE BEEN ADOPTED BY THE ASSOCIATION. COPIES OF THE CURRENT USE RESTRICTIONS AND RULES MAY BE OBTAINED FROM THE ASSOCIATION.

3.4. Protection of Owners and Others

No rule shall be adopted in violation of the following provisions, except as may be specifically set forth in this Declaration (either initially or by amendment) or in the initial Use Restrictions and Rules set forth on Exhibit "C":

(a) Equal Treatment. Similarly situated Owners shall be treated similarly, provided, the Use Restrictions and Rules may vary by Neighborhood.

(b) Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations inside structures on their Units of the kinds normally displayed in dwellings located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt time, place, and manner restrictions with respect to displays visible from outside the dwelling.

No rules shall regulate the content of political signs; however, rules may regulate the time, place and manner of posting such signs (including design criteria).

(c) Household Composition. Occupancy of each Unit shall be limited to a single family or, in the alternative, that number of unrelated persons equal to the number of bedrooms in the Unit plus one additional person. For purposes of this subparagraph (c), "occupancy" means staying overnight in a Unit for a total of more than 30 days, either consecutive or nonconsecutive, in any calendar year. "Single family" means any number of persons, all of whom are interrelated by blood, adoption, or marriage, and no more than one additional person who is not so related. The phrase "by blood" shall be deemed to encompass only children, grandchildren, grandparents, brothers, sisters, nieces, nephews, parents, aunts, uncles, and first cousins, and no other degree of kinship.

(d) Activities Within Dwellings. No rule shall interfere with the activities carried on within the confines of dwellings, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance.

(e) Alienation. No rule shall prohibit leasing or transfer of any Unit, or require consent of the Association or Board for leasing or transfer of any Unit; provided, the Association or the Board may require a minimum lease term of up to 6 months. The Association may require that Owners use lease forms approved by the Association, but shall not impose any fee on the lease of any Unit.

(f) Abridging Existing Rights. If any rule would otherwise require Owners to dispose of personal property which they maintained in or on the Unit prior to the effective date of such rule, or to vacate a Unit in which they resided prior to the effective date of such rule, and such property was maintained or such occupancy was in compliance with this Declaration and all rules previously in force, such rule shall not apply to any such Owners without their written consent.

(g) Reasonable Rights to Develop. No rule or action by the Association or Board shall unreasonably impede the Declarant's right to develop the Properties.

(h) Interference with the Club. No rule or action by the Association shall interfere with the use or operation of the Club.

The limitations in subsections (a) through (g) of this Section 3.4 shall only limit rulemaking authority exercised under Section 3.2; they shall not apply to amendments to this Declaration adopted in accordance with Article XVII.

Article IV
ARCHITECTURE AND LANDSCAPING

4.1. General

No structure or thing shall be placed, erected, installed or posted on the

Properties and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place within the Properties, except in compliance with this Article, Section 13.6 and the Design Guidelines.

No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. Any Owner may remodel, paint or redecorate the interior of his or her Unit without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Unit visible from outside the structure shall be subject to approval.

All dwellings constructed on any portion of the Properties shall be designed by and built in accordance with the plans and specifications of a licensed architect or licensed building designer unless otherwise approved by the Declarant or its designee in its sole discretion.

This Article shall not apply to the activities of the Declarant or any member or affiliate of the Declarant, activities of the Association during the Class "B" Control Period, or to construction on, improvements to, or operation of the Club.

4.2. Architectural Review.

(a) By Declarant. Until 100% of the property described on Exhibits "A" and "B" have been developed and conveyed to Owners other than Builders, the Declarant shall have sole authority to review and approve activity within the scope of this Article. Each Owner, by accepting a deed or other instrument conveying any interest in any portion of the Properties, acknowledges that, as the developer of the Properties and the Club, Declarant has a substantial interest in ensuring that the improvements within the Properties preserve and promote the desirability of Granite Falls and do not impair the Declarant's ability to market, sell, or lease its property. Therefore, each Owner agrees that no activity within the scope of this Article ("Work") shall be commenced on such Owner's Unit unless and until the Declarant or its designee has given its prior written approval for such Work, which approval may be granted or withheld in the sole discretion of Declarant or its designee.

In reviewing and acting upon any request for approval, Declarant or its designee shall be acting solely in the interest of the Declarant and shall owe no duty to any other Person. The rights reserved to Declarant under this Article shall continue so long as Declarant owns any portion of the property described on Exhibits "A" or "B," unless earlier terminated in a written instrument executed by Declarant and recorded in the Public Records. The Declarant may, in its sole discretion, designate one or more Persons from time to time to act on its behalf in reviewing applications hereunder.

The Declarant may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article to (i) an architectural review board appointed by the Association's Board of Directors ("ARB"), or (ii) a committee comprised of architects, engineers or other persons who may or may not be Members of the Association. Any such delegation shall be in writing, specifying the scope of responsibilities delegated, and shall be subject to (i) the right of Declarant to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated, and (ii) the right of Declarant to veto any decision which Declarant determines, in its sole discretion, to be inappropriate or

inadvisable for any reason. So long as the Declarant has any rights under this Article, the jurisdiction of the foregoing entities shall be limited to such matters as are specifically delegated to it by the Declarant.

(b) Architectural Review Committee. Upon delegation by Declarant or upon expiration or termination of the Declarant's rights under this Article, the Association, acting through the ARB, shall assume jurisdiction over architectural matters hereunder. The ARB, when appointed, shall consist of at least three, but not more than seven, persons who shall serve and may be removed and replaced in the Board's discretion. The Owner of the Club may, but shall not be obligated to, appoint one person to the ARB to review matters which affect the rights or interests of the Club or decrease the Community-Wide Standard for Granite Falls. The members of the ARB need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board.

Unless and until such time as Declarant delegates all or a portion of its reserved rights to the ARB or the Declarant's rights under this Article terminate, the Association shall have no jurisdiction over architectural matters.

(c) Fees; Assistance. For purposes of this Article, the entity having jurisdiction in a particular case shall be referred to as the "Reviewer." The Reviewer may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. The Declarant and the Association may employ architects, engineers, or other persons as deemed necessary to perform the review. The Board may include the compensation of such persons in the Association's annual operating budget as a Common Expense.

4.3. Guidelines and Procedures.

(a) Design Guidelines. The Declarant will prepare the initial Design Guidelines, which may contain general provisions applicable to the entire Properties as well as specific provisions which may vary from Neighborhood to Neighborhood. The Design Guidelines are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Reviewer in considering applications hereunder. The Design Guidelines are not the exclusive basis for decisions of the Reviewer and compliance with the Design Guidelines does not guarantee approval of any application.

The Declarant shall have sole and full authority to amend the Design Guidelines as long as it owns any portion of the Properties or has a right to expand the Properties pursuant to Section 9.1. Upon termination or delegation of the Declarant's right to amend, the ARB shall have the authority to amend the Design Guidelines with the consent of the Board, and, if such amendment would affect property visible from the Club or the Community-Wide Standard, the written consent of the Owner of the Club. Any amendments to the Design Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Design Guidelines less restrictive.

The Reviewer shall make the Design Guidelines available to Owners and

Builders who seek to engage in development or construction within the Properties. In the Declarant's sole discretion, such Design Guidelines may be recorded in the Public Records, in which event the recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

(b) Procedures. Prior to commencing any Work within the scope of this Article, an Owner shall submit to the appropriate Reviewer an application for approval of the proposed Work in such form as the Design Guidelines or the Reviewer may specify. Such application shall include plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable. The Design Guidelines and the Reviewer may require the submission of such additional information as may be reasonably necessary to consider any application. The Reviewer may, in its sole discretion, designate one or more days per month when applications, Plans and information will be accepted for consideration.

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

Provided that the application for approval in such form as the Design Guidelines or the Reviewer may specify, the Reviewer shall, within 45 days after receipt of a completed application and all required information, respond in writing to the applicant at the address specified in the application. The response may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application. The Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

In the event that the Reviewer, after receiving the application for approval in such form as the Design Guidelines or the Reviewer may specify, fails to respond in a timely manner, approval shall be deemed to have been denied. However, no approval shall be inconsistent with the Design Guidelines unless a variance has been granted pursuant to Section 4.5. Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the U. S. Postal Service. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

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

If construction does not commence on a project for which Plans have been approved within one year after the date of approval, such approval shall be deemed withdrawn and it shall be necessary for the Owner to reapply for approval before

commencing the proposed Work. Once construction is commenced, it shall be diligently pursued to completion. All Work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved Work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, the Declarant or any aggrieved Owner.

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

4.4. No Waiver of Future Approvals.

Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features of proposed Work until the Work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of applications or Plans for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, Plans, or other matters subsequently or additionally submitted for approval.

4.5. Variances.

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

4.6. Limitation of Liability.

The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Properties but shall not create any duty to any Person. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the Reviewer shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for insuring compliance with building codes and other governmental requirements, nor for ensuring that all dwellings are of comparable quality, value or size or of similar design. Neither the Declarant, the Association, the Board, any committee, or member of any of the foregoing shall be held liable for soil conditions, drainage or other general site work, nor for any defects in plans revised or approved hereunder, nor for any injury, damages, or loss arising out of the manner or quality of approved construction or modifications to any Unit. In all matters, the ARB and all persons comprising the ARB shall be defended and indemnified by the Association as provided in Section 7.7.

4.7. Certificate of Compliance.

Any owner may request that the Reviewer issue a certificate of architectural, compliance certifying that there are no known violations of this Article or the Design Guidelines. The Association shall either grant or deny such request within 60 days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall estop the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

Article V MAINTENANCE AND REPAIR

5.1. Maintenance of Units.

Each Owner shall maintain his or her Unit and all landscaping and improvements comprising the Unit in a manner consistent with the Governing Documents, the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a Neighborhood Association pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit. This shall include, but not be limited to, the obligation to maintain all Common Area, easement areas, and swales adjacent to such Owner's Unit up to the edge of any pavement, curb, water's edge, or open space; provided, there shall be no right to remove trees, shrubs or similar vegetation from this area without prior approval of the Board.

5.2. Maintenance of Exclusive Common Area.

A Neighborhood Association shall maintain its Exclusive Common Area and any other property for which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants.

Any Neighborhood Association shall also be responsible for maintaining and irrigating the landscaping on the Common Area adjacent to the Neighborhood Association to the edge of any pavement, water's edge, or open space; provided, there shall be no right to remove trees, shrubs or similar vegetation from this area without prior approval of the Board.

Upon resolution of the Board, the Owners within each Neighborhood shall be responsible for paying, through Neighborhood Assessments, the costs of operating, maintaining and insuring certain portions of the Area of Common Responsibility within or adjacent to such Neighborhood. This may include, without limitation, the costs of maintaining any signage, gates, landscaping, entry features, lighting, right-of-way and greenspace between the Neighborhood and adjacent public roads, private streets within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association; provided, however, all Neighborhoods which are similarly situated shall be treated the same.

The Association may, but shall not be obligated to, assume maintenance responsibility for property within any Neighborhood, in addition to that designated by any Supplemental Declaration, either by agreement with the Neighborhood or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Units

within the Neighborhood to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

5.3. Responsibility for Repair and Replacement.

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary to maintain the property to a level consistent with the Community-Wide Standard. By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible. If the Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Unit and the Owner.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his Unit, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article IV. Alternatively, the Owner shall clear the Unit and maintain it in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs which are not covered by insurance proceeds.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

Article VI

THE ASSOCIATION AND ITS MEMBERS

6.1. Function of Association.

The Association shall be the entity responsible for management, maintenance, operation and control of the Area of Common Responsibility. The Association also shall be the primary entity responsible for enforcement of the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and the laws of the State of North Carolina.

6.2. Membership.

Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 6.3 and in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

6.3. Voting.

The Association shall have two classes of membership, Class "A" and Class "B."

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall have one equal vote for each Unit in which they hold the interest required for membership under Section 6.2, except that there shall be only one vote per Unit and no vote shall be exercised for any property which is exempt from assessment. All Class "A" votes shall be cast as provided in Section 6.3(c) below.

(b) Class "B". The sole Class "B" Member shall be the Declarant. The Class "B" Member may appoint a majority of the members of the Board of Directors during the Class "B" Control Period, as specified in Section 3.3 of the By-Laws. Additional rights of the Class "B" Member, including the right to approve, or withhold approval of, actions proposed under this Declaration, the By-Laws and the Articles, are specified in the relevant sections of this Declaration, the By-Laws and the Articles. After termination of the Class "B" Control Period, the Class "B" Member shall have a right to disapprove actions of the Board and committees as provided in Section 3.19 of the By-Laws.

The Class "B" membership shall terminate upon the earlier of:

- (i) two years after expiration of the Class "B" Control Period pursuant to Article III of the By-Laws; or
- (ii) when, in its discretion, the Declarant so determines and declares in a Recorded instrument.

Upon termination of the Class "B" membership, the Declarant shall be a Class "A" Member entitled to one Class "A" vote for each Unit which it owns.

(c) Exercise of Voting Rights. Except as otherwise specified in this Declaration or the By-Laws, the vote for each Unit owned by a Class "A" Member shall be exercised by the Neighborhood Representative representing the Neighborhood, as provided in Section 6.4(b). The Neighborhood Representative may cast all such votes as it, in its discretion, deems appropriate.

In any situation where a Member is entitled personally to exercise the vote for his or her Unit, and there is more than one Owner of such Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person attempts to exercise it.

6.4. Neighborhoods, Neighborhood Representatives, and Voting Groups.

(a) Neighborhoods. Every Unit shall be a part of a Neighborhood. Exhibit "A" to this Declaration, and each Supplemental Declaration submitting additional property to this Declaration shall initially assign the property submitted thereby to a specific Neighborhood (by name or other identifying designation), which Neighborhood may be then existing or newly created. Portions of the Common Area may be designated by a Supplemental Declaration as Exclusive Common Area for the exclusive use of one or more, but less than all, Neighborhoods. So long as it has the right to subject additional property to this Declaration pursuant to Section 9.1, the Declarant may unilaterally amend this Declaration or any Supplemental

Declaration to redesignate Neighborhood boundaries for any purpose and to assign or reassign Exclusive Common Areas.

Any Neighborhood, acting either through a Neighborhood Committee elected as provided in the By-Laws or through a Neighborhood Association, may request that the Association provide a higher level of service than that which the Association generally provides to all Neighborhoods, or may request that the Association provide special services for the benefit of Units in such Neighborhood. Upon the affirmative vote, written consent, or a combination thereof, of Owners of a majority of the Units within the Neighborhood, the Association may, but shall not be obligated to, provide such services to the Neighborhoods (e.g., landscaping, maintenance, administrative services) under such terms and conditions as the Association and such Neighborhood may agree from time to time. The cost of such services, which may include a reasonable administrative charge *in* such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Unit to all Neighborhoods receiving the same service), shall be assessed as a Neighborhood Assessment.

(b) Neighborhood Representatives. The Class "A" Members in each Neighborhood shall be represented by a Neighborhood Representative who shall be responsible for casting all votes attributable to Units owned by Class "A" Members in the Neighborhood on all Association matters requiring a membership vote, except as otherwise specified in this Declaration or the By-Laws. The senior elected officer of each Neighborhood Association, or duly elected representative of a Neighborhood Committee elected as provided in the By-Laws, shall serve as the Neighborhood Representative. The next highest officer within the Neighborhood shall serve as the alternate. The Neighborhood Representative shall cast all the votes of the Class "A" Members in his or her Neighborhood *as* he or she deems appropriate in his or her discretion.

The Board shall call for the designation of a Neighborhood Representative for each Neighborhood not later than the date upon which the Owners, other than Declarant or Builders, hold record title to 75% of the Units in such Neighborhood. Until such time as Neighborhood Representatives are designated for the Neighborhood, the Owners within such Neighborhood shall be entitled personally to cast the votes attributable to their respective Units on any issue requiring a membership vote under the Governing Documents. Unless otherwise provided in the documents governing a Neighborhood Association, each Class "A" Member owning a Unit within the Neighborhood shall be entitled to cast one equal vote per Unit owned in Neighborhood elections, and the presence, in person or by proxy, of Class "A" Members representing at least 30% of the total Class "A" votes attributable to Units in the Neighborhood shall constitute a quorum at any Neighborhood meeting. Neighborhood Representatives and alternates shall serve a term of one year and until their successors are elected. Any Neighborhood Representative or alternate may be removed, with or without cause, upon the vote or written petition of a majority of the total number of Class "A" votes in the Neighborhood.

(c) Voting Groups. Anytime prior to the expiration or termination of the Class "B" membership, Declarant may designate or redesignate Voting Groups consisting of one or more Neighborhoods for the purpose of electing directors to the Board. Voting Groups may be designated to ensure groups with dissimilar interests are represented on the Board and to avoid allowing Neighborhood Representatives representing similar Neighborhoods to elect the entire Board, due to the number of Units in such Neighborhoods, excluding representation of others. The number of Voting Groups within the Properties shall not exceed the total number of directors to be elected by the Class "A" Members pursuant to the By-Laws. The Neighborhood Representatives representing the Neighborhoods within each Voting Group shall vote on a separate slate

of candidates for election to the Board, with each Voting Group being entitled to elect the number of directors specified in the By-Laws.

Voting Groups shall be established, if at all, by filing with the Association and Recording, a Supplemental Declaration identifying each Voting Group by legal description or other means such that the Units within each Voting Group can easily be determined. Such designation may be amended from time to time by the Declarant, acting alone, at any time prior to the expiration of the Class "B" membership. Until such time as Voting Groups are established, all of the Properties shall constitute a single Voting Group. After a Supplemental Declaration establishing Voting Groups has been recorded, any and all portions of the Properties which are not assigned to a specific Voting Group shall constitute a single Voting Group.

Article VII
ASSOCIATION POWERS AND RESPONSIBILITIES

7.1. Acceptance and Control of Association Property.

(a) The Association, through action of its Board, may acquire, hold, and dispose of tangible and intangible personal property and real property.

(b) The Declarant and its designees may convey to the Association personal property and fee title, leasehold or other property interests in any real property, improved or unimproved, described on Exhibits "A" or "B," The Association shall accept and maintain such property at its expense for the benefit of its Members, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association. Upon written request of Declarant, the Association shall reconvey to Declarant any unimproved portions of the Properties originally conveyed by Declarant to the Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

7.2. Maintenance of Area of Common Responsibility.

(a) Unless otherwise assigned to a Unit or a Neighborhood Association, the Association shall maintain, in accordance with the Community-Wide Standard, the Area of Common Responsibility, which may include, but need not be limited to:

- (i) all portions of and structures situated upon the Common Area;
- (ii) landscaping within public rights-of-way within or abutting the Properties;
- (iii) such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, the Covenant to Share Costs, or any contract or agreement for maintenance thereof entered into by the Association;
- (iv) all swales, berms, ponds, streams and/or wetlands located within the Properties which serve as part of the stormwater drainage system for the Properties, including improvements and equipment installed therein or used in connection therewith. Provided, however, that these areas shall be maintained only to the minimum standards promulgated by the applicable governmental agency or authority;

(v) any property and facilities owned by the Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members, such property and facilities to be identified by written notice from the Declarant to the Association and to remain a part of the Area of Common Responsibility and be maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association; and

(vi) property dedicated or deeded to Wake County or the Town of Rolesville.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

(b) The Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation, except for any periods necessary, as determined in the sole discretion of the Board, to perform required maintenance or repairs, unless 75% of the Class "A" votes in the Association and the Class "B" Member, if any, agree in writing to discontinue such operation. Except as provided above, the Area of Common Responsibility shall not be reduced by amendment of this Declaration or any other means except with the prior written approval of the Declarant as long as the Declarant owns any property described on Exhibits "A" or "B" of this Declaration.

(c) The costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense; provided, the Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, the Covenant to Share Costs, other recorded covenants, or agreements with the owner(s) thereof.

7.3. Insurance.

(a) Required Coverages. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance as a Common Expense, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(i) Blanket property insurance on the Area of Common Responsibility covering the full replacement cost of all insured improvements under current building ordinances and codes, to the extent that Association has assumed responsibility in the event of a casualty, regardless of ownership;

(ii) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least \$1,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person

would obtain, the Association shall obtain such additional coverages or limits;

(iii) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(iv) Directors and officers liability coverage;

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

(vi) Such additional insurance as the Board, in its best business judgment, determines advisable.

(b) Policy Requirements. The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Wake County, North Carolina area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.3(a). In the event of an insured loss, the deductible shall be treated as a Common Expense. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with Section 3.24 of the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment.

All insurance coverage obtained by the Board shall:

(i) be written with a company authorized to do business in the State of North Carolina which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

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

(iii) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

(iv) contain an inflation guard endorsement;

(v) include an agreed amount endorsement, if the policy contains a coinsurance clause;

(i) provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Area or membership in

the Association;

(vii) provide a waiver of subrogation under the policy against any Owner or household member of an Owner;

(viii) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; and

(ix) include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Association.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insureds and provide:

1. a waiver of subrogation as to any claims against the Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;
2. a waiver of the insurer's rights to repair and reconstruct instead of paying cash;
3. an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;
4. an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;
5. a cross liability provision; and
6. a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

(c) Restoring Damaged Improvements. In the event of damage to or destruction of Common Area or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property. Damaged improvements on the Common Area shall be repaired or reconstructed unless Neighborhood Representatives representing at least 75% of the total Class "A" votes in the Association, and the Class "B" Member, if any, decide within a reasonable time after the loss not to repair or reconstruct. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by the Association for the benefit of its Members, as appropriate, and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit. If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Neighborhood Representatives, levy Special Assessments to cover the shortfall.

7.4. Management.

The Association, through its Board, may employ a professional management agent or agents at such compensation as the Board may establish, to perform such duties *and* services *as* the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policymaking authority. The Declarant, an affiliate of the Declarant, the Owner of the Club, or an affiliate or subsidiary of the Owner of the Club may be employed as managing agent or manager.

7.5 Compliance and Enforcement.

Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board may impose sanctions for violation of the Governing Documents after notice and a hearing in accordance with the procedures *set forth in* Section 3.24 of the By-Laws. Such sanctions may include, without limitation:

- (a) imposing reasonable monetary fines which shall constitute a lien upon the violator's Unit. (In the event that any occupant, guest or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; provided, however, *if* the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board);
- (b) suspending an Owner's right to vote;
- (c) suspending any Person's right to use any recreational facilities within the Common Area; provided, however, nothing herein shall authorize the Board to *limit* ingress or egress to or from a Unit;
- (d) suspending any services provided by the Association to an Owner or the Owner's Unit *if* the Owner is more than 30 days delinquent in paying any assessment or other charge owed to the Association;
- (e) exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;
- (f) requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit in violation of Article IV and to restore the Unit to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass

(g) without liability to any Person, precluding any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of Article IV and the Design Guidelines from continuing or performing any further activities in the Properties; and

(h) levying Specific Assessments to cover costs incurred by the Association to bring a Unit into compliance with the Governing Documents.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in Section 3.24 of the By-Laws:

(a) exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); and

(b) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may record a notice of violation in the Public Records or perform such maintenance responsibilities and assess all costs incurred by the Association against the Unit and the Owner as a Specific Assessment.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such action.

The Association shall not be obligated to take any action if the Board reasonably determines that the Association's position is not strong enough to justify taking such action. Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or estop the Association from enforcing any other covenant, restriction or rule.

The Association, by contract or other agreement, may enforce applicable city or county ordinances and permit the Town of Rolesville or Wake County, North Carolina, to enforce ordinances within the Properties for the benefit of the Association and its Members.

7.6. Implied Rights; Board Authority.

The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

7.7. Indemnification of Officers Directors and Others.

The Association shall indemnify every officer director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if

approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under North Carolina law.

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director and committee member harmless from any and all liability to others on account of any such contract, commitment or action, subject to the provisions of the North Carolina Nonprofit Corporation Act, N.C. Gen. Stat. 55A-7-40. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.8. Security.

The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. Neither the Association nor the Declarant shall in any way be considered insurers or guarantors of security within the Properties, nor shall either 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 Properties, can not be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants and all occupants, invitees and guests of its Unit that the Association, its Board and committees, and the Declarant are not insurers and that each Person using the Properties assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties,

7.9. Provision of Services.

The Association shall be authorized but not obligated to enter into and terminate, in the Board's discretion, contracts or agreements with other entities, including Declarant, the Owner of the Club and related entities, to provide services to and facilities for the Members of the Association and their guests, lessees and invitees and to charge use and consumption fees for such services and facilities. By way of example, some services and facilities which might be offered include landscape maintenance, pest control service, cable television service, security, caretaker, services and facilities offered by the Club, transportation, fire protection, utilities, and similar services and facilities.

Article VIII

ASSOCIATION FINANCES

8.1. Budgeting and Allocating Common Expenses.

At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund pursuant to Section 8.3. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount to be generated through the levy of Base Assessments and Special Assessments against the Units, as authorized in Section 8.6.

The Association is hereby authorized to levy Base Assessments equally against all Units subject to assessment under Section 8.6 to fund the Common Expenses. In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated becoming subject to assessment during the fiscal year.

The Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 8.7(b)), which may be either a contribution, an advance against future assessments due from the Declarant, or a loan, in the Declarant's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. The payment of such subsidy in any year shall not obligate the Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and the Declarant.

The Board shall send a summary of the final budget, together with notice of the amount of the Base Assessment to be levied pursuant to such budget, to each Owner at least 30 days prior to the effective date of such budget; The budget shall automatically become effective unless disapproved at a meeting by Voting Representatives representing at least 75% of the total Class "A" votes in the Association and by the Class "B" Member, if such exists. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Neighborhood Representatives as provided for special meetings in Section 2.4 of the By-Laws, which petition must be presented to the Board within 10 days after delivery of the budget and notice of any assessment.

If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth above.

8.2. Budgeting and Allocating Neighborhood Expenses.

At least 60 days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated Neighborhood Expenses, if any, for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year as authorized by this Declaration or any Supplemental Declaration applicable to such

Neighborhood. The budget of Neighborhood Expenses shall also include any costs for additional services or a higher level of services which the Association and the Neighborhood have agreed upon pursuant to Section 6.4(a). The budget shall also reflect the sources and estimated amounts of funds to cover such expenses.

The Association is hereby authorized to levy Neighborhood Assessments equally against all Units in the Neighborhood which are subject to assessment under Section 8.7 to fund Expenses incurred by the Association to perform an activity or function which should have, pursuant to the Governing Documents or the governing documents of the Neighborhood Association, been performed by the Neighborhood Association.

The Board shall cause a summary of the Neighborhood budget and notice of the amount of the Neighborhood Assessment for the coming year to be delivered to each Owner in the Neighborhood at least 30 days prior to the beginning of the fiscal year. Such budget and assessment shall become effective unless disapproved at a meeting of the Neighborhood by Owners of a majority of the Units in the Neighborhood to which the Neighborhood Assessment applies. However, there shall be no obligation to call a meeting for the purpose of considering the budget except on petition of Owners of at least 10% of the Units in such Neighborhood. This right to disapprove shall only apply to those line items in the Neighborhood budget which are attributable to services requested by the Neighborhood and shall not apply to any item which the Governing Documents require to be assessed as a Neighborhood Assessment.

If the proposed budget for any Neighborhood is disapproved or if the Board fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.

The Board may revise the budget for any Neighborhood and the amount of any Neighborhood Assessment from time to time during the year, subject to the notice requirements and the right of the Owners of Units in the affected Neighborhood to disapprove the revised budget as set forth above.

8.3. Budgeting for Reserves.

No later than three years after the date this Declaration is Recorded, the Board shall prepare and review at least annually a reserve budget for the Area of Common Responsibility. The budgets shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the Common Expense budget adopted pursuant to Section 8.1, as appropriate, a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect both to amount and timing by annual contributions over the budget period.

8.4. Special Assessments.

In addition to other authorized assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment shall be levied against the entire membership. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of Neighborhood Representatives representing more than 50% of the total Class "A" votes in the Association, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the

Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

8.5. Specific Assessments.

The Association shall have the power to levy Specific Assessments against a particular Unit as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which may be offered by the Association (which might include the items identified in Section 7.9 as well as additional services and facilities provided by or through the Club). Specific Assessments for special services may be levied in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing, in accordance with Section 3.24 of the By-Laws, before levying any Specific Assessment under this subsection (b).

The Association may also levy a Specific Assessment against the Units within any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Governing Documents, provided the Board gives prior written notice to the Owners of Units in, or the Neighborhood Representative representing, the Neighborhood and an opportunity for such Owners or Neighborhood Representative to be heard before levying any such assessment.

8.6. Authority to Assess Owners; Time of Payment.

The Declarant hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Unit subject to the Declaration: (a) one year after such Unit is conveyed or transferred from Declarant; or (b) upon the issuance of a certificate of occupancy for the dwelling located on such Unit; which is earlier. The first annual Base Assessment levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

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

8.7. Personal Obligation

(a) Each Owner, by accepting a deed or entering into a Recorded contract sale

for any portion of the Properties, is deemed to covenant and agree to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of North Carolina law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

Failure of the Board to determine an assessment or to deliver an assessment notice shall not be deemed a waiver or release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner may exempt himself from liability for assessments by non-use of Common Area or other facilities or services provided to Owners by the Association or the Club, abandonment of his/her Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

The Association shall, upon request, furnish to any Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

(b) Declarant's Option to Fund Budget Deficits. During the Class "B" Control Period, Declarant may satisfy its obligation for assessments on Units which it owns either by paying assessments in the same manner as any other Owner or by paying the difference between the amount of assessments levied on all other Units subject to assessment and the amount of actual expenditures by the Association during the fiscal year. Unless the Declarant otherwise notifies the Board in writings at least 60 days before the beginning of each fiscal year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Regardless of the Declarant's election, the Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. After termination of the Class "B" Control Period, the Declarant shall pay assessments on Units subject to assessment in the same manner as any other Owner.

8.8. Lien for Assessments.

The Association shall have a lien against each Unit to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of North Carolina law), and costs of collection (including attorneys fees). Such lien shall be superior to all other liens, except the liens of all taxes, bonds, assessments, and other levies which by law would be superior and the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or nonjudicial foreclosure.

The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

The sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit pursuant to foreclosure of the first Mortgage shall extinguish the lien as to any installments of such assessments due prior to the Mortgagee's foreclosure. The subsequent Owner to the foreclosed Unit shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 8.5, including such acquirer, its successors and assigns.

8.9. Exempt Property.

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

- (a) All Common Area and such portions of the property owned by the Declarant as are included in the Area of Common Responsibility pursuant to Section 7.2; and
- (b) Any property dedicated to and accepted by any governmental authority or public utility.

8.10. Capitalization of Association.

Upon acquisition of record title to a Unit by the first Owner thereof other than the Declarant or a Builder, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in the amount of \$100.00. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to this Declaration and the By-Laws.

8.11. Limitations on Increases in Base Assessments.

Base Assessments may be increased by a maximum of 10% per year; however, there may be no more than four such increases in any five-year period.

PART FOUR: COMMUNITY DEVELOPMENT
Article IX
EXPANSION OF THE COMMUNITY

9.1 Expansion by the Declarant.

Declarant may from time to time subject to the provisions of this Declaration all

or any portion of the property described in Exhibit "B" by Recording a Supplemental Declaration that describes the additional property to be subjected. A Supplemental Declaration Recorded pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant. In addition, Declarant may subject to the provisions of this Declaration property that is not described on Exhibit "B" so long as the property is located within a 15 mile radius of Granite Falls.

The Declarant's right to expand the community pursuant to this Section shall expire when all property described on Exhibit "B" has been subjected to this Declaration or 40 years after the Recording of this Declaration in the Public Records, whichever is later. Until then, the Declarant may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in Exhibits "A" or "B." Any such transfer shall be memorialized in a written, Recorded instrument executed by Declarant.

Nothing in this Declaration shall be construed to require the Declarant or any successor to subject additional property to this Declaration or to develop any of the property described in Exhibit "B" in any manner whatsoever.

9.2. Expansion by the Association.

The Association may also subject additional property to the provisions of this Declaration by filing a Supplemental Declaration in the Public Records describing the additional property. Any such Supplemental Declaration shall require the affirmative vote of Neighborhood Representatives representing more than 50% of the Class "A" votes of the Association represented at a meeting duly called for such purpose and the consent of the owner of the property. In addition, so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, the consent of the Declarant shall be necessary. The Supplemental Declaration shall be signed by the President and Secretary of the Association, by the owner of the property and by Declarant, if Declarant's consent is necessary.

9.3. Additional Covenants and Easements.

The Declarant may subject any portion of the Properties to additional covenants and easements, including covenants obligating the Association to maintain and insure such property. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. If the property is owned by someone other than Declarant, then the consent of the Owner(s) shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

Article X
ADDITIONAL RIGHTS RESERVED TO DECLARANT

In addition to any other rights reserved by Declarant under any other provisions of the Declaration, the Declarant reserves the following rights:

10.1. Withdrawal of Property.

The Declarant reserves the right to amend this Declaration, so long as it has a right to annex additional property pursuant to Section 9.1, for the purpose of removing any portion of the Properties which has not yet been improved with structures from the coverage of this Declaration, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the community. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Declarant, if the property is Common Area, the Association shall consent to such withdrawal.

10.2. Marketing and Sales Activities.

The Declarant, entities affiliated with Declarant, and Builders authorized by Declarant may maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of the Declarant, may be reasonably required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model units, and sales offices. The Declarant, entities affiliated with Declarant, and authorized Builders shall have easements for access to and use of such facilities.

10.3. Right to Develop.

The Declarant and its employees, agents and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing and installing such improvements to the Common Area as it deems appropriate in its sole discretion. Every Person that acquires any interest in the Properties acknowledges that Granite Falls is a recreational planned community, the development of which is likely to extend over many years, and agrees not to protest, challenge or otherwise object to changes in zoning, density, or the Master Plan required to develop Granite Falls.

10.4. Right to Approve Additional Covenants.

No Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent. 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 by the Declarant and Recorded in the Public Records.

10.5. Right to Approve Changes in Community Standards.

No amendment to or modification of any Use Restrictions and Rules or Design Guidelines shall be effective without prior notice to and the written approval of Declarant so long as the Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1.

10.6. Right to Transfer or Assign Declarant Rights.

Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which the Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless it is in a written instrument signed by the Declarant

and duly recorded in the Public Records. The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to record any written assignment unless necessary to evidence Declarant's consent to such exercise.

10.7. Exclusive Rights to Use Name of Development.

No Person shall use the name "Granite Falls" or any derivative of such name in any printed or promotional material without the Declarant's prior written consent. However, Owners may use the name "Granite Falls" in printed or promotional matter where such term is used solely to specify that particular property is located within Granite Falls and the Association shall be entitled to use the word "Granite Falls" in its name.

10.8. Termination of Rights.

The rights contained in this Article shall not terminate until the earlier of (a) 40 years from the date this Declaration is Recorded in the Public Records, or (b) Recording by Declarant of a written statement that all sales activity has ceased.

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY

Article XI

EASEMENTS

In addition to any easements described in any Recorded plat applicable to the Properties, Declarant grants the following easements:

11.1 Easements in Common Area.

The Declarant grants to each Owner a nonexclusive right and easement of use, access, and enjoyment in and to the Common Area which is appurtenant to the Unit, subject to:

- (b) The Governing Documents and any other applicable covenants;
- (c) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (d) The right of the Board to adopt rules regulating the use and enjoyment of the Common Area, including rules limiting the number of guests who may use the Common Area;
- (e) The right of the Board to suspend the right of an Owner to use portions of the Common Area (i) for any period during which any charge against such Owner's Unit remains delinquent, and (ii) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation of the Governing Documents after notice and a hearing pursuant to Section 3.24 of the By-Laws;

(e) The right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Declaration; and

(f) The rights of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth in Section 16.4.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

11.2. Easements of Encroachment.

The Declarant grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units or any Unit and the Club due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than five feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.3. Easements for Utilities, Etc.

a) The Declarant reserves for itself, so long as the Declarant owns any property described on Exhibit "A" or "B" of this Declaration, and grants to the Association and all utility providers, perpetual non-exclusive easements throughout all of the Properties (but not through a structure) to the extent reasonably necessary for the purpose of:

(i) a specific 10 foot utility and infrastructure easement along the front of each Unit and a two and one-half foot utility easement adjacent to the side boundaries of each Unit, for the operation, and maintenance of water and electrical service throughout the Property described on Exhibits "A" and "B" and for the installation and maintenance of walkways, pathways and trails, drainage systems, irrigation systems, street lights and signage;

(ii) installing utilities and infrastructure to serve the Properties, water meters, cable and other systems for sending and receiving data and/or other electronic signals, security and similar systems, walkways, pathways and trails, drainage systems, street lights and signage on property which Declarant owns or within public rights-of-way or easements reserved for such purpose on recorded plats;

(iii) inspecting, maintaining, repairing and replacing the utilities, infrastructure and other improvements described in Sections 11.3(a)(i) and (ii); and

(iv) access to read utility meters.

(b) Declarant also reserves for itself the non-exclusive right and power to grant and Record such specific easements as may be necessary, in the sole discretion of Declarant, in

connection with the orderly development of any property described on Exhibits "A" and "B."

11.4. Easements to Serve Additional Property.

The Declarant hereby reserves for itself and its duly authorized agents, successors, assigns, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing infrastructure and utilities on such property.

Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of vehicular traffic connected with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, the Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of any maintenance which the Association provides to or along any roadway providing access to such Property.

11.5 Easements for Maintenance, Emergency and Enforcement.

The Declarant grants to the Association easements over the Properties as necessary to enable the Association to fulfill its maintenance responsibilities under Section 7.2. The Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

11.6. Right to Grant Additional Easements.

The Declarant reserves the right to grant easements of use, access, and enjoyment in and to the Common Area to additional Persons, so long as it has a right to annex additional property to the Declaration pursuant to Section 9.1.

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

Article XII

DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

12.1. Consensus for Association Litigation.

Except as provided in this Section, the Association shall not commence a judicial or administrative proceeding without the approval of at least 75% of the Neighborhood Representatives. A Neighborhood Representative representing Units owned by Persons other than himself shall not vote in favor of bringing or prosecuting any such proceeding unless authorized to do so by a vote of Owners of 75% of the total number of Units in the Neighborhood represented by the Neighborhood Representative. This Section shall not apply, however, to (a) actions brought by the Association to enforce the Governing Documents

(including, without limitation, the foreclosure of liens); (b) the collection of assessments; (c) proceedings involving challenges to 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 procedure, necessary to institute proceedings as provided above.

12.2. Alternative Method for Resolving Disputes.

The Declarant, the Association, its officers, directors, and committee members, all Persons subject to this Declaration, any Builder, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Properties, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances or disputes described in Sections 12.3 ("Claims") to the procedures set forth in Section 12.3 in lieu off filing suit in any court.

12.3. Claims.

Unless specifically exempted below, all Claims arising out of or relating to the interpretation, application or enforcement of the Governing Documents, or the rights, obligations and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements on the Properties shall be subject to the provisions of Section 12.4.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 12.4:

(a) any suit by the Association against any Bound Party to enforce the provisions of Article VIII (Assessments);

(b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Article III (Use and Conduct) and Article IV (Architecture and Landscaping);

(c) any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;

(d) any suit in which any indispensable party is not a Bound Party;

(e) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 12.4(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article; and

(f) any suit brought against the Owner of the Club for actions taken pursuant to Section 11.6 or Article XIII.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 12.4.

12.4. Mandatory Procedures.

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

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

(b) Negotiation and Mediation.

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

2. If the Parties do not resolve the Claim within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have 30 additional days to submit the Claim to mediation under the auspices of an independent agency providing dispute resolution services in the Raleigh, North Carolina area.

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

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

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

(c) Final and Binding Arbitration.

1. If the Parties do not agree in writing to a settlement of the Claim within 15 days of the Termination of Mediation, the Claimant shall have 15 additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration contained in Exhibit "D" or such rules as may be required by the agency providing the arbitrator. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons other than Claimant.

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

12.5. Allocation of Costs of Resolving Claims.

(a) Subject to Section 12.5(b), each Party shall bear its own costs, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding ("Post Mediation Costs").

(b) Any Award which is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add Claimant's Post Mediation Costs to the Award, such costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than any Respondent's Settlement Offer shall award to such Respondent its Post Mediation Costs.

12.6. Enforcement of Resolution.

After resolution of any Claim, if any Party fails to abide by the terms of any agreement or Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Section 12.4. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys' fees and court costs.

Article XIII
THE CLUB

13.1. General

Access to the Club facilities will be limited to members of the Club. Each owner may apply for membership in the Club. Such membership in the Club shall be granted in the sole discretion of the Owner of the Club and subject to such terms and conditions as determined by the Owner of the Club. The fee for such membership shall be set by the Owner of the Club. Owners that violate the terms or conditions of their memberships in the Club, or violate the rules and regulations of the Club, may have their memberships suspended or terminated at the discretion of the Owner of the Club.

The Association may be obligated to collect all membership fees and pay such fees to the Club. In the event the Association fails to collect such fees on behalf of the Club, the Club shall have a right of lien, as provided to the Association in Section 8.8, against the Units of all Owners that have failed to pay such fees. Owners that violate the terms or conditions of their memberships in the Club, or violate the rules and regulations of the Club, may have their memberships suspended or terminated at the discretion of the Owner of the Club.

13.2. Ownership and Control of the Club.

Membership in the Association, membership in the Club or occupancy of a Unit shall not confer any ownership interest in the Club. Rights to use the Club will be granted subject to such terms and conditions as may be determined by the Owner of the Club. The Owner of the Club shall have the right to grant use rights to Persons that do not reside in Granite Falls.

13.3. Conveyance of the Club.

All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Declarant, the Association, any Builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of the Club, and no purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the record Owner of the Club. Further, the ownership or operation of the Club may change at any time by virtue of, but without limitation, (a) the sale to or assumption of operations of the Club by a Person other than the current owner or operator; (b) the establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the members of the Club or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Club; or (c) the conveyance of the Club to one or more affiliates, shareholders, employees, or independent contractors of the Declarant. No consent of the Association, Neighborhood Association, Neighborhood Representative or any Owner shall be required to effectuate any change in ownership or operation of the Club, for or without consideration and subject to or free of any mortgage, covenant, lien or other encumbrance.

13.4. View Impairment.

Neither the Declarant, the Association, nor the Owner of the Club, guarantees or represents that any view over and across the Club from Units adjacent to the Club will be preserved without impairment. The Owner of the Club, if any, shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in their sole and absolute discretion, to add improvements, structures, trees and other landscaping to the Club from time to time. Any such additions or changes may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

13.5. Architectural Control.

Neither the Declarant, the Association, any committee, or any Owner shall initiate or approve any construction, addition, alteration, change, or installation on or to any portion of the Properties which is adjacent to, or otherwise in the direct line of sight of, the Club. Any such construction, addition, alteration, change, or installation shall be subject to the approval of the Owner of the Club.

13.6. Limitations on Amendments.

In recognition of the fact that the provisions of this Article are for the benefit of the Club, no amendment to this Article, and no amendment in derogation of any other provisions of this Declaration benefiting the Club, may be made without the written approval of the Owner of the Club. The foregoing shall not apply, however, to amendments made by the Declarant.

13.7 Jurisdiction and Cooperation.

It is Declarant's intention that the Association and the Club shall cooperate to the maximum extent possible in the operation of the Properties and the Club. Each shall reasonably assist the other in upholding the Community-Wide Standard as it pertains to maintenance and the Design Guidelines. The Association shall have no power to promulgate Use Restrictions or Rules other than those set forth on Exhibit "C" affecting activities on or use of the Club without the prior written consent of the Owner of the Club. The Owner of the Club shall have standing to enforce any and all provisions of the Governing Documents.

13.8. Maintenance of Common Areas.

The Owner of the Club shall have an easement and the right to enter and maintain all portions of Area of Common Responsibility within Granite Falls if the Association fails to do so in accordance with the Community-Wide Standard. The Owner of the Club shall present the Association with written notice of the Association's failure to maintain such portions of Granite Falls, including without limitation, the entrance and landscaping within the community. From time of receipt of such written notice, the Association shall have five business days in which to take appropriate corrective action. If the Association fails to take corrective action, the Owner of the Club may enter the affected portion of the Area of Common Responsibility and bring such portion into compliance with the Community-Wide Standard. The Association shall pay the costs of all actions taken by the Owner of the Club to preserve the Community-Wide Standard, subject to any allocation of such costs pursuant to the Covenant to Share Costs.

13.9. Easements for the Club.

(a) The Declarant grants, for the benefit of the Club and its members (regardless of whether such members are Owners hereunder), guests, invitees, employees, agents, contractors, and designees, a right and nonexclusive easement of access and use of the Common Area including, but not limited to, streets, trails, lakes, and bike paths. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from the exercise of this easement the Declarant or its members; the Association or its Members (in their capacities as such); the Owner of the Club or its successors, successors-in-title to the Club, or assigns; any Builder or contractor (in their capacities as such); any officer, director or partner of any of the foregoing, or any officer or director of any partner.

(b) The Owner of the Club, its agents, employees, contractors, and designees, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair and replacement of the Club.

Article XIV
MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units in the Properties. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

14.1. Notices of Action.

An institutional holder, insurer, or guarantor of a first 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 street address of the Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Governing Documents relating to such Unit or the Owner or Occupant which is not cured within 60 days; or

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

14.2. No Priority.

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

14.3. Notice to Association.

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

14.4. Failure of Mortgagee to Respond.

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 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.

PART SEVEN:CHANGES IN THE COMMUNITY

Article XV

CHANGES IN OWNERSHIP OF UNITS

Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Unit, including assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title. Upon acquisition of record title to a Unit by any transferee after the first Owner thereof other than the Declarant or a Builder, a contribution shall be made by or on behalf of the transferee to the working capital of the Association in the amount of \$100.00. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to this Declaration and the By-Laws.

Article XVI

CHANGES IN COMMON AREA

16.1. Condemnation.

If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Neighborhood Representatives representing at least 67% of the total Class "A" votes in the Association and of the Declarant, as long as the Declarant owns any property subject to the Declaration or which may be made subject to the Declaration in accordance with Section 9.1) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association and the Association shall restore or replace such improvements, if any, on the remaining land included in the Common Area to the extent available. Otherwise, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

16.2. Partition.

Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action to partition any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

16.3. Transfer or Dedication of Common Area.

The Association may dedicate portions of the Common Area to the Wake County, North Carolina or to any other local, state, or federal governmental or quasi-governmental entity subject to such approval requirements as may be required by Section 16.4.

16.4 Actions Requiring Owner Approval.

If either the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs is insuring or guaranteeing the Mortgage on any Unit, then the following actions shall require the prior approval of not less than two-thirds (2/3) of the total Class "A" votes in the Association (excluding votes held by the Declarant) and the consent of the Class "B" Member, if such exists: merger, consolidation or dissolution of the Association; annexation of additional property other than that described on Exhibit "B"; and dedication, conveyance or mortgaging of Common Area. Notwithstanding anything to the contrary in Section 17.1 or this Section, the Association, acting through the Board, may grant easements over the Common Area for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the approval of the membership.

Article XVII AMENDMENT OF DECLARATION

17.1. By Declarant.

Until termination of the Class "B" membership, Declarant may unilaterally amend this Declaration if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Units; or (iv) to satisfy the requirements of any local, state or federal governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent in writing. In addition, so long as the Declarant owns property described in Exhibits "A" or "B" for development as part of the Properties, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

17.2. By Members.

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Neighborhood Representatives representing 75% of the total Class "A" votes in the Association, including 75% of the Class "A" votes held by Members other than the Declarant, and the consent of the Declarant, so long as the Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

17.3. Validity and Effective Date.

No amendment may remove, revoke or modify any right or privilege of the Declarant, the Class "B" Member, or the Owner of the Club without the written consent of the Declarant, the Class "B" Member, or Owner of the Club, respectively (or the assignee of such right or privilege).

If an owner consents to any amendment to this Declaration or the By-Laws, 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 amendment shall become effective upon Recording in the Public Records, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

17.4 Exhibits.

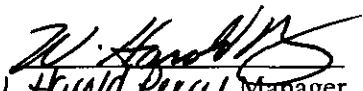
Exhibits "A," and "B," are attached to this Declaration, are incorporated by this reference and amendment of such exhibits shall be governed by this Article. Exhibit "C" is attached for informational purposes and may be amended as provided in Article III. Exhibit "D" may be amended as provided therein.

(SIGNATURES OF FOLLOWING PAGE)

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the date and year first written above.

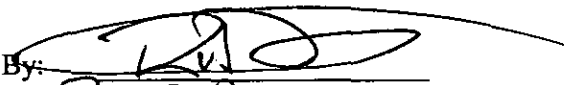
DECLARANT:

North Wake Developers, LLC,
a North Carolina limited liability company

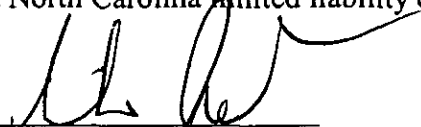
By: 
W. Harold Perry, Manager

LOT OWNERS:

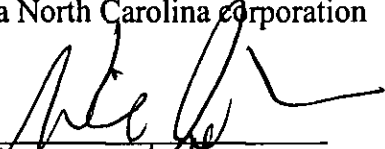
Perry Builders, LLC,
a North Carolina limited liability company

By: 
Ryan D. Perry, Manager

MYSEC, LLC,
a North Carolina limited liability company

By: 
Michael E. Jordan Manager

Jordan's Construction, Inc.,
a North Carolina corporation

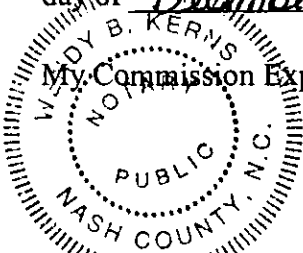
By: 
Michael E. Jordan Manager

NORTH CAROLINA

Nash COUNTY

I, Wendy B. Kerns, a Notary Public of the County and state aforesaid, certify that W. Harold Perry, personally appeared before me this day and acknowledged that he is Manager of NORTH WAKE DEVELOPERS, LLC, a North Carolina Limited Liability Company, and that by authority duly given and as the act of said limited liability company, the foregoing instrument was voluntarily signed in its name by its Manager. Witness my hand and official stamp or seal this 10th day of December, 2007.

My Commission Expires: 9-30-2010



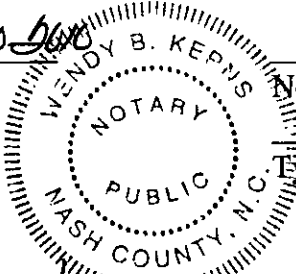
Wendy B. Kerns
Notary Public
Wendy B. Kerns
Typed or Printed Name of Notary

NORTH CAROLINA

Nash COUNTY

I, Wendy B. Kerns, a Notary Public of the County and state aforesaid, certify that Ryan Perry, personally appeared before me this day and acknowledged that he is Manager of PERRY BUILDERS, LLC, a North Carolina Limited Liability Company, and that by authority duly given and as the act of said limited liability company, the foregoing instrument was voluntarily signed in its name by its Manager. Witness my hand and official stamp or seal this 10th day of December, 2007.

My Commission Expires: 9-30-2010



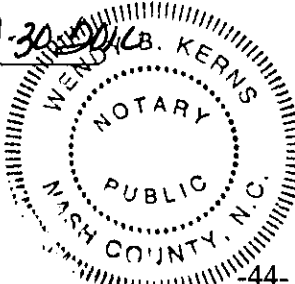
Wendy B. Kerns
Notary Public
Wendy B. Kerns
Typed or Printed Name of Notary

NORTH CAROLINA

Nash COUNTY

I, Wendy B. Kerns, a Notary Public of the County and state aforesaid, certify that Michael E. Jordan, personally appeared before me this day and acknowledged that he is Manager of MYSEC, LLC, a North Carolina Limited Liability Company, and that by authority duly given and as the act of said limited liability company, the foregoing instrument was voluntarily signed in its name by its Manager. Witness my hand and official stamp or seal this 10th day of December, 2007.

My Commission Expires: 9-30-2010



Wendy B. Kerns
Notary Public
Wendy Kerns
Typed or Printed Name of Notary

NORTH CAROLINA

Nash COUNTY

I, Wendy B. Kerns, a Notary Public for the state and county aforesaid, certify that Michael E. Jordan personally came before me this day and acknowledged that he/she is the _____ President of JORDAN'S CONSTRUCTION, INC., a North Carolina corporation, and that he/she, as _____ President, by the authority duly given and as the act of the corporation, the foregoing instrument was voluntarily executed by him/her on behalf of said corporation. Witness my hand and official stamp or seal this the 10th day of December, 2007.

My Commission Expires: 9-30-2010

Wendy B. Kerns
Notary Public
Wendy B. Kerns
Typed or Printed Name of Notary

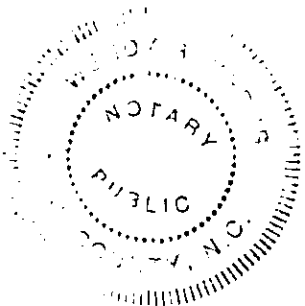


EXHIBIT A

BEING all of Tract 2, as the same is shown on map entitled "Property of North Wake Developers, L.L.C. Granite Falls," and being recorded in Book of Maps 2006, Page 535, Wake County Registry.

and

BEING all of Tract 3, as the same is shown on map entitled "Property of North Wake Developers, L.L.C., Granite Falls - Lot 11 & 12, Tracts 1 & 3," and being recorded in Book of Maps 2007, Page 576, Wake County Registry.

EXHIBIT B

None.

EXHIBIT "C"
Initial Use Restrictions and Rules

The following restrictions shall apply to all of the Properties until such time as they are amended, modified, repealed or limited by Use Restrictions of the Association adopted pursuant to Article III of the Declaration or as otherwise provided in the Declaration.

1. General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by the Declarant and/or a Builder to assist in the sale of property described on Exhibits "A" or "B," offices for any property manager retained by the Association, and business offices and construction areas for the Declarant, Builder, or the Association) consistent with this Declaration and any Supplemental Declaration.

2. Restricted Activities. The following activities are prohibited within the Properties unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors:

(a) Parking of any vehicles is;

(i) prohibited on public or private streets or thoroughfares within the Properties except for construction vehicles of the Declarant or Builders which may be parked in the streets of a construction area until 100% of the property described on Exhibits "A" and "B" of the Declaration has been developed and conveyed to Owners other than the Declarant or Builders,

(ii) parking of commercial vehicles or equipment, mobile homes, recreational vehicles, trailers, boats or watercraft exceeding 18 feet in length, stored vehicles or inoperable vehicles anywhere within the Properties other than in enclosed garages is prohibited; provided, construction, service and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Area, and recreational vehicles and trailers may be parked in driveways for not more than 24 hours while loading and unloading, which shall not occur more than twice per month;

(iii) prohibited on any unpaved portion of a Unit.

(b) Raising, breeding or keeping of animals, livestock, or poultry of any kind shall be regulated by the Town of Rolesville.

(c) Any activity which emits foul or obnoxious odors outside the Unit or creates noise or other conditions which tend to disturb the peace or threaten the safety of the occupants of other Units;

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

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

- (f) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units;
- (g) Outside burning of trash, leaves, debris or other materials, except by the Declarant or a Builder;
- (h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be an unreasonable annoyance or nuisance to occupants of other Units in the Board's judgment, except alarm devices used exclusively for security purposes;
- (i) Posting or maintaining any sign, banner or advertisement, unless approved by the Reviewer under Article IV and maintained in a manner consistent with the Design Review Guidelines and any applicable governmental regulations;
- (j) Dumping of grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Properties, except that fertilizers may be applied to landscaping on Units provided care is taken to minimize runoff, and Declarant and Builders may dump and bury rocks and trees removed from a building site on such building site;
- (k) Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers;
- (l) Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and filed in the Public Records, except that the Declarant shall be permitted to subdivide or replat Units which it owns;
- (m) Fishing, swimming, boating, use of personal flotation devices, or other active use of lakes, ponds, streams or other bodies of water within the Properties, except in designated areas and as specifically permitted by the Association. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams or other bodies of water within or adjacent to the Properties;
- (n) Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years; except that Declarant and its assigns may operate such a program with respect to Units which it owns;
- (o) Use and discharge of firecrackers and other fireworks; provided, the Board shall have no obligation to take action to prevent or stop such discharge;
- (p) On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment. This provision shall not apply to any underground fuel tank pursuant to Article IV;

(q) Any business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (1) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Properties; (iii) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Properties; and (iv) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

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

The leasing of a Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by the Declarant or a Builder approved by the Declarant with respect to its development and sale of the Properties or its use of any Units which it owns within the Properties, including the operation of a timeshare or similar program;

(r) Capturing, trapping, or killing of wildlife within the Properties, unless authorized by the Declarant or the Association;

(s) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Properties or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(t) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without prior approval pursuant to Article IV, provided that Use of such areas shall be permitted by a Builder during the construction and marketing of any portion of the Properties;

(u) Operation of motorized vehicles, golf carts, or similar items on public or private roads, streets, pathways, bike trails, or trails maintained by the Association;

(v) Any construction, erection, or placement of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article IV of the Declaration. This shall include, without limitation, signs, basketball hoops, swing sets and similar sports and play equipment; clotheslines; garbage cans; woodpiles; above-ground swimming pools; docks, piers and similar structures; and hedges, walls, dog runs, animal pens, or fences of any kind. To the extent that the reviewer of a request for any of the foregoing permits antennas or satellite dishes within the Properties, such shall be restricted to a size of 36 inches or less and be located or screened from view from the streets, adjacent Units, or Common Area;

(w) Unless otherwise provided by law, placement of antennas, satellite dishes, or other apparatus for the transmission, reception, or communication of television, radio, satellite, or other signals

except for one small receiver which may be located in the side or rear yard, installed adjacent to the residence, and integrated with the residential structure and landscaping. Unless otherwise provided by law, dishes shall not exceed 36 inches in diameter. Any such devices shall be screened or landscaped from view from the street and adjacent Units;

(x) Changing, altering, impeding, dumping, or otherwise interfering with the flow and volume of water in any portion of the Surface Water Management System; and

(y) Holiday lighting and decorations on the exterior of Units except for lighting and decorations that are displayed in commemoration or celebration of publicly observed holidays. Such lighting and decorations may not be displayed more than six weeks in advance of the holiday and must be removed within 30 days after the holiday has ended.

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

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

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

(c) Sprinkler or irrigation systems or wells of any type which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within the Properties, except that Declarant and its designees shall have the exclusive right to draw water from such sources and to reduce the level of such bodies of water; and

EXHIBIT "D"
Rules of Arbitration

1. Claimant shall submit a Claim to arbitration under these Rules by giving written notice to all other Parties stating plainly and concisely the nature of the Claim, the remedy sought and Claimant's submission of the Claim to arbitration ("Arbitration Notice").

2. The Parties shall select arbitrators ("Party Appointed Arbitrators") as follows: all the Claimants shall agree upon one (1) Party Appointed Arbitrator, and all the Respondents shall agree upon one (1) Party Appointed Arbitrator. The Party Appointed Arbitrators shall, by agreement, select one neutral arbitrator ("Neutral") so that the total arbitration panel ("Panel") has three (3) arbitrators.

3. If the Panel is not selected under Rule 2 within 45 days from the date of the Arbitration Notice, any party may notify the nearest chapter of The Community Associations Institute, for any dispute arising under the Governing Documents, or the American Arbitration Association, or such other independent body providing arbitration services, for any dispute relating to the design or construction of improvements on the Properties, which shall appoint one Neutral ("Appointed Neutral"), notifying the Appointed Neutral and all Parties in writing of such appointment. The Appointed Neutral shall thereafter be the sole arbitrator and any Party Appointed Arbitrators or their designees shall have no further duties involving the arbitration proceedings.

4. No person may serve as a Neutral in any arbitration in which that person has any financial or personal interest in the result of the arbitration. Any person designated as a Neutral or Appointed Neutral shall immediately disclose in writing to all Parties any circumstance likely to affect impartiality, including any bias or financial or personal interest in the outcome of the arbitration ("Bias Disclosure"). If any Party objects to the service of any Neutral or Appointed Neutral after receipt of that Neutral's Bias Disclosure, such Neutral or Appointed Neutral shall be replaced in the same manner in which that Neutral or Appointed Neutral was selected.

5. The Appointed Neutral or Neutral, as the case may be ("Arbitrator"), shall fix the date, time and place for the hearing. The place of the hearing shall be within the Properties unless otherwise agreed by the Parties. In fixing the date of the hearing, or in continuing a hearing, the Arbitrator shall take into consideration the amount of time reasonably required to determine Claimant's damages accurately.

6. Any Party may be represented by an attorney or other authorized representative throughout the arbitration proceedings. In the event the Respondent fails to participate in the arbitration proceeding, the Arbitrator may not enter an Award by default, but shall hear Claimant's case and decide accordingly.

7. All persons who, in the judgment of the Arbitrator, have a direct interest in the arbitration are entitled to attend hearings. The Arbitrator shall determine any relevant legal issues including whether all indispensable parties are Bound Parties or whether the claim is barred by the statute of limitations.

8. There shall be no stenographic record of the proceedings.
9. The hearing shall be conducted in whatever manner will, in the Arbitrator's judgment, most fairly and expeditiously permit the full presentation of the evidence and arguments of the Parties. The Arbitrator may issue such orders as it deems necessary to safeguard rights of the Parties in the dispute without prejudice to the rights of the Parties or the final determination of the dispute.
10. If the Arbitrator decides that it has insufficient expertise to determine a relevant issue raised during arbitration, the Arbitrator may retain the services of an independent expert who will assist the Arbitrator in making the necessary determination. The scope of such professional's assistance shall be determined by the Arbitrator in the Arbitrator's discretion. Such independent professional must not have any bias or financial or personal interest in the outcome of the arbitration, and shall immediately notify the Parties of any such bias or interest by delivering a Bias Disclosure to the Parties. If any Party objects to the service of any professional after receipt of a Bias Disclosure, such professional shall be replaced by another independent licensed professional selected by the Arbitrator.
11. No formal discovery shall be conducted in the absence of express written agreement among all the Parties. The only evidence to be presented at the hearing shall be that which is disclosed to all Parties at least 30 days prior to the hearing; provided, however, no Party shall deliberately withhold or refuse to disclose any evidence which is relevant and material to the Claim, and is not otherwise privileged. The Parties may offer such evidence as is relevant and material to the Claim, and shall produce such additional evidence as the Arbitrator may deem necessary to an understanding and determination of the Claim. The Arbitrator shall be the sole judge of the relevance and materiality of any evidence offered, and conformity to the legal rules of evidence shall not be necessary. The Arbitrator shall be authorized, but not required, to administer oaths to witnesses.
12. The Arbitrator shall declare the hearings closed when satisfied the record is complete.
13. There will be no posthearing briefs.
14. The Award shall be rendered immediately following the close of the hearing, if possible, and no later than 14 days from the close of the hearing, unless otherwise agreed by the Parties. The Award shall be in writing, shall be signed by the Arbitrator and acknowledged before a notary public. If the Arbitrator believes an opinion is necessary, it shall be in summary form.
15. If there is more than one arbitrator, all decisions of the Panel and the Award shall be by majority vote.
16. Each Party agrees to accept as legal delivery of the Award the deposit of a true copy in the mail addressed to that Party or its attorney at the address communicated to the Arbitrator at the hearing.

EXHIBIT "E"

BY-LAWS

OF

GRANITE FALLS COMMUNITY ASSOCIATION, INC.

BY-LAWS
OF
GRANITE FALLS COMMUNITY ASSOCIATION, INC.

Article I
Name, Principal Office, and Definitions

1.1. Name.

The name of the corporation is Granite Falls Community Association, Inc. ("Association").

1.2. Principal Office.

The principal office of the Association shall be located in Wake County, North Carolina. The Association may have such other offices, either within or outside the State of North Carolina, as the Board of Directors may determine or as the affairs of the Association may require.

1.3. Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Granite Falls filed in the Registry of Deeds of Wake County, North Carolina, as it may be amended ("Declaration"), unless the context indicates otherwise.

Article II
Association: Membership Meetings, Quorum, Voting, Proxies

2.1. Membership.

The Association shall have two classes of membership, Class "A" and Class "B", as more fully set forth in the Declaration, the terms of which pertaining to membership are incorporated by this reference.

2.2. Place of Meetings.

Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as the Board may designate, either within the Properties or as convenient as possible and practical.

2.3. Annual Meetings.

The first meeting of the Association, whether a regular or special meeting,

shall be held within one year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set on a date and time determined by the Board.

2.4. Special Meetings.

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by at least 10% of the total Class "A" votes in the Association.

2.5. Notice of Meetings.

Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than 10 nor more than 60 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when otherwise required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at its address as it appears on the records of the Association, with postage prepaid.

2.6. Waiver of Notice.

Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member or the Member's proxy shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member or proxy specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings.

If any meeting of the Association cannot be held because a quorum is not present, Members or their proxies holding a majority of the votes represented at such meeting may adjourn the meeting to a time not less than 5 nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment; notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members represented at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal

of enough Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8. Voting.

The voting rights of the Members shall be as set forth in the Declaration and in these By-Laws, and such voting rights provisions are specifically incorporated by this reference.

2.9. Proxies.

At all meetings of Members, each Member may vote in person (if a corporation, partnership or trust, through any officer, director, partner or trustee duly authorized to act on behalf of the Member) or by proxy, subject to the limitations of North Carolina law. Each proxy shall be in writing, shall specify the Unit(s) for which it is given, and shall be signed by the Member or its duly authorized attorney-in-fact, dated and filed with the Secretary of the Association prior to any meeting for which it is to be effective. A proxy which fails to specify the Unit(s) for which it is given shall be presumed to cover all votes which the Member giving such proxy is entitled to cast. In the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. Every proxy shall be revocable and shall automatically cease upon conveyance of any Unit for which it was given, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member who is a natural person, or of written revocation, or 11 months from the date of the proxy, unless a shorter period is specified in the proxy.

2.10. Majority.

As used in the Governing Documents, the term "majority" shall mean the votes of Owners, Members or other group as the context may indicate, totaling more than 50% of the total eligible number.

2.11. Quorum.

Except as otherwise provided in these By-Laws or in the Declaration, the presence, in person or by proxy, of Members representing 10% of the total Class "A" votes in the Association shall constitute a quorum at all meetings of the Association.

2.12. Conduct of Meetings.

The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.13. Action Without a Meeting.

Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote, if written consent specifically authorizing the proposed action is signed by all Members entitled to vote on such matter. Such consents shall be filed with the minutes of the Association, and shall have the same force and effect as a vote of the Members at a

meeting.

Article III
Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

3.1. Governing Body Composition.

The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one equal vote. Except with respect to directors appointed by the Class "B" Member, the directors shall be Members or Residents; provided no Owner and Resident occupying the same Unit may serve on the Board at the same time. A "Resident" shall be any natural person 18 years of age or older whose principal place of residence is a Unit within the Properties. In the case of a Member which is not a natural person, any officer, director, partner, employee or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by the Class "B" Member.

3.2. Number of Directors.

The Board shall consist of three to five directors, as provided in Sections 3.3 and 3.5 below. The initial Board shall consist of three directors as identified in the Articles of Incorporation.

3.3. Directors During Class "B" Control Period.

Subject to the provisions of Section 3.5 below, the directors shall be appointed by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

(a) when 90% of the maximum total number of Units proposed by the Master Plan for the property described on Exhibit "A" and "B" have certificates of occupancy issued thereon and have been conveyed to Persons other than Builders. The maximum number of Units may increase if the zoned density for the property described on Exhibits "A" and "B" approved by Town of Rolesville increases or if additional property other than the property described on Exhibits "A" and "B" is subjected to this Declaration as provided in Article IX; or

(b) December 31, 2030; or

(c) when, in its sole discretion, the Class "B" Member so determines.

3.4. Nominations and Election Procedures.

(a) Nomination of Directors. Except with respect to directors selected by the Class "B" Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three or more Members or representatives of Members, with at least one representative from each Voting Group, if established. The

Nominating Committee shall be appointed by the Board of Directors not less than 30 days prior to each election to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such election.

The Nominating Committee may make as many nominations for election to the Board as it shall in its discretion determine. The Nominating Committee shall nominate separate slates for the directors, if any, to be elected at large by all Class "A" votes, and for the director(s) to be elected by the votes within each Voting Group. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates. Nominations shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

(b) Election Procedures. Elections shall be held at the Association's annual meeting, unless the Board determines that such elections shall be held by mail. If elections are held by mail ballots on the election date, the Board or an election committee appointed by the Board shall open and count the ballots.

Each Owner may cast the entire vote assigned to his Unit for each position to be filled. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

3.5. Election and Term of Office.

Notwithstanding any other provision of these By-Laws:

(a) Within 30 days after the time that Class "A" Members other than Builders own 67% of the Units proposed by the Master Plan for the property described in Exhibits "A" and "B" of the Declaration, or whenever the Class "B" Member earlier determines, the President shall call for an election by which the Class "A" Members shall be entitled to elect one of the three directors. The remaining two directors shall be appointees of the Class "B" Member. The director elected by the Class "A" Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (b), whichever is shorter. If such director's term expires prior to the happening of the event described in subsection (b), a successor shall be elected for a like term.

(b) Within 30 days after the time that Class "A" Members other than Builders own 85% of the Units proposed by the Master Plan for the property described in Exhibits "A" and "B" of the Declaration, or whenever the Class "B" Member earlier determines, the Board shall be increased to five directors. The President shall call for an election by which the Class "A" Members shall be entitled to elect two of the five directors. The remaining three directors shall be appointees of the Class "B" Member. The directors elected by the Class "A" Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (c) below, whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (c) below, successors shall be elected for a like term.

(c) Within 90 days after termination of the Class "B" Control Period, the

President shall call for an election by which the Class "A" Members shall be entitled to elect three of the five directors. The remaining two directors shall be appointees of the Class "B" Member. The directors elected by the Class "A" Members shall not be subject to removal by the Class "B" Member and shall serve until the first annual meeting following the termination of the Class "B" Control Period. If such annual meeting is scheduled to occur within 90 days after termination of the Class "B" Control Period, this subsection shall not apply and directors shall be elected in accordance with subsection (d) below.

(d) Not later than the first annual meeting after the termination of the Class "B" Control Period an election shall be held. Four directors shall be elected by the Class "A" Members, with the two directors receiving the greatest number of votes being elected for a term of two years and the remaining three directors being elected for a term of one year.

Until termination of the Class "B" membership, the Class "B" Member shall be entitled to appoint one director. Upon termination of the Class "B" membership, the director elected by the Class "B" Member shall resign and the remaining directors shall be entitled to appoint a director to serve until the next annual meeting, at which the Class "A" Members shall be entitled to elect a director to fill such position. Such director shall be elected for a term of two years.

Upon the expiration of the term of office of each director elected by the Class "A" Members, a successor shall be elected to serve a term of two years. The directors elected by the Class "A" Members shall hold office until their respective successors have been elected.

3.6. Removal of Directors and Vacancies.

Any director elected by the Class "A" Members may be removed, with or without cause, by Members holding a majority of the votes entitled to be cast for his or her election. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Class "A" Members to fill the vacancy for the remainder of the term of such director.

Any director elected by the Class "A" Members who has three or more consecutive unexcused absences from Board meetings, or who is more than 30 days delinquent (or is the representative of a Member who is so delinquent) in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director elected by the Class "A" Members, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Class "A" Members shall elect a successor for the remainder of the term.

This Section shall not apply to directors appointed by the Class "B" Member nor to any director serving as a representative of the Declarant. The Class "B" Member shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability or resignation of a director appointed by or elected as a representative of the Class "B" Member.

B. Meetings.

3.7. Organizational Meetings.

The first meeting of the Board following each annual meeting of the membership shall be held within 10 days thereafter at such time and place as the Board shall fix.

3.8. Regular Meetings.

Regular meetings of the Board may be held at such time and place as a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter. Notice of the time and place of a regular meeting shall be communicated to directors not less than four days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

3.9. Special Meetings.

Special meetings of the Board of Directors shall be held when called by written notice signed by the President or Vice President or by any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) facsimile, computer, fiberoptics or such other communication device. All such notices shall be given at the director's telephone number, fax number, electronic mail number, or sent to the director's address as shown on the records of the Association. Notices of special meetings of the Board shall be posted in a prominent place within the Properties. Notices sent by first class mail shall be deposited into a United States mailbox at least seven business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

3.10. Waiver of Notice.

The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.11. Telephone Participation in Meetings.

Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the

meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.12. Quorum of Board of Directors.

At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than 5 nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13. Compensation.

Directors shall not receive any compensation from the Association for acting as such. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board of Directors, excluding the interested director.

3.14. Conduct of Meetings.

The President shall preside over all meetings of the Board, and the Secretary, by agent or otherwise, shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.15. Open Meetings.

Subject to the provisions of Section 3.16, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, and may exclude Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.16. Action Without a Formal Meeting.

Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.17 Powers.

The Board of Directors shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Governing Documents and as provided by law. The Board may do or cause to be done all acts and things as are not by the Declaration, Articles, these By-Laws, or North Carolina law directed to be done and exercised exclusively by the membership generally.

3.18. Duties.

The duties of the Board shall include, without limitation:

(a) preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses and any Neighborhood Expenses;

(b) levying and collecting such assessments from the Owners;

(c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility;

(d) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;

(f) making and amending use restrictions and rules in accordance with the Declaration;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these By-Laws;

(i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Board shall not be obligated to take action to enforce any covenant, restriction or rule which the Board in the exercise of its business judgment determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not

strong enough to justify taking enforcement action;

(j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association;

(l) keeping books with detailed accounts of the receipts and expenditures of the Association;

(m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Association, as provided in Section 6.4;

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties;

(o) indemnifying a director, officer or committee member, or former director, officer or committee member of the Association to the extent such indemnity is required under North Carolina law, the Articles of Incorporation or the Declaration; and

(p) assisting in the resolution of disputes between owners and others without litigation, as set forth in the Declaration.

3.19 Right of Class "B" Member to Disapprove Actions.

So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove any action, policy or program of the Association, the Board and any committee which, in the sole judgment of the Class "B" Member, would tend to impair rights of the Declarant or Builders under the Declaration or these By-Laws, or interfere with development of or construction on any portion of the Properties, or diminish the level of services being provided by the Association.

(a) The Class "B" Member shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice complies as to the Board meetings with Sections 3.8, 3.9 and 3.10, and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of

subsections (a) and (b) above have been met.

The Class "B" Member, its representatives or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class "B" Member, acting through any officer or director, agent or authorized representative, may exercise its right to disapprove at any time within 30 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 30 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of any committee, or the Board or the Association. The Class "B" Member shall not use its' right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.20 Management.

The Board of Directors may employ for the Association a professional management agent or agents at such compensation as the Board may establish to perform such duties and services as the Board shall authorize. The Board of Directors may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policymaking authority or those duties set forth in Sections 3.18(a), 3.18(b), 3.18(f), 3.18(g) and 3.18(i). The Declarant, a member of Declarant, an affiliate of the Declarant or any of its members, the Owner of the Club, or an affiliate or subsidiary of the Club may be employed as managing agent or manager.

The Board of Directors may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

3.21 Accounts and Reports.

The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the

Board; and

(f) an annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. Such annual report may be prepared on an audited, reviewed or compiled basis, as the Board determines, by an independent public accountant

3.22. Borrowing.

The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Member approval in the same manner provided in Section 8.4 of the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 25% of the budgeted gross expenses of the Association for that fiscal year.

3.23. Right to Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with owners associations outside the Properties or the Owner of the Golf Club.

3.24. Enforcement.

Prior to exercising certain enforcement rights set forth in Section 7.5 of the Declaration and taking other actions specified in the Governing Documents, the Association shall comply with the following notice and hearing procedures:

(a) Notice. Prior to imposition of certain sanctions specified in the Governing Documents, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than 10 days within which the alleged violator may present a written request for a hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within 10 days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided, the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If a hearing is requested within the allotted 10 day period, the hearing shall be held before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Section, the Board may elect to enforce any provision of the Governing Documents by certain sanctions set forth in Section 7.5 of the Declaration, including by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article IV **Officers**

4.1 Officers.

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the members of the Board; other officers may, but need not be members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2. Election and Term of Office.

The Board shall elect the officers of the Association at the first meeting of the Board following each annual meeting of the Members, to serve until their successors are elected.

4.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties.

The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5. Resignation.

Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it

effective.

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board resolution.

4.7. Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.13.

Article V **Committees**

5.1. General.

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

5.2. Covenants Committee.

In addition to any other committees which the Board may establish pursuant to Section 5.1, the Board may appoint a Covenants Committee consisting of at least three and no more than seven Members. Acting in accordance with the provisions of the Governing Documents and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.24 of these By-Laws.

Article VI **Miscellaneous**

6.1. Fiscal Year.

The fiscal year of the Association shall be the calendar year unless the Board establishes a different fiscal year by resolution.

6.2 Parliamentary Rules.

Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with North Carolina law, the Articles of Incorporation, the Declaration, or these By-Laws.

6.3 Conflicts.

If there are conflicts between the provisions of North Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of North Carolina law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

6.4. Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Declaration, By-Laws, and Articles of Incorporation, any amendments to the foregoing, the rules of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the office of the Association or at such other place within the Properties as the Board shall designate.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
 - (ii) hours and days of the week when such an inspection may be made;
- and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the expense of the Association.

6.5. Notices.

Except as otherwise provided in the Declaration or these By-Laws, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member; or

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section. I

6.6. Amendment.

(a) By Class "B" Member. Until termination of the Class "B" Control Period, the Class "B" Member may unilaterally amend these By-Laws if such amendment is necessary (i) to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; or (iii) to

enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans to make, purchase, insure or guarantee mortgage loans on the Units; provided, however, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing. So long as the Class "B" membership exists, the Class "B" Member may unilaterally amend these By-Laws for any other purpose, provided the amendment has no material adverse effect upon any substantive right of any Member.

(b) By Members Generally. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of 51 % of the total Class "A" votes in the Association, and the consent of the Class "B" Member, if such exists. In addition, the approval requirements set forth in Article XIV of the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon recordation in the Registry of Deeds of Wake County, North Carolina, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant, the Class "B" Member, or the assignee of such right or privilege.

If a Member consents to any amendment to the Declaration or these By-Laws, it will be conclusively presumed that such Member has the authority so to consent and no contrary provision in any Mortgage or contract between the Member and a third party will affect the validity of such amendment.

CERTIFICATION

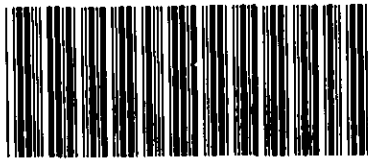
I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Granite Falls Community Association, Inc., a North Carolina corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the ____ day of November, 2005.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ____ day of November, 2005.

Secretary



BOOK:012872 PAGE:01219 - 01294

**Yellow probate sheet is a vital part of your recorded document.
Please retain with original document and submit for rerecording.**



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

This Customer Group
_____ # of Time Stamps Needed

This Document
_____ New Time Stamp
_____ # of Pages
76

After Recording Return to:
Keith D. Burns, Esq
Nexsen Pruet
4141 Parklake Avenue, #200
Raleigh, NC 27612

**DECLARATION OF
COVENANTS, RESTRICTIONS AND EASEMENTS
FOR
GRANITE FALLS HOMEOWNERS' ASSOCIATION**

**This document regulates or prohibits the display of flags,
including the flag of the United States of America and State
of North Carolina.**

**This document regulates or prohibits the display of political
signs.**

TABLE OF CONTENTS

ARTICLE I. DEFINITIONS1

ARTICLE II. PROPERTY SUBMITTED TO THIS DECLARATION5

2.01 Lots Hereby Subjected to this Declaration.5

2.02 Annexation of Additional Property.....5

2.03 Withdrawal of Property.....7

2.04 All Lots Bear the Burdens and Enjoy the Benefits of this Declaration.....7

2.05 Easements.7

2.06 Townhome Lot Boundaries.....10

2.07 Neighborhoods.....10

ARTICLE III. ASSOCIATION PROPERTY11

3.01 Common Areas and Association Property.....11

3.02 Limited Common Areas.....11

3.03 Condemnation.....11

3.04 Damage or Destruction.12

3.05 Actions Requiring Owner Approval.12

3.06 No Partition.....12

3.07 Insurance.....12

3.08 Taxes and Governmental Assessments.....13

3.09 Watershed Protection.13

3.10 Relationships with Other Persons and Entities.13

3.11 Potential Common Area Features.13

3.12 Representations of Seller or Seller's Agent.....13

3.13 Entrance Area and Landscape Buffers.....14

3.14 Irrigation.14

3.15 Street Trees.14

ARTICLE IV. THE ASSOCIATION, MEMBERSHIP, AND VOTING RIGHTS14

4.01 The Association.14

4.02 Membership.15

4.03 Classes of Membership; Voting Rights.15

4.04 Suspension of Membership Rights.15

4.05 Meetings of the Membership.15

4.06 Association Acts Through Its Board of Directors.....15

4.07 Professional Management.....16

4.08 Common Area.....16

4.09 Personal Property and Real Property for Common Use.....16

4.10 Rules and Regulations.....16

4.11 Implied Rights.....16

ARTICLE V. ASSESSMENTS.....16

5.01 Creation of Lien and Personal Obligation.....16

5.02 Purposes of Assessments.17

5.03 Determination of Annual Assessment and Shares Thereof.....17

5.04 Special Assessments.18

5.05 Specific Assessments.....18

5.06 Neighborhood Assessments.....18

5.07 Capitalization of the Association.19

5.08 Effect of Non-Payment of Assessments; Remedies of the Association.....19

5.09 Budget Deficits during Development Period.....20

5.10 Failure to Assess.20

5.11 Surplus Funds.20

5.12 Exempt Property.20

5.13 Notice of Sale & Transfer of Title.....20

ARTICLE VI. ARCHITECTURAL CONTROL.....21

6.01 Architectural Control.....21

6.02 Declarant Exemption.....22

ARTICLE VII. RESTRICTIONS.....22

7.01 Residential Use.....22

7.02 Prohibited Activities.....22

7.03 Unsightly or Unkempt Conditions.....22

7.04 Intentionally Omitted.....23

7.05 Animals.....23

7.06 Antennas; Aerials; Satellite Dishes.....23

7.07 Signs.....23

7.08 Vehicles and Parking.....23

7.09 Window Air-Conditioners.....24

7.10 Subdivision of Lots and Time Sharing.....24

7.11 Interpretation.....24

7.12 No Waiver of Future Approvals.....24

7.13 Tree and Vegetation Protection Zone and Conservation/Greenway Easement.....24

7.14	Environmental Regulations.....	25
7.15	Drainage and Septic Systems.....	26
7.16	Playground.....	26
7.17	Fences.....	26
7.18	Business Use.....	26
7.19	Leasing of Lots.....	26
ARTICLE VIII. MAINTENANCE		27
8.01	Association's Maintenance Responsibility.....	27
8.02	Owner's Maintenance Responsibility.....	28
8.03	Individual Insurance.....	29
8.04	Party Walls.....	29
8.05	Stormwater Management.....	29
8.06	Sidewalks.....	31
8.07	Street Lighting.....	31
8.08	Walking Trails.....	31
ARTICLE IX. MORTGAGEE PROVISIONS.....		31
9.01	Notice of Action.....	31
9.02	Audit.....	32
9.03	No Priority.....	32
9.04	Failure of Mortgagee to Respond.....	32
9.05	Requirements.....	32
9.06	Notice to Association.....	32
9.07	Amendment by Board.....	33
ARTICLE X. AMENDMENT.....		33
10.01	By Declarant.....	33
10.02	By Members.....	33
10.03	Validity and Effective Date.....	33
ARTICLE XI. THE CLUB.....		34
11.01	General.....	34
11.02	Ownership and Control of the Club.....	34
11.03	Conveyance of the Club.....	34
11.04	View Impairment.....	34
11.05	Architectural Control.....	34
11.06	Limitations on Amendments.....	34
11.07	Jurisdiction and Cooperation.....	34

11.08 Maintenance of Common Areas35

11.09 Easements for the Club.....35

ARTICLE XII. MISCELLANEOUS35

12.01 No Waivers.....35

12.02 Duration.....35

12.03 Severability.....35

12.04 Judicial Proceedings.35

12.05 Successors to Declarant36

12.06 Adjacent Properties.....36

12.07 Photo Consent.....36

12.08 Occupants Bound.....36

12.09 Declarant’s Rights.36

12.10 Right of Entry.....36

12.11 Compliance.....36

EXHIBIT A

**DECLARATION OF
COVENANTS, RESTRICTIONS AND EASEMENTS
FOR GRANITE FALLS HOMEOWNERS' ASSOCIATION, INC.**

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS (this "**Declaration**") is made this 12th day of April, 2018, by **HHHUNT GRANITE FALLS, LLC**, a North Carolina limited liability company (hereinafter referred to as the "**Declarant**").

WITNESSETH:

WHEREAS, Declarant is the owner, or has the consent of the owner, of all that tract or parcel of land lying and being located in Wake County, North Carolina which is more particularly described on Exhibit A attached hereto (hereinafter referred to as the "**Property**"); and

WHEREAS, 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 an association to own, operate and maintain the Area of Common Responsibility (as defined below), to administer and enforce the covenants and restrictions imposed hereby and to collect, hold, and disburse the charges and assessments provided in the Declaration; and

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

NOW, THEREFORE, Declarant does hereby submit the Property to the provisions of this Declaration. This document establishes a mandatory membership Owners association.

ARTICLE I. DEFINITIONS

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

"Act" shall mean the North Carolina Planned Community Act.

"Additional Property" shall mean any and all real property lying and being within five (5) miles of the Property.

"Annual Assessment" shall have the meaning specified in Article V entitled "ASSESSMENTS", and shall constitute the assessments which, pursuant to the provisions of such Article, shall be levied by the Association against the Lots each year for the purpose of raising the funds necessary to pay the "Common Expenses" (as that term is defined in such Article).

"Area of Common Responsibility" shall mean the Common Areas, as defined herein, together with those areas, if any, which by the terms of this Declaration or by contract or agreement with any other person become the responsibility of the Association regardless of the owner entity.

"Articles of Incorporation" shall mean the Articles of Incorporation of Granite Falls Homeowners' Association, Inc., that have been or will be filed with the Secretary of State of North Carolina, as the same may be amended from time to time.

"Assessment Unit" shall mean and refer to the number that will be multiplied by the Base Annual Assessment rate for each class of membership to determine the total Annual Assessment for that Member pursuant to Article V.

"Association" shall mean the Granite Falls Homeowners' Association, Inc., a North Carolina non-profit corporation.

"Authorities" shall mean all federal, state, and local governmental and quasi-governmental agencies, bodies, entities, boards, and authorities that have jurisdiction over: the Property; the furnishing of utilities or other services to the Property; improvement, development, occupancy, sale, or use of the Property; or any one or more of the foregoing.

"Base Assessment Rate" shall mean and refer to the Annual Assessment amount assessed against the Owner of an Improved Lot, as determined by the Board of Directors pursuant to Article V.

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

"Bylaws" shall mean the Bylaws of the Granite Falls Homeowners' Association, Inc., and incorporated herein by reference, as the same may be amended from time to time.

"Club" shall mean that certain real property and any improvements and facilities thereon located at 800 Granite Falls Boulevard, Rolesville, NC 27571, which are privately owned and operated by Granite Falls Swim and Athletic Club, LLC, for recreational and related purposes, on a club membership basis or otherwise, and may include, without limitation, a swimming pool, tennis courts, fitness facilities, locker rooms, dining facilities, and all related and supporting facilities and improvements.

"Common Area" shall mean and refer to all real and personal property now or hereafter owned by the Association for the common use and enjoyment of every Owner, subject only to the limitations set forth in Article III hereof. The recordation by Declarant of a subdivision plat, condominium plats and plans, or any other plat recorded by the Declarant in the office of the Register of Deeds shall constitute the granting by Declarant to the Association of a non-exclusive easement in common with Declarant for the use, benefit, and enjoyment of all areas designated as common areas or common area easements thereon and shall also cause any such property to be maintained by the Association, irrespective of conveyance of such property to the Association by recorded Deed, provided that Declarant shall have the right to amend, relocate or terminate any such easement comprising Common Area by recording an amendment to any such plat in the office of the Register of Deeds at any time prior to the termination of the Declarant Control Period. Common Area shall also include any real or personal property (including property in which the Association has previously been granted an easement) which may be conveyed in fee by deed from the Declarant to the Association at any time. The Association shall be obligated to accept as Common Area any property or interest therein conveyed to it by the Declarant regardless of the condition of the property, 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 Declarant or the Association has no obligation pursuant to this Declaration to plant or grow grass, shrubs or trees in or to actively landscape any area designated as a "buffer" on any plat or plan related to the construction or development of the Properties, including any Lot.

"Common Expense(s)" shall mean the costs and expenses which the Association shall incur in connection with the performance of its duties and responsibilities pursuant to the North Carolina Planned Community Act, this Declaration, the Articles of Incorporation and the Bylaws.

"Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Property. Such standard may be more specifically determined by the Board of Directors or the Granite Falls Architectural Committee ("GFAC", as defined herein).

"Courtyard Area" shall mean the fenced yard area adjoining and accessed through an Owner's home, the boundaries of which shall be established only by the Declarant or an authorized Builder and may not be changed thereafter without the mutual consent of both affected Lot Owners.

"Deck" shall mean the wooden deck, if any, that is constructed as part of the original construction of each Improved Townhome Lot.

"Declarant" shall mean HHHunt Granite Falls, LLC, a North Carolina limited liability company and shall include any successor or assign who shall acquire any portion of the Property for the purpose of development or sale and who is designated as the 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.

"Declarant Control Period" shall mean the period of time during which the Declarant, or persons designated by the Declarant, may appoint and remove the members of the Board of Directors. Termination of the Declarant Control Period shall be as detailed in Article IV.

"Declaration" shall mean this Declaration of Covenants, Restrictions and Easements of the Association, as the same may be hereafter amended in accordance with the terms hereof.

"Design Standards" shall mean the design and development guidelines promulgated by the GFAC governing construction within the Properties, which shall include application and review procedures to be followed in submitting an application for approval.

"Development Period" shall mean the period of time during which the Declarant owns any property that is subject to this Declaration or has the unilateral right to subject Additional Property to this Declaration pursuant to Article II. The Declarant may, but shall not be obligated to, unilaterally relinquish its rights, or a portion of its rights, under this Declaration and terminate the Development Period by recording a written instrument with the Register of Deeds.

"Eligible Holder" shall mean an institutional holder, insurer, or grantor of a First Mortgage, who provides a written request to the Association for information as detailed in Article IX.

"First Mortgage" shall mean a deed or other document by means of which title to any Lot is conveyed or encumbered to secure a debt of first priority.

"Granite Falls Architectural Committee" ("GFAC") shall mean those individuals with the authority to review plans and specifications as more fully described in Article VI of this Declaration.

"Improved Lot" or "Improved Townhome 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 Authorities, and (ii) which has been sold to a Person who is not the Declarant.

"Legal Requirements" shall mean the rules, regulations, laws, ordinances, standards, permits, approvals, and other requirements of the Authorities regarding the development, ownership, use, or maintenance of the Property, the Lots, the Area of Common Responsibility or any of the foregoing.

"Limited Common Areas" shall mean those portions of the Common Areas primarily benefiting one or more, but less than all, Neighborhoods or Lots, and which are designated as such by the Association, or, if during the Development Period, the Declarant, as more particularly described in Section 5.02 herein.

"Lot" shall mean each portion of the Property which may be independently owned and conveyed and which is intended for development, use, and occupancy as a residence for a single family, as shown on the Plat. The term "Lot" includes both "Improved Lot", "Improved Townhome Lot", and "Unimproved Lot".

“Modifications Committee” (“MC”) shall mean the committee appointed by the Board of Directors having exclusive jurisdiction over modifications, additions, or alterations made on or to existing Lots or structures containing Lots and the open space, if any, appurtenant thereto.

“Member” shall mean a Person subject to membership in the Association pursuant to Article IV hereof.

“Mortgagee” shall mean a lender or bank that holds a mortgage.

“Neighborhood” shall mean a group of Lots designated as a separate Neighborhood pursuant to Article II for purposes of sharing one or more Limited Common Areas and/or receiving other benefits or services from the Association which may be common to those Lots and not provided to all Lots. A Neighborhood may be comprised of more than one housing type and may include noncontiguous parcels of property. Neighborhood boundaries may be established and modified as provided in Article II hereof.

“Neighborhood Assessments” shall mean assessments levied against Lots in a particular Neighborhood to fund Neighborhood expenses, as described in Article V herein.

“Occupant” shall mean Owner and occupants, residents, tenants, guests and invitees of any Lot or Owner.

“Owner” shall mean any Person who is or shall be 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.

“Owner of the Club” shall mean Granite Falls Swim and Athletic Club, LLC, or an assignee who holds the record title to the Club, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

“Patio Area” shall mean the poured concrete area extending from the rear of the residence constructed on a Townhome Lot as part of the original construction of each such Improved Townhome Lot.

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

“Plat” shall mean the Subdivision plat for Granite Falls Phases 3 & 4, prepared by Taylor Land Consultants, PLLC, recorded in the Register of Deeds Office, at Book of Maps 2017, Pages 1610 and 1611, together with all amendments thereto and any and all other plats for Granite Falls Subdivision that are hereafter recorded in the plat book records of the Register of Deeds, pursuant to the provisions of the Declaration.

“Property” shall have the meaning ascribed to it hereinabove with the plural, “Properties” having the same meaning.

“Register of Deeds” shall mean the Wake County, North Carolina Register of Deeds.

“Supplemental Declaration” shall mean an instrument filed with the Register of Deeds which imposes additional restrictions or obligations on the land described in such instrument.

“Stoop” shall mean the front stoop that is constructed as part of the original construction of each Improved Townhome Lot.

“Stormwater Agreement” shall mean and refer to any agreement approved by the Authorities, as the same may be amended from time to time with the approval of the Authorities, which term shall also include any other agreement, maintenance manual or other document, by whatever name, between or among any combination of the Authorities, the Declarant, the Association, and one or more Owners, relating to maintenance of Stormwater Control Measures.

“Stormwater Control Measures” shall mean and refer to any one or more of the following that serves or benefits any part or all of the Property or is required by applicable city, county, or state laws and regulations or other Legal Requirement in connection with any part or all of the Property, whether located in the Property or outside of the Property: (i) storm water drainage easements (also sometimes referred to herein as “storm water easements” and “drainage easements”) that are shown on plats of the Property recorded in the Register of Deeds or established by written instruments recorded in the Register of Deeds, and which either are located on the Common Area or benefit or serve more than one (1) Lot; and (ii) storm water management facilities for the Property, including ponds, man-made or natural areas and planned or landscaped areas into which storm water drains or in which storm water is collected or from which it is discharged, drains, pipes, conduits, inlets, channels, dams, ditches, filters, buffers, spreaders, bio-retention areas, and other equipment, facilities and storm water management measures used for inspecting, monitoring, measuring, collecting, controlling, transporting, conveying, handling, storing, discharging and managing storm water. Except as otherwise provided herein, Stormwater Control Measures are part of the Common Property and maintenance of Stormwater Control Measures shall be a Common Expense. References in the Declaration to storm water management shall include all applicable Stormwater Control Measures and Stormwater Agreements.

“Street Trees” shall mean and refer to trees located in or near the right-of-way adjacent to each Lot, controlled by the Town of Rolesville, and required by Legal Requirements. Street Trees shall be maintained by the Lot Owners pursuant to Article VIII.

“Tree and Vegetation Protection Zone” shall mean and refer to those Common Areas or areas of open space on individual Lots, or in front of Lots within a Town of Rolesville right-of-way (the “ROW”) indicated as such on the final recorded plat(s) for the Property.

“Townhome Lot” shall mean a Lot which is intended for development, use, and occupancy as a townhome or a single-family attached residence, as shown on the Plat, but are distinguished from the single family homes which may share a common Courtyard Area.

“Unimproved Lot” shall mean a Lot which is not an Improved Lot or Improved Townhome Lot.

ARTICLE II. PROPERTY SUBMITTED TO THIS DECLARATION

2.01 Lots Hereby Subjected to this Declaration. The Declarant, for itself and its successors and assigns, does hereby submit the Property and the Lots to 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 the burdens, and enjoys all the benefits, made applicable hereunder.

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 and assessment 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.

2.02 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 described in Exhibit “B” of the Declaration or any other 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 forming part of the Association, measured from the then existing boundary of the Association, 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 by executing and recording with the Register of Deeds an amendment to this Declaration describing the property being annexed. For purposes of this Section, adjacent or

contiguous property includes any property which is separated from property forming part of the Association 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 Register of Deeds 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 of the 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 Section 2.02(a) above of this Article, and that such transfer is memorialized in a written, recorded instrument executed by the Declarant.

Declarant's right of annexation shall 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 2.02, 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 other than that described in subsection (a) above of this Article, or may annex property which Declarant now owns or subsequently becomes the owner of, to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall require 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 Section 2.02(a) of this Article.

(c) Acquisition of Additional Common Area. Declarant may convey to the Association additional real estate, improved or unimproved, located within the Properties described in subsection (a) of this Article, which upon conveyance or dedication to the Association shall be accepted by the Association, irrespective of the condition of the property. 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 in accordance with this Declaration, 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.

(d) Amendment. This Article shall not be amended without the prior written consent of Declarant, so long as the Declarant owns any property described in Exhibits "A" or "B" of the Declaration, as amended, or susceptible to being subject to the Declaration.

2.03 Withdrawal of Property. The 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. Such amendment shall not require the consent of any Person other than the Owner of the property to be withdrawn, if same is not the Declarant.

2.04 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.

2.05 Easements. The Lots shall be subjected to, and the Declarant does hereby grant, the following non-exclusive perpetual easements:

(a) Easements Over Lots.

(i) Easements for Utilities, Etc. There is hereby reserved unto Declarant, so long as the Declarant owns any property described on Exhibit "A" or "B" of the Declaration, as amended, the Association, and the designees of each (which may include, without limitation, Wake County, North Carolina, the Town of Rolesville, and any utility), blanket easements upon, across, over and under all of the Properties for the purpose of replacing, repairing and maintaining cable television systems, current or future technology systems, roads, walkways, bicycle pathways, lakes, ponds, wetlands, drainage systems, street lights, signage and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas and electricity, and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes on recorded plats of the Properties.

Notwithstanding anything to the contrary herein, this easement shall not entitle the holders to construct or install any of the foregoing systems, facilities or utilities over, under or through any existing dwelling on a Lot, and any damage to a Lot resulting from the exercise of this easement shall promptly be repaired by the holders. The exercise of this easement shall not unreasonably interfere with the use of any Lot.

Without limiting the generality of the foregoing, there are hereby reserved for the local water supplier, electric company and natural gas supplier, and other utility suppliers, easements across all Lots and the Common Areas for ingress, egress, installation, reading, replacing, repairing and maintaining utility meters and boxes. The exercise of this easement shall not extend to permitting entry into the dwelling on any Lot. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Properties, except as may be approved by the Association's Board of Directors or as provided by Declarant.

Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement over the Properties without conflicting with the terms hereof. The easements provided for in this Article shall in no way adversely affect any other recorded easement on the Properties.

The Board shall have, by a two-thirds (2/3) vote, the power to grant easements, leases, licenses and concessions, including grants that might be characterized as a dedication to Wake County, North Carolina, the Town of Rolesville, or to any other local, state or federal governmental entity, over, under and through the Common Area. Any dedication of real property to Wake County or the Town of Rolesville pursuant to this Section shall be in conformance with all ordinances.

(ii) Easements Shown on Plat. Each Lot shall be subject to all easements, borders, buffers and the like which are shown and depicted on the Plat as affecting and burdening such Lot.

(iii) Slope Control. Each Lot shall be subject to an easement for slope control purposes, including the right to grade and plant slopes and prevent the doing of any activity that might interfere with slopes or which might create erosion or sliding problems or which might change, obstruct or retard drainage flow. Such easements shall benefit the Association, Declarant, their designees or assigns.

(iv) Authorized Entry. Each Lot shall be subject to an easement for the entry by the authorized agents and representatives of the Association and Declarant to go upon such Lot under such circumstances and for such purposes as are described elsewhere in this Declaration.

(v) Inadvertent Encroachments. The Owner of each Lot upon which there is a party wall or upon which a wall of a residence is permitted to abut the side boundary line of the Lot is declared to have an easement and the same is granted by the Declarant, over each adjoining Lot and the Common Area, as the case may be, for overhanging roofs, eaves and attached improvements on the Lot, including utility boxes located on zero lot line Lots, provided, however, that such encroachments may not exceed one (1) foot. Such easements, by virtue of this Declaration, shall run with the title to the Lot. No such easement shall be created in favor of a Lot if the encroachment occurred due to the willful misconduct of the Owner. Every Lot shall have a one and one-half (1½) foot easement as measured from the common boundary between such Lot and any adjoining Lot for purposes of driveways or fence encroachments which may be erected in said easement areas, unless such encroachment was due to a willful act of the Owner of the Lot.

(vi) Drainage. Each Lot shall be subject to a perpetual easement in favor of the Association and all other Lots for the drainage of surface waters over and across such Lot.

(vii) Easement for Street Trees, Hedges, and Fences and General Maintenance. Each Lot and its Owner are declared to have an easement and the same is granted by the Declarant, for encroachments on adjoining Lots or Common Area, as the case may be, for general maintenance on a Lot due to Street Trees, hedges or fences, if any, (which shall have been previously approved by the GFAC or MC, if created) belonging to such Lot, to the extent such Street Tree, hedge, or fence encroaches on adjoining Lots or Common Area, provided such encroachments do not exceed one (1) foot or interfere with the use of any improvements on the serviette property. No such easement shall be created in favor of an Owner if the encroachment occurred due to the willful misconduct of the Owner.

(viii) Easements for River and Pond Maintenance and Flood Water. Declarant reserves for itself and its successors, assigns and designees the non-exclusive right and easement, but not the obligation, to enter upon the rivers, ponds, streams and wetlands located within the Area of Common Responsibility to fulfill its maintenance responsibility as provided in this Declaration. Declarant's rights and easements provided in this Section shall be transferred to the Association at such time as Declarant may determine in its sole discretion. The Declarant, the Association and their designees shall have an access easement over and across any of the Properties abutting, or containing any portion of any of, the rivers, ponds, streams or wetlands to the extent reasonably necessary to exercise their rights and responsibilities under this Section.

(ix) Street Trees. Each Lot shall be subject to a perpetual easement in favor of the Association for the care, maintenance, and replacement of Street Trees including, but not limited to, the discharge of any Owner obligations to maintain or replace Street Trees but not discharged by the Owner.

(b) Easements Over Common Area

(i) Member's Rights in Association Property. Every Owner of any Lot shall have a non-exclusive right and easement of enjoyment and use and to the Common Areas and such right and easement shall be appurtenant to, and shall pass with, the title to the Lot owned by such Owner. Such right and easement of enjoyment and use are and shall be subject to 1) the easements which are described in this Article II, and 2) to the right of the Association to promulgate reasonable rules and regulations regarding the use of Common Areas, and 3)

the right of the Association, as provided in the Bylaws, to suspend the enjoyment rights of the owner of any Lot during any period in which any assessment which is due to the Association from such owner remains unpaid, and such period as the Board of Directors may consider appropriate for any infraction of its published rules and regulations, and 4) the right of the Board to assess charges against an Owner for Owner's families', tenants', guests', residents' or other invitees' violation of any provision of this Declaration, Bylaws or rules of the Association, after notice and an opportunity for a hearing have been provided to the Owner pursuant to state law. In addition, the Board of Directors may permit other persons who are not residents of any Lot to use the Common Areas upon such terms and conditions, and for the payment of such fees, if any, as shall be determined by the Board of Directors.

In consideration for being permitted to utilize any Common Area or Common Area facility, Occupant, Owner, for himself or herself and any personal representatives, heirs, next of kin, guests, and other invitees hereby acknowledges, agrees and represents that he or she has, or immediately upon entering will inspect and carefully consider such Common Area and Common Area facilities. It is further warranted that such entry into or onto the property of the Association, including Common Area, for observation or use of any facilities or equipment constitutes an acknowledgment that such Common Area and all facilities and equipment thereon and such affiliated programs have been inspected and carefully considered and that the Owner finds and accepts the same as being safe and reasonably suited for the purpose of such observation or use.

The Property and all Common Areas shall be subject to, and Declarant and the Association do hereby grant, the following easements:

(ii) An easement across, in, under, over and through the Common Areas for purposes of the construction, installation, repair, maintenance and use of all utility and Stormwater Control Measures serving any portion of the Property;

(iii) An easement in favor of Declarant for the exclusive use of such portions of the Common Areas as may be reasonably desirable, convenient or incidental to the construction and installation of improvements on, and the sale of, any Lots, including, but not limited to, sales and business offices, storage areas, construction yards, Stormwater Control Measures and signs. Such easements shall be exercisable by any and all persons who the Declarant shall authorize to exercise the same, including, without limitation, real estate sales agents and brokers and builders, and their subcontractors, of residences upon the Lots, irrespective of whether such persons are affiliated with the Declarant. Such easements shall exist notwithstanding any provision of this Declaration which might be construed to the contrary. Such easements shall and do exist without affecting the obligation of the Owner of any Lot to pay assessments or charges coming due during such period of time as portions of the Common Areas shall be used by authorized persons pursuant to the exercise of the easements herein stated; and

(iv) Notwithstanding any provision contained in this Declaration, the Bylaws, the Articles of Incorporation, use restrictions, rules and regulations, or any amendments thereto, it shall be expressly permissible for Declarant to maintain and carry on, upon such portion of the Property as Declarant may deem necessary, such facilities and activities as may reasonably be required by the Declarant, including but without limitation, the right of access, ingress and egress for vehicular and pedestrian traffic over, under, on or in the Property; the right to tie into any portion of the Property with driveways, parking, areas and walkways; the right to tie into or maintain and repair any device (without a tap-on or any other fee for doing so), replace, relocate, maintain, and repair any device which provides utility or similar service including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under, or over the Property; the right to carry on sales and promotional activities on the Property including installation of signage; and the right to construct and operate business offices, signs, construction trailers, and model residences.

The Property, including all Common Areas, shall be subject to all easements, borders, buffers and the like which are shown and depicted on the Plat as affecting and burdening such Common Area.

(c) Easements to Serve Additional Property. For the Declarant and its duly authorized agents, representatives and employees, as well as its successors, assigns, licensees and mortgagees, there is hereby reserved an easement over the Common Areas for the purposes of enjoyment, use, access and development of the Additional Property described in Exhibit "B" attached hereto and by this reference incorporated herein, regardless of whether

such Additional Property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Areas for construction of roads and for tying in and installation of utilities on Additional Property.

Declarant agrees that it, its successors or assigns, shall be responsible for any damage caused to the Common Areas as a result of vehicular traffic connected with development of the Additional Property.

(d) Easements Over Townhome Lots. The Townhome Lots shall be subject to, and the Declarant does hereby grant, in addition to the easements described above, the following non-exclusive perpetual and temporary easements for the enjoyment of Declarant, the Association, any builders and subcontractors authorized by Declarant, the Members, the Owners, and the successors-in-title of each:

(i) Townhome Lot Maintenance. There is reserved for the benefit of each Owner of a Townhome Lot a reciprocal appurtenant easement between all adjacent Townhome Lots for the purpose of maintaining or repairing the improvements located on each Townhome Lot, which easement shall extend to a distance of five (5) feet as measured from any point on the common boundary between the Townhome Lots. This easement shall be used only for such period of time as is reasonably necessary in order to complete the maintenance or repair. The Owner exercising this easement right shall be liable for the prompt repair of any damage to the adjacent Townhome Lot over which this easement is exercised which arises out of such maintenance or repair work. In addition, each Townhome Lot shall be subject to a perpetual easement in favor of the Association and its contractors for the maintenance of the Townhome Lot, any structures located thereon for which the Association is obligated to provide maintenance pursuant to a recorded supplemental declaration, and of the landscaping and other features located on the Townhome Lot.

(ii) Maintenance. Each Townhome Lot shall be subject to a perpetual easement in favor of the Association and its contractors for the maintenance of the Lots as provided for in the Article VIII herein.

(iii) Townhome Lot Construction and Boundary Line Improvements. Each Townhome Lot shall be subject to a temporary construction easement in favor of the Declarant, authorized builders and subcontractors, and adjoining Lot Owners for the construction of any Lot, including, but not limited to, installation of boundary line improvements such as fences, walls and hedges. Any boundary line improvement made by an adjoining Lot Owner shall first be approved by Declarant or the Association prior to installation.

2.06 Townhome Lot Boundaries. The boundaries of each Townhome Lot constructed on the Property shall be as shown on the recorded plat or plats; provided, however, that the side boundary of each Townhome Lot shall be a line consistent with and along the center of all firewalls separating one Townhome Lot from another Townhome Lot. In the event of any discrepancy between the boundaries of a Townhome Lot, as described herein and the boundaries of such Townhome Lot when shown on the recorded Plats, the description of the boundaries of the Townhome Lot set forth herein shall control. All of the area within the boundaries of each of the Townhome Lots, as herein described, shall for all purposes constitute real property which may be owned in fee simple, subject to the terms, provisions, liens, charges, covenants, easements and restrictions of this Declaration.

2.07 Neighborhoods. The Declarant, in its sole discretion, may establish additional Neighborhoods within the Property by amendment to the Declaration and/or Plats in order to subject such Lots to additional covenants and restrictions or to benefit said Lots differently from other Lots on the Property. During the Development Period, the Declarant may unilaterally amend this Declaration and any plat from time to time to assign property to a specific Neighborhood, to redesignate Neighborhood boundaries, or to remove property from a specific Neighborhood.

Any Neighborhood may, but shall not be required to, elect a Neighborhood committee to represent the interests of the Owners in such Neighborhood. No Neighborhood committee shall be formed, however without the prior submission to and written approval of the Board of Directors.

Any Neighborhood may request that the Association provide a higher level of service or special services for the benefit of Lots in such Neighborhood and upon written consent of a majority of Owners of the Lots within the Neighborhood, the Association may, in its sole discretion, provide the requested services. The cost of such service, which may include a reasonable administrative charge in such amount as the Board of Directors may deem appropriate (provided such administrative charge shall apply at a uniform rate per Lot to all Neighborhoods receiving the same service), shall be assessed against the Lots within such Neighborhood as a Neighborhood Assessment pursuant to Section 5.06 herein.

No action may be taken by a Neighborhood which is adverse to the interests of the Association or its Members or that is inconsistent with this Declaration, the Bylaws, or Articles of Incorporation. If the Neighborhood fails to comply with such requirements of the Association as specified by the Association in writing, the Association may assess the Lots within such Neighborhood for any expense incurred by the Association to correct the inconsistency or deficiency.

ARTICLE III. ASSOCIATION PROPERTY

3.01 Common Areas and Association Property. The Declarant shall have the right to transfer and convey to the Association any portion of the Property. All portions of the Property which the Declarant shall so transfer or convey to the Association shall thereafter constitute Common Areas. Said right may be exercised by the Declarant any time during the Development Period, and from time to time.

The Common Areas shall be conveyed to the Association by special warranty deed free of debt encumbrance, and subject to the rights and easements set forth in this Article III, irrespective of whether the deed of conveyance shall make a specific reference to such rights and easements. Common areas, including any facilities, recreational or otherwise, if any, constructed upon them, are an enhancement to the Property. The sizing and the extent of the Common Area facilities built by Declarant is not such that the Common Area and facilities could accommodate every Member at any one time. As a result, there may be peak times when use demand exceeds capacity. The Property is designed as a pedestrian community. As such, parking lots for Common Area facilities, if any, are not designed to accommodate the entire membership and there may be peak times that the parking facilities are full.

3.02 Limited Common Areas. Certain portions of the Common Area may be designated as Limited Common Area and reserved for the exclusive use of primary benefit of Owners. By way of illustration and not limitation, Limited Common Areas may include patio areas, recreational facilities, landscaped areas, and other portions of the Common Area. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be an Association expense allocated, in any reasonable manner established by the Association, among the Owners.

Limited Common Areas may be designated as such in the deed conveying such area to the Association or on the Plat relating to such Common Area; provided, however, any such assignment shall not preclude Declarant from later assigning use of the same Limited Common Area to additional Lots, so long as Declarant has a right to subject additional property to this Declaration pursuant to Section 2.02 **Error! Reference source not found.**, and provided further that any assignment that would have a material adverse effect on Lots owned by a builder or Lots a builder is under contract to purchase from Declarant will require the consent of such builder, which consent shall not be unreasonably conditioned, delayed or denied.

After recording the initial deed conveying such area to the Association or the Plat relating to such Common Area, a portion of the Common Area may be assigned as Limited Common Area and Limited Common Area may be reassigned upon approval of the Declarant during the Development Period and thereafter by the Board of Directors and the vote of such Owners representing a majority of the total votes in the Association. As long as Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 2.02 **Error! Reference source not found.**, any such assignment or reassignment shall also require Declarant's written consent.

3.03 Condemnation. In the event that any part of the Common Areas shall be either: (a) taken by any

authority having the power of condemnation or eminent domain, or (b) conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of at least eighty percent (80%) of the Class A votes (and, if during the Development Period, the written consent of Declarant), then the Association shall restore or replace the improvements on the remaining land included in the Common Areas to the extent available unless, within sixty (60) days after such taking, at least sixty-seven percent (67%) of the Class A votes (and Declarant, if during the Development Period) otherwise agree. The provisions of Section 3.04 below regarding funds for the repair of damage or destruction shall apply. If the taking or conveyance does not involve any improvements on the Common Areas, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds may be used by the Association for such purposes as the Board shall determine.

3.04 Damage or Destruction. In the event that any improvements located on any Common Areas shall be damaged or destroyed on account of the occurrence of any casualty, the Board of Directors shall proceed with the filing and settlement of all claims arising under any policy of insurance maintained by the Association with respect to such improvements and shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed improvements.

Any such damage or destruction shall be repaired or reconstructed unless it shall be decided, within sixty (60) days after the occurrence of casualty, by at least sixty-seven (67%) of the Class A votes (and by Declarant, if during the Development Period), not to so repair or reconstruct such damage. In the event that it shall be so decided not to repair or reconstruct some damage or destruction, the proceeds of any insurance as may become payable to the Association as a result of such damage or destruction shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot. If the insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Class A Members, levy Special Assessments to cover the shortfall.

In the event that it should be determined in the manner described above that the damage or destruction to the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then the affected portion of the Properties shall be cleared of all debris and ruins and maintained by the Association, as applicable, in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

If the damage or destruction to the Common Area for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a Special Assessment against those Owners of Lots responsible for the premiums for the applicable insurance coverage under this Article. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

3.05 Actions Requiring Owner Approval. Any conveyance or mortgaging of the Common Areas will require the consent of at least eighty percent (80%) of the Class A votes held by Members other the Declarant and, if during the Development Period, the consent of Declarant. Notwithstanding anything to the contrary in this Section, however, the rights of the Association under Section 2.05 shall remain and not be limited or diminished.

3.06 No Partition. The Common Areas shall remain undivided and no Owner shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the Property and without the written consent of all holders of all mortgages encumbering any portion of the Property.

3.07 Insurance. The Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket "all-risk" property insurance, if reasonably available, for all insurable improvements on the Common Area. This insurance shall provide, at a minimum, fire and extended coverage and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard.

The Board shall also obtain a public liability policy covering the Area of Common Responsibility, insuring

the Association and its Members for all damage or injury caused by the negligence of the Association, any of its Members, employees or agents, or any other person who has a right to occupy a Lot.

In addition to the other insurance required by this Section, the Board shall obtain, as a Common Expense, if and to the extent required by law, workers' compensation insurance, directors' and officers' liability coverage, flood insurance for Common Areas, if reasonably available and needed or required, and any other insurance which may become required by the Act or any Authority.

Premiums for all insurance required of the Association shall be Common Expenses, which shall be included in the Base Assessment Rate.

Policies may contain a reasonable deductible as determined by the Board of Directors and all such insurance coverage shall be written in the name of the Association.

All insurance coverage obtained by the Association shall be written so that the Association and the Board shall be named insureds. During the Declarant Control Period, it is understood that the requirements detailed herein may be met through the Declarant's umbrella insurance policy.

3.08 Taxes and Governmental Assessments. The Association shall pay when due, and in any case before the accrual of penalties thereon, all taxes, assessments, license fees, permit fees and other charges imposed by any Authority in connection with the Association's ownership or operation of the Areas of Common Responsibility and assessments for public and private improvements made to or for the benefit of the Association upon the Areas of Common Responsibility. Provided, however, that the Association may institute an appropriate legal proceeding for the purpose of contesting or objecting to the amount or the validity of any such tax, assessment, fee, or charge by appropriate legal proceedings. Upon default by the Owners' Association in the payment to the Authority entitled thereto of any charge, assessments, or tax levied against the Association or its property, which default shall continue for a period of six (6) months, each Owner shall become personally obligated to pay to the Authority a portion of the charge, tax, or assessment in an amount determined by dividing the charge, tax, or assessment due to the Authority by the total number of Lots. If the sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, the sum shall become a continuing lien on the Lot of the Owner, Owner's heirs, devisees, personal representatives, and assigns. The Authority may either bring an action at law against the Owner personally obligated to pay the same, or may elect to foreclose the lien against the Lot.

3.09 Watershed Protection. Amendments to the Declaration, Bylaws or Articles of Incorporation relating to the maintenance and ownership of Stormwater Control Measures shall not be permitted without review and approval by the Authorities having jurisdiction for watershed protection. The Association is responsible for maintaining the completed Stormwater Control Measures as directed by the Authorities having jurisdiction for watershed protection. If the Association should be dissolved or cease to exist, then in that event all the Owners of record at the time of required maintenance shall be jointly and severally liable for any and all costs attendant thereto.

3.10 Relationships with Other Persons and Entities. The Association may enter into contractual agreements or covenants with any Person or entity regarding cost sharing or use of property, amenities or services.

3.11 Potential Common Area Features. Without the obligation to do so, the Declarant may construct certain recreational facilities on the Common Area including, but not limited to, a recreational field and open space, walking trails, dog walk, and garden plot. In the event such facilities are constructed, all Owners shall automatically have the right to use such facilities, subject to any rules and regulations detailed by the Board as provided in Section 4.10 herein, all costs associated with the operation and maintenance of the same shall be a Common Expense and shall be collected by the Association.

3.12 Representations of Seller or Seller's Agent. With respect to any recreational facilities, Common Area and any aspect of the management or operation of the Association, the provisions of the Declaration, Articles of Incorporation, Bylaws, and recorded plats and plans approved by Wake County shall control if in conflict with any representations by a seller of a Lot or seller's agent.

3.13 Entrance Area and Landscape Buffers. The Declarant may choose, but is under no obligation, to create an entrance area and landscape buffers. Once created, the Association shall have the obligation to maintain, repair and replace such areas, including lighting, landscaping and sign features as part of the Area of Common Responsibility. The Declarant reserves the right to include "An HHHunt Community" on any entrance sign for the Property and any such sign may not be removed or changed without the express written consent of the Declarant, its successors or assigns. Likewise the Declarant may remove the reference to HHHunt at its sole discretion and shall have the right to update the reference if the logo for HHHunt changes. If the reference so exists on the sign, all future and replacement signs shall include the reference. This Section 3.13 may not be amended in accordance with the Amendment provisions in this Declaration without the express written consent of the Declarant, its successors or assigns, and this provision shall survive termination of the Development Period.

3.14 Irrigation. There are no requirements or obligations of the Declarant to install irrigation systems on any portion of the Property, however, Declarant has the right, at its discretion and expense, to install irrigation systems on any portion of the Property during the Development Period. The maintenance, repair and replacement obligation for any irrigation system or component installed by the Declarant on any Common Area, Common Area Easement or Area of Common Responsibility shall be the obligation of the Association and such obligation shall begin immediately upon the installation.

3.15 Street Trees. For the purposes of this provision, all of the rights and obligations conferred upon the Declarant may be held by builder(s) designated by Declarant with respect to the Properties. A "Street Tree Program" shall be implemented throughout the Property. To achieve the objectives of this Street Tree Program, the Declarant shall have an easement of access in, upon and through the Lots for the purpose of planting a tree or trees on the Lot, and replacing the tree or trees, if necessary, within one year from the date planted. The size and species of the tree or trees and the location of the planting(s) shall be in accordance with the requirements of the Town of Rolesville and Wake County (the "Street Tree Plan") and shall be initially planted at the expense of the Declarant. Access on this easement may be after closing on the Lot by the initial residential purchaser, and the Owner shall not interfere with this easement right. The Declarant shall have the right, at its discretion, to require the planting of more than one tree on a Lot, within the designated easement, as part of the Street Tree Program, provided, however, that such trees must comply with the applicable Street Tree Plan.

Within the first year from the date of the initial planting, Declarant shall cause to be replaced any tree(s) that was part of the Street Tree Program that has died, FOR ONE TIME ONLY, unless such death was the result of drought, frost, vandalism, theft or neglect, in which case the replacement cost shall be borne by the Owner. After one year from the initial date of planting of a tree(s) in a Street Tree Program, the Owner shall have the obligation to replace such tree(s) as approved in writing by the GFAC, with respect to size, species and location. At all times following the planting of a tree(s) in a Street Tree Program, the Owner shall have the obligation to maintain the tree(s), at Owner's expense. Maintenance may include the obligation to trim or remove dead or overhanging branches, as determined by the GFAC or the Association, which would be at the expense of the Owner. Declarant and the Association shall not be liable for any damage to person or property caused by the planting of a tree(s) in the Street Tree Program. In the event an Owner fails to maintain or replace any tree that is part of the Street Tree Program, the Association shall have the right, but not the obligation, to maintain or replace such tree and assess the cost of such maintenance or replacement to the Owner of the Lot on which the tree is located. With respect to any Street Tree Program, Owner shall comply with the applicable provision of the Design Standards, as amended, to the extent not in conflict with this provision. Trees planted or intended to be planted in a Street Tree Program shall be deemed part of an Owner's overall landscape plan for the Lot.

Declarant and the Association shall not be liable for any damage to person or property caused by the planting of a Street Tree pursuant to this Section 3.15.

ARTICLE IV. THE ASSOCIATION, MEMBERSHIP, AND VOTING RIGHTS

4.01 The Association. Prior to the date this Declaration has been filed for record with the Register of Deeds, Declarant has caused the Association to be formed, and the Association now exists, under its Articles of Incorporation and Bylaws.

The Association is and shall be responsible for the maintenance of the Area of Common Responsibility, enforcement of the covenants and restrictions set forth in this Declaration, and the performance of such other duties and services as are required of the Association hereunder or as the Board of Directors shall deem to be in the best interests of the Members of the Association.

4.02 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. No Owner, whether one or more Persons, shall have more than one membership per Lot owned. In the event a Lot is owned by more than one Person, all such co-owners shall be entitled to the privileges of membership, subject to the restrictions on voting set forth in Section 4.03 of this Article IV and in the Bylaws, and all such co-owners shall be jointly and severally obligated to perform the responsibilities of Owners hereunder. The rights and privileges of membership may be exercised by a Member, subject to the provisions of this Declaration and the Bylaws. The membership rights of a Lot owned by a corporation or partnership shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association. The foregoing does not include persons or entities which hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessments.

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

(a) **Class A.** The Class A Members shall be all those Persons holding an interest required for membership in the Association, as specified in this Article IV, except for those Persons who are Class B members.

Class A members shall be entitled to cast one (1) vote for each Lot in which that Owner holds an interest required for membership.

(b) **Class B.** Declarant shall be the only Class B Member. Class B Members shall be entitled to cast one (1) vote for each Lot permitted for the Property under the zoning case less the Lots that have been transferred to a Class A Member. Class B membership shall terminate at such time as the Declarant no longer owns property that is or may be subjected to this Declaration or at such earlier time as the Declarant may determine in its sole discretion.

The Class B Member shall be entitled to appoint a majority of the members of the Board of Directors during the Declarant Control Period, as specified in Article III, Section 3.03 of the Bylaws. The Declarant Control Period shall terminate as detailed in Article III, Section 3.03 of the Bylaws.

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

4.04 Suspension of Membership Rights. The membership rights of any Class A Member of the Association, including the right to vote, may be suspended by the Board of Directors pursuant to the authority granted in the Declaration and 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.

4.05 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.

4.06 Association Acts Through Its Board of Directors. Unless expressly stated in this Declaration, the Articles of Incorporation or the Bylaws that the Members must vote, 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. No member of the Board of Directors or any officer of the Association (including, without limitation, any such individual who shall have been appointed to the Board of Directors by the Declarant) 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.

4.07 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.

4.08 Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and condition hereof and consistent with the Community-Wide Standard.

4.09 Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, or, if so required in the Act, through vote of the Owners may acquire, hold, and dispose of tangible and intangible personal property and real property (any disposition of real property being limited as provided in the Act). The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within the Properties conveyed to it by the Declarant. The Declarant shall have the unilateral right to convey real property to the Association by recording a deed of conveyance. Upon the recordation of any plat in accordance with this Declaration which designates such property as Common Area or Common Area easement, the Association shall be immediately obligated for the maintenance, repair and replacement of such property and any improvements located thereon, irrespective as to whether such property has actually been conveyed to the Association.

4.10 Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions for violations of this Declaration, the Bylaws, or rules and regulations of the Association may include reasonable monetary charges and suspension of the right to vote or the right to use any recreational facilities, Common Areas or parking areas or facilities on the Common Area.

4.11 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege and the proper administration of the Association.

ARTICLE V. ASSESSMENTS

5.01 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 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 successor grantee on the mortgage is the seller of the Lot. The covenant to pay assessments herein stated is and shall be a covenant running with land.

The Association, acting on behalf of the Owners, shall have the power to bid for a Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. During the period in which a Lot is owned by the

Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Lot shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Common Expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

5.02 Purposes of Assessments. The assessments levied by the Association pursuant to this Article V shall be used for Common Expenses. Without limiting the generality of the foregoing, the Common Expenses shall include, but not be limited to, the costs of the following: payment of all costs and expenses incurred by the Association in connection with the maintenance of the Area of Common Responsibility and the Association's other operations; payment of the premiums for all insurance and fidelity bonds which shall be obtained by the Association; 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, accounting, management and architectural services; payment of fees necessary to furnish all equipment, material, labor and other items necessary to provide waste and recycling collection or any other services for each lot or on a community-wide basis; and such other purposes as the Board of Directors shall deem necessary or desirable.

5.03 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 Common 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. If so required in the Act, the budget shall be ratified by the Owners in the manner and through the procedures specified by the Act and specified in the Bylaws. The budget shall be deemed ratified unless rejected, pursuant to the Act, by ninety percent (90%) of the Members.

The assessments provided for herein shall commence upon the conveyance of a Lot by deed and is, therefore, not initiated by the recordation of such deed. In no event shall the Declarant or its successors and assigns be required to pay any assessments described herein. To determine the Base Assessment Rate, the Board shall first determine the estimated Common Expenses of the Association during the fiscal year. The Board shall then determine what portion of the budgeted Common Expenses for the upcoming year should be paid attributable by each Assessment Unit, and this amount shall be deemed the "Base Assessment Rate." The Base Assessment Rate to be levied against each Lot for the coming year shall be set at a level, established by the Board, which is reasonably expected to produce total income to the Association, equal to the total budgeted Common Expenses, including reserves. After the Board of Directors has determined the Base Assessment Rate and budgeted Common Expenses, including reserves, for the upcoming fiscal year, the assessment obligation of the Owner of a Lot for the upcoming fiscal year shall be the following:

(i) Each Improved Lot shall be equal to one Assessment Unit, and each owner of an Improved Lot covenants and agrees to pay the Base Assessment Rate annually, as determined by the Board; and

(ii) Unimproved Lots, other than those owned by the Declarant, shall have an Assessment Unit of the greater of \$350, or one half (1/2) or fifty percent (50%) of one Assessment Unit, therefore, each Owner of an Unimproved Lot is deemed to covenant and agree to pay, at closing: fifty percent (50%) of the then non-prorated Base Assessment Rate for such Lot, or Three Hundred Fifty and no/100 Dollars (\$350.00), whichever is greater, and that such obligation continues annually, with payment due on the anniversary of closing, until such time as an occupancy use permit or certificate of occupancy has been issued for the Lot.

The Board of Directors shall send a copy of the budget so 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.

5.04 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 shall prove to be inadequate to defray the Common Expenses for such fiscal year, or if the Board of Directors shall determine 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 5.04 shall be payable at such times and such installments as the Board of Directors shall determine. Each Lot not owned by the Declarant 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 5.04.

5.05 Specific Assessments. The Board may levy specific assessments against individual Owners (i) for the purpose of paying for the costs of any construction, reconstruction, repair or replacement of any damaged component of any monument, landscaping, or other thing maintained by the Association or any Area of Common Responsibility, which is occasioned by the acts of individual Owners(s) and not the result of ordinary wear and tear or (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. Failure of the Board to exercise its authority under this Section 5.05 shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Section 5.05 in the future with respect to any expenses.

The Board may also specifically assess Owners for the following Association expenses: (a) expenses of the Association which benefit less than all of the Lots may be specifically assessed equitably among all of the Lots which are benefited according to the benefit received; and (b) expenses of the Association which benefit all Lots, but which do not provide an equal benefit to all Lots, may be assessed equitably among all Lots according to the benefit received.

Upon the establishment of a specific assessment under this Section 5.05, the Board 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.

5.06 Neighborhood Assessments The Board of Directors may specifically assess Owners of Lots within Neighborhoods for expenses of the Association which benefit all of the Lots in a Neighborhood but not the Lots in other Neighborhoods. These Neighborhood Assessments may be specifically assessed equitably among all of the Lots in such Neighborhood according to the benefit received.

Prior to the commencement of each fiscal year of the Association or at any time it deems best (said fiscal year being specified in the Bylaws), the Board shall prepare a separate budget covering the estimated Neighborhood expenses for the coming year. During the Development Period, the Board shall determine the level of services to be provided by the Association to each Neighborhood. After the expiration of the Development Period, any Neighborhood may request that additional services or a higher level of service be provided by the Association and, upon approval of a majority of Owners within such Neighborhood, any additional costs shall be added to such budget. Such budget may contain a contribution establishing a reserved fund for repair and replacement of capital items maintained as a Neighborhood expense. Neighborhood expenses shall be allocated equally among all Lots within the Neighborhood benefited thereby and levied as a Neighborhood Assessment.

The Board shall send a copy of the budget so adopted by it, together with a written notice of the amount of the Neighborhood Assessment so determined for such fiscal year and the amount of such Neighborhood Assessment which shall be levied against each Lot, to the Owner of every affected Lot prior to the commencement of the fiscal year during which such Neighborhood Assessment is to be paid. The amount of such Neighborhood Assessment which shall be levied against each Lot shall be due and payable to the Association in such installments as the Board shall determine and shall be paid to the Association when due without further notice.

5.07 Capitalization of the Association. The capital contributions for the Lots subject to this Declaration are as follows:

Upon the initial transfer of record title to an Improved Lot, and in no event more than one hundred eighty (180) days after acquisition of record title to an Improved Lot, the Owner shall contribute to the working capital of the Association an amount of Four Hundred 00/100 Dollars (\$400.00) in 2018 to be annually increased automatically by two percent (2%) not to exceed One Thousand and 00/100 Dollars (\$1,000.00) or fifty percent (50%) of the Base Assessment Rate at the time of acquisition of record title to the Improved Lot, whichever is greater. This amount shall be in addition to, not in lieu of, the Base Assessment Rate levied on the Improved Lot and shall not be considered an advance payment of any portion thereof. This amount shall be deposited into the Association's general operating fund and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association, including funding a reserve account, pursuant to the terms of this Declaration and the Bylaws.

The Owner of any Unimproved Lot shall not have an obligation to pay the Association a capital contribution.

The failure to collect such capital contribution upon acquisition of record title of a Lot shall not excuse the obligation to make such payment.

5.08 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 or Special Assessment, or any installment of any Annual or Special Assessment 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 Owner, which lien shall bind such Lot or Lots in the hands of the then Owner, and Owner's heirs, devisees, successors and assigns. In addition to the lien rights, the personal obligation of the then Owner to pay such assessments shall remain Owner's personal obligation and shall also pass to Owner's 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 5.08(b) shall bear interest from the date of delinquency at the lower of the rate of eighteen percent (18%) per annum or the highest rate permitted by law, and shall 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. In addition, the Association may bring legal action against the Member personally obligated to pay the same, or foreclose its lien upon the Lot or Lots of such Member, in either of which events such Member shall also 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.

(c) If the Association receives from any Owner, in any fiscal year, two (2) or more checks returned for insufficient funds for payment of assessments or other charges, the Board may require all future payments to be made by certified check, cashier's check or money order for the remainder of the fiscal year.

(d) Any payment that is received by legal counsel or the Association and which does not pay the Owner's account balance with the Association in full, shall be credited first to the oldest debt in each category described below until each category is paid in full, in the following order:

- 1) Charges for the actual costs and reasonable attorneys' fees incurred by the Association

subsequent to the delinquent account being turned over to legal counsel for the prosecution of an action to enforce payment of the debt, regardless of the results of litigation or whether litigation has been initiated against the delinquent Owner;

- 2) All returned check charges;
- 3) All late fees;
- 4) Interest;
- 5) Unpaid installments of the Annual Assessments or Special Assessments which are not the subject matter of suit in the order of their coming due; and
- 6) Unpaid installments of the all Annual Assessment or Special Assessments which are the subject matter of suit in the order of their coming due.

In the event of a delinquency by an Owner, the Board of Directors may reject any offer of partial payment and demand payment in full of all amounts owed to the Association. Any waiver by the Board granted specifically to any Owner's assessment account of any of the fees and costs established herein or in the Bylaws or any rule and regulation, shall be on a case by case basis, if at all, and in no way shall it constitute a waiver of the Board's authority to enforce payment of all amounts owed in accordance with this Declaration.

5.09 Budget Deficits during Development 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 may be evidenced by promissory notes from the Association in favor of the Declarant. As an alternative to the loan described above, the Declarant may require the Association to levy a Special Assessment in accordance with Section 5.04 above, in an amount necessary to cover any deficit.

5.10 Failure to Assess. The failure of the Board 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.

5.11 Surplus Funds. All Surplus Funds shall be carried over to future years to offset future capital or operating expenses unless otherwise determined by vote of the Board of Directors.

5.12 Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Annual Assessments, Special Assessments and assessments for capital reserves:

- (a) All Common Area;
- (b) All Property dedicated to and accepted by any Authorities or public utility, including without limitation, public schools, public streets, and public parks, if any; and
- (c) All Property owned by the Declarant or any successor Declarant.

5.13 Notice of Sale & Transfer of Title. In the event that any Owner desires to sell or otherwise transfer title to Owner's Lot, such Owner shall give the Association at least seven (7) days prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board of Directors may reasonably require. Until such written notice is received by the Association, the transferor shall continue to be jointly and severally responsible for all obligations of the Owner of the Lot hereunder, including payment of assessments, notwithstanding the transfer of title to the Lot.

ARTICLE VI. ARCHITECTURAL CONTROL

6.01 Architectural Control. No structure shall be placed, erected or installed upon any Lot, no construction (which term shall include within its definition staking, clearing, excavation, grading and other site work), no exterior alteration or modification of existing improvements, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Article, until the requirements below have been fully met, and until the approval of the appropriate committee has been obtained pursuant to subsections (a) and (b) below. However, this Article shall not apply to the activities of the Declarant, nor to construction or improvements or modifications to the Common Area by or on behalf of the Association by the Declarant or Board of Directors. This Article may not be amended without the Declarant's written consent so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

All dwellings constructed on any portion of the Properties shall be designed by and built in accordance with the plans and specifications of an architect or building designer.

(a) Granite Falls Architectural Committee or "GFAC". The GFAC shall consist of at least two (2), but not more than five (5) persons and shall have exclusive jurisdiction over all original construction on any portion of the properties. Until the later of (i) the expiration of the Development Period, or (ii) the date upon which one hundred percent (100%) of the Properties have been developed, have been issued certificates of occupancy and have been conveyed to purchasers, excluding the Declarant or the builder, in the normal course of development and sale, the Declarant retains the right to appoint all members of the GFAC, who shall serve at the discretion of the Declarant. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by the Declarant. Upon the expiration of such right, the authority, rights, duties and obligations of the GFAC shall transfer to the MC, and the GFAC shall cease to exist. All appeals shall be as determined in the Design Standards as promulgated by the GFAC.

The GFAC shall prepare and, on behalf of the Board of Directors, shall promulgate the Design Standards. The GFAC shall have sole and full authority to modify and to amend the Design Standards from time to time without the consent of any Owner. In the event that the GFAC fails to approve or disapprove plans submitted to it by Owners, builders and developers, or to request additional information reasonably required, within sixty (60) days after submission thereof, the plans shall be deemed approved. The Design Standards and any modification or amendment thereof shall be in conformance with the any ordinances.

(b) Modifications Committee. The Board of Directors may establish a Modifications Committee ("MC") to consist of at least two (2) and not more than five (5) persons, all of whom shall be appointed by, and shall serve at the direction of, the Board of Directors. The MC, if established, shall have exclusive jurisdiction, subject to any appeal in accordance with the Design Standards, over modifications, additions, or alterations made on or to existing Lots or structures containing Lots and the open space, if any, appurtenant thereto. The GFAC shall have the right to veto any action taken by the MC which the GFAC determines, in its sole discretion, to be inconsistent with the Design Standards promulgated by the GFAC.

(c) No Waiver of Future Approvals. The approval of either the GFAC or MC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent..

(d) Variance. On a case by case basis, the GFAC, in its discretion, may authorize a variance from compliance with any of its Design Standards and procedures when unique circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require. Upon appeal, the Declarant may authorize a variance subject to these same conditions. The MC or Board of Directors shall not issue a variance unless the GFAC has transferred its rights to the MC, as outlined in subsection (a) of this Section.

(e) Compliance With Standards. Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of the Design Standards and procedures

promulgated by the GFAC or MC may be excluded by the Board of Directors from the Properties without liability to any Person, subject to the notice and hearing procedures contained in the Bylaws.

In the event that any construction or alteration or landscaping work is undertaken or performed upon any Lot without application having been first made and approval obtained as provided in this Section, said work shall be deemed to be in violation of this covenant, and the Owner upon whose Lot said work was undertaken or performed may be required to restore to its original condition, at Owner's sole expense, the property upon which said work was undertaken or performed. Upon the failure or refusal of any Person to perform the restoration required herein, the Association, or its authorized agents or employees, may, after fourteen (14) days' notice to such Person, enter upon the property upon which such unauthorized work has been performed, and make such restoration as the GFAC, in the exercise of its discretion, may deem necessary or advisable. The Person upon whose Lot such restoration work shall have been so performed shall be personally liable to the Association for all direct and indirect costs which the Association shall incur in the performance of such restoration work, including without limitation, attorneys' fees, and the liability for such cost shall be secured by all the liens, and shall be subject to the same means of collection, as the assessments provided for in this Declaration. Such costs shall be paid to the Association by the person liable for the same at the same time as the next due Annual Assessment payment or installment thereof, or at such earlier time, and in such installments, as the Board of Directors shall determine.

(f) No Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and neither the GFAC, MC, Declarant, nor Board of Directors shall bear any responsibility for ensuring the structural integrity or soundness of approval construction or modifications, nor for ensuring compliance with building codes and other ornamental requirements. Declarant, the Association, the Board of Directors, any committee, or member of any of the foregoing shall not be held liable for any injury, damages or loss arising out of the manner or quality of approval construction on or modifications to any Lot.

6.02 Declarant Exemption. Notwithstanding anything stated to the contrary herein, nothing contained in this Article VI shall be construed as prohibiting any construction, alteration, addition or removal by the Declarant upon any Lot while such Lot is owned by the Declarant. Any construction, alteration, addition or removal performed by the Declarant upon any Lot while such Lot is owned by the Declarant shall be exempt from the provisions of this Article VI.

ARTICLE VII. RESTRICTIONS

To provide for the maximum enjoyment of the Lots by all of the residents thereof and to provide protection for the value of the same, the use of the Lots shall be restricted to, and shall be only in accordance with, the following provisions:

7.01 Residential Use. All of the Lots shall be restricted exclusively to single-family residential use. The term "single-family" shall include one or more related or unrelated adults, as well as the dependents of any such adults. No Lot shall at any time be used for any commercial, business or professional purpose except as otherwise expressly stated herein.

7.02 Prohibited Activities. No noxious, offensive or illegal, activity shall be conducted on any Lot. Each owner of any Lot, Occupant of any Lot, Owner's or Occupant's family, tenants, guests and invitees, shall refrain from any act or use of Owner's property which could reasonably cause embarrassment, discomfort, annoyance or nuisance to any other resident or residents of any other Lot.

7.03 Unightly or Unkempt Conditions. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition of Owners' Lot. The pursuit of hobbies or other activities, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Properties. Except as specifically permitted in this Declaration or the Design Standards, furniture, fixtures, appliances, machinery, bicycles, towels, equipment or other goods or chattels not in active use on any Lot is prohibited from being stored or placed in such a manner that it is visible from outside the

Lot. The determination of any violation of this Section shall be in the sole discretion of the Board of Directors, which shall have the authority to adopt reasonable, rules, regulations or policies interpreting this Section.

7.04 Intentionally Omitted.

7.05 Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any portion of the Properties, except that dogs, cats, or other usual and common household pets may be permitted in or on a Lot. All pet animals must be secured by a leash or lead and under the control of a responsible person and obedient to that person's command at any time they are permitted outside the Lot or on Common Area. Each Owner shall be absolutely liable to each and all remaining Owners, their families, guests, permittees and invitees and to the Association, for any and all damage to person or property caused by any such pet brought upon or kept on the Properties by such Owner, Occupant or by Owner's or Occupant's family, guests, permittees, or invitees. Each Owner or Occupant keeping pets on a Lot will comply with all requirements of law applicable to such animals. The Board of Directors shall have the power to adopt, publish, amend and enforce rules and regulations governing the keeping of pets by Members of the Association and Member's Occupants, families and guests and to establish penalties for the infraction thereof. All Owners shall also comply with all provisions of the Ordinances of the Town of Rolesville and Wake County with respect to animals and pets.

Each Owner who keeps an animal on the Property agrees to indemnify and hold the Association and its directors, officers and agents harmless from any loss, claim or liability of any kind whatsoever arising by reason of such animal.

7.06 Antennas; Aerials; Satellite Dishes. No satellite dishes in excess of one (1) meter in diameter shall be allowed on any Lot. The design and the location of all satellite dishes of one (1) meter in diameter or less intended to be placed in the Properties must be submitted to the GFAC or MC for review. To the extent it is reasonable, the preferred location and installation site for satellite dishes which are one (1) meter or less in diameter shall be only in the rear of a dwelling or in the rear portion of the Lot. If such preferred locations preclude an acceptable quality of reception on any Lot, then the Owner shall notify the GFAC or MC, in writing, of such concern. Such notification shall include the appropriate documentation related to preclusion of reception and designate other sites on the Lot upon which the Owner wishes to locate and install the satellite dish. Satellite dishes which are one (1) meter or less in diameter should be reasonably screened from view from any other Lot or Common Area and should be painted in a fashion that will not interfere with reception so that the Satellite Dish blends into the background against which it is mounted. The GFAC may further regulate satellite dishes of one (1) meter in diameter or less and antennas in the Design Standards.

7.07 Signs. A single "for sale" or "for lease" sign shall be permitted on any Lot being offered for sale or for lease, provided such sign does not exceed two feet (2') by three feet (3') in size and does not stand higher than five feet (5') from the ground. One (1) political sign for elections of offices in the Town of Rolesville, Wake County, North Carolina or the United States of America may be displayed no earlier than thirty (30) days prior to the date of the election and must be removed within forty-eight (48) hours after the day of the election. Political signs must also comply with the size requirements of this Section. No other signs of any kind shall be erected within the Properties, including the Common Areas and any Lot if visible from outside the Lot, without the written consent of the GFAC, or MC if the GFAC does not exist, except entry, directional, and marketing signs installed by Declarant or the Association.

7.08 Vehicles and Parking. The term "vehicles" as used in this Section 7.08 shall include without limitation automobiles, trucks, boats, trailers, motorcycles, campers, vans, and recreational vehicles.

(a) **Parking.** Vehicles owned, leased or operated by an Owner or an Occupant or Owner's or Occupant's tenant, guest, family member or other invitee shall be parked only in the garage or driveway serving the Lot, or in such other paved areas as have been designated by the Board of Directors for parking vehicles unless otherwise prohibited by Section 7.08(b) below. Parking shall be permitted on public streets only in accordance with all state and county laws and ordinances. Blocking a driveway (except by the Owner of the driveway) or sidewalk with any vehicle shall be prohibited at all times.

(b) Prohibited Vehicles. Vehicles licensed as commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other water craft, and boat trailers shall be parked only in enclosed garages or areas, if any, designated by the Board. Stored vehicles which are either obviously inoperable or do not have current operating licenses, license plates or permits, shall not be permitted on the Properties except within enclosed garages.

(c) Loading and Unloading Exception. Notwithstanding the foregoing, recreational vehicles, trailers and boats may be temporarily parked in a driveway so as to accommodate reasonable loading and unloading activities, but in no instance may they be parked in a driveway for more than twenty-four (24) consecutive hours.

(d) Portable Storage Units. Portable storage units or similar types of containers solely connected with moving into or out of the Lot, or with any renovation, alteration or improvement to the Lot, may be placed in a driveway for a maximum of ten (10) days.

The Association may promulgate rules regarding parking privileges on the Common Areas.

7.09 Window Air-Conditioners. No air-conditioner shall be installed in any window of any structure located on any Lot, nor shall any air-conditioner be installed on any structure located on any Lot so that the same protrudes through any exterior wall of such structure.

7.10 Subdivision of Lots and Time Sharing. During the Declarant Control Period, no Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Declarant. After the Declarant Control Period, no Lot shall be subdivided or its boundary lines changed except with the prior written approval the Board of Directors of the Association. Declarant, however, hereby expressly reserves the right to replat or resubdivide any Lot or Lots owned by Declarant, at any time. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations.

No Lot shall be made subject to any type of timesharing, fraction-sharing or similar program whereby the right to exclusive use of the Lot rotates among members of the program on a fixed or floating time schedule over a period of years, except that the Declarant hereby reserves the right for itself and its assigns to operate such a program with respect to Lots which it owns.

7.11 Interpretation. In all cases, the covenants and restrictions herein contained shall be construed and interpreted in a manner which, in the opinion of the Board of Directors will best effect the intent of the general plan of development and maintenance herein set forth. Subject to the terms of this Article VII and the Board's duty to exercise business judgment and reasonableness, the Board may modify, cancel, limit, create exceptions to, or expand the restrictions contained in this Article VII and the Board may create, modify and enforce reasonable rules governing the use of the Property consistent with the law and with other provisions in this Declaration. In all instances, the Declarant shall have the ultimate right to interpretation as detailed herein and may act in a superior position to the GFAC to modify, cancel, limit, create exceptions to, or expand the restrictions contained in this Article VII and may create, modify and enforce reasonable rules governing the use of the Property consistent with the law and with other provisions in this Declaration.

7.12 No Waiver of Future Approvals. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

7.13 Tree and Vegetation Protection Zone and Conservation/Greenway Easement. Damaging or destroying any trees or other vegetation located within the Tree and Vegetation Protection Zone, which is indicated on the final plat of the Property, by the Association, an Owner, or any maintenance operation is prohibited and shall constitute a violation of the Town of Rolesville Ordinances. Within all Tree and Vegetation Protection Zones no cutting, clearing or removal of healthy trees or vegetation shall be permitted without the express written approval of

the Town of Rolesville Planning Department. A portion of the Common Area, as indicated on the Plat for the Property, is subject to a Town of Rolesville Conservation/Greenway Easement and all of the Legal Requirements related thereto.

7.14 Environmental Regulations. In addition to the restrictions contained in this Declaration, the Association, each Owner, Occupant, and any tenant or guest must comply with all laws, ordinances, rules and regulations related to the Property. Without limiting the generality of the foregoing, compliance with the following, among other laws, is required:

(a) The State of North Carolina has adopted riparian buffer protection rules for the Neuse River Basin. These rules aid in the removal of nitrogen, phosphorus, and other pollutants from rainwater that flows into the basins' waterways, protecting the waterways from surrounding land use. Generally these rules require a landowner to leave a fifty foot (50') vegetated waterside buffer limiting and restrict the removal or thinning of vegetation in areas adjacent to water courses within the Property. Every Owner should investigate fully and shall comply at all times with all laws and rules of the State of North Carolina, and shall perform no clearing or thinning activities in or within fifty feet (50') of the edge of any stream or wetland except to the extent such clearing or thinning activities are allowed by the State of North Carolina. Furthermore, there shall be no structure constructed within said restricted area, including with the water course, without issuance of a permit by the State of North Carolina, if required, and without approval by the GFAC.

(b) The United States Clean Water Act gives the United States Army Corps of Engineers jurisdiction over wetlands within the Property. All land-disturbing activity and construction must comply with the Clean Water Act and the rules promulgated in connection with the Clean Water Act. Without limiting the generality of the foregoing, before any land-disturbing activity begins, wetlands in the area shall be delineated and permits shall be obtained from the Army Corps of Engineers, other agencies with jurisdiction and approval from the GFAC shall be obtained. Activities which require approval and permits are defined in the Clean Water Act and the regulations, those activities may include, but may not limited to grading, dredging, excavation, fill, ditching, diversion, damming or other activity which alters or destroys waters bodies or wetlands. The GFAC shall authorize such action only on a showing of a compelling need for the Owner to take such action and conditioned on the Owner's acquisition of all permits.

If wetlands or wetland buffers exist on a Lot, as more specifically described on a recorded plat, the Owner may not install structures of any kind, including but not limited to, fences, play structures and sheds, within this area. No clearing, grubbing or redistribution of material within the preserved wetland area is permitted. Any violation related to wetlands is the sole responsibility of the Owner. Should the Army Corps of Engineers change its practice or requirements in this regard, the Board of Directors may unilaterally amend this portion of the Declaration to reflect the change.

No use of the wetlands, rivers, ponds, streams, or other bodies of water within the Area of Common Responsibility, if any, shall be permitted without the prior approval of Board of Directors subject to the Declaration; provided, if any such use is permitted, it shall be subject to the Declarant's and Association's superior use rights as provided below and to all rules and regulations that may be promulgated by the Board of Directors.

The Declarant and the Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of bodies of water within or adjacent to the Properties or Area of Common Responsibility. No docks, piers, or other structure shall be constructed on or over any body of water within the Properties, except such as may be constructed by the Declarant or the Association.

Notwithstanding the foregoing, the Association, and the Declarant (for so long as the Declarant owns property that is or may be subjected to this Declaration), may use and regulate the use of bodies of water within the Areas of Common Responsibility for the irrigation of the Area of Common Responsibility, or for any other purpose deemed appropriate by the Board or the Declarant, subject to the terms of any easement agreement affecting such use. The Declarant's rights under this Section shall be superior to any rights of the Association.

(c) Certain laws regarding control of stormwater and permits related to the development of the Property may require the installation of certain Stormwater Control Measures on the Property. Those devices may include, but are not limited to, ditches, swales, rain gardens, bio detention areas, catch basins, detention ponds, dry detention basins, level spreaders, infiltration basins, filter strips, silt fences and similar devices or structures. Owners shall not damage or alter in any way any such Stormwater Control Measures. Each Owner shall be fully liable for the cost of repairing any Stormwater Control Measure damaged or altered by that Owner, the Owner's family, tenants, or guests, including any penalties imposed on the Declarant or the Association by any Governmental Authority as a result of such damage or alteration

The foregoing list of laws is not exhaustive. Other regulations may apply to development within the Property. Neither the Association, Declarant, nor the GFAC has or will undertake to advise Owners about such laws and regulations. EVERY OWNER IS PERSONALLY RESPONSIBLE FOR IDENTIFYING ALL LAWS AND REGULATIONS THAT RELATE TO THE ACTIVITIES OF THE OWNER AND TENANTS AND GUESTS OF THE OWNER ON EVERY LOT OWNED BY THE OWNER.

7.15 Drainage and Septic Systems. Catch basins and drainage areas are for the purpose of natural flow of water only. No Person other than Declarant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, storm drains or septic systems, if any. Declarant hereby reserves for itself and the Association a perpetual easement across the Properties for the purpose of altering drainage and water flow. As set forth herein, Owners are responsible for the maintenance and repair of any drainage swales located within the Lot regardless of what other Lots or Common Area the drainage swale may serve. The Association has no responsibility for grading or surface drainage issues on any Lot.

7.16 Playground. No jungle gyms, trampolines, swing sets or similar playground equipment shall be erected or installed on any Lot except as approved by the GFAC or MC in accordance with Article VI hereof.

7.17 Fences. No hedges, walls, dog runs, animal pens or fences of any kind shall be permitted on any Lot except as approved in accordance with Article VI hereof.

7.18 Business Use. No garage sale, moving sale, rummage sale or similar activity and no trade or business may be conducted in or from any Lot, except that an Owner or occupant residing in a Lot may conduct business activities within the Lot so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Lot; (b) the business activity conforms to all zoning requirements for the Properties; (c) the business activity does not involve regular visitation of the Lot by clients, customers, suppliers or other business invitees or door-to-door solicitation of residents of the Properties, any of which in a manner that is detrimental to the residential characteristics of the immediate neighboring community as may be determined in the sole discretion of the Board of Directors; (d) the business activity is consistent with the residential character of the portions of the Properties containing Lots and does not constitute a nuisance, or a hazardous or offensive use, or threaten the privacy of other residents of the Properties, as may be determined in the sole discretion of the Board; and (e) no sign, logo, symbol or nameplate identifying such business is displayed anywhere on such Lot or from within a structure located on the Lot such that it is visible from outside the structure. Notwithstanding the foregoing, however, nothing set forth in this Section 7.18 shall prohibit the Declarant from conducting such sales, leasing and promotional activities on any Lot as the Declarant shall determine.

Notwithstanding the foregoing, the Board shall have the authority and the unilateral discretion to schedule one (1) or two (2) community-wide yard sale days per calendar year in which an exemption from the prohibition on garage, moving and rummage sales shall be granted, subject to the rules and regulations adopted by the Board.

7.19 Leasing of Lots.

(a) **Definition.** "Leasing," for purposes of this Declaration, is defined as regular, exclusive occupancy of a Lot by any person or persons other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to a fee, service, gratuity, or compensation of any sort.

(b) Leasing Provision.

(i) General. Lots may be rented only in their entirety; no fraction or portion may be rented. All leases shall be in writing and shall be for an initial term of no less than six (6) months, except with the prior written consent of the Board of Directors. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Owner of a Lot within ten (10) days after execution of the lease. The Owner shall make available to the lessee current copies of the Declaration, Bylaws, and the rules and regulations available from the Association. A reasonable fee may be charged for providing such documents. The Board may adopt reasonable rules regulating leasing and subleasing.

(ii) Compliance with Declaration, Bylaws and Rules and Regulations. Every Owner shall cause all Occupants of the Owner's Lot to comply with the Declaration, Bylaws, any applicable Supplemental Declaration, and the rules and regulations adopted pursuant to the foregoing, and shall be responsible for all violations and losses to the Common Areas caused by such Occupants, notwithstanding the fact that such Occupants of a Lot are fully liable and may be sanctioned for any violation of the Declaration, Bylaws, and the rules and regulations adopted pursuant to the foregoing.

(c) Notice of Lease and Non-Resident Owner. Owners of a Lot shall provide the Association with written notice of any and all tenants occupying the Lot. In the event an Owner is a non-resident of the Property, Owner shall provide the Association with written notice of Owner's forwarding address. Absent written notification of any change in residential address, the Association shall use the Lot address for any and all notice to that Owner that may be required by statute, the Articles of Incorporation, Declaration or Bylaws.

ARTICLE VIII. MAINTENANCE

8.01 Association's Maintenance Responsibility. The Association shall maintain and keep in good repair the Area of Common Responsibility, which shall include Common Areas, landscaped areas within public rights-of-way (except for rights-of-way located adjacent to any Lot and not adjacent to any Common Area), and on any public utility easement within the Properties (subject to the terms of any easement agreement relating thereto), such portions of any additional property within the Area of Common Responsibility as may be dictated by this Declaration or by a contract or agreement for maintenance thereof by the Association or the Declarant. If and to the extent the following facilities are not maintained by a governmental entity, Areas of Common Responsibility (whether or not constituting Common Areas) shall include: (a) all entry features to the Property; (b) all sidewalks (excluding walkways that connect the driveway to the front door of a residence or run from the front door to the street or sidewalk); (c) any fencing installed along the perimeter of the Property as required by the Authorities; (d) all landscaping within public rights-of-way abutting the Property; (e) all storm water detention or Stormwater Control Measures serving the Property; and (f) any recreational amenities that are determined by the Association to be part of its maintenance responsibilities. The Association's obligations for maintenance in this Section may also include any BMP or Stormwater Control Measures, as determined by the Declarant.

The Association may maintain other property which it does not own, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard, or if the Declarant elects to obligate the Association for such maintenance. In the event the need for the maintenance, repair or replacement is caused through the willful or negligent act of the Owner, Owner's family or guest, permittees or other invitees, the cost of such maintenance, repair or replacement shall be added to and become a part of the assessment to which the Lot is subject.

The Association shall further have the right, but not the obligation, to maintain and keep in good repair the Stoop, Driveway, Deck, Patio Area, roof and other exterior portions and exterior lighting appurtenant to each Townhome Lot, or any portion or portions thereof as the Board of Directors may determine at any time and from time to time in its sole discretion

There are hereby reserved to the Association blanket easements over the Properties as necessary to enable the Association to fulfill responsibilities under this Section.

Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense, subject to the right of the Association to seek reimbursement from other persons responsible for certain portions of the Area of Common Responsibility pursuant to this Declaration or other agreements. If the Association determines that any maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the Occupant, family, guest, invitee or lessee of an Owner, then the Association may perform such maintenance, repair or replacement and all costs thereof not paid for by insurance shall be assessed against the Owner as a Specific Assessment.

The Association shall also maintain the landscaping for each Townhome Lot (the "Townhome Lot Landscaping"). The Townhome Lot Landscaping shall include mowing of grass (including the grass in the front, side, and rear yard of each Townhome Lot), and with respect to the front and side yards only, edging around landscape beds, sidewalks, walkways, curbs, driveways, and all obstacles; pruning of shrubs and plants; blowing and removing of grass clippings and leaves; pest and weed control in landscape areas; and aeration, fertilizing, and overseeding. Townhome Lot Landscaping shall be performed in a manner consistent with the Community Wide Standard and the frequency of service shall be at the sole discretion of the Board of Directors.

8.02 Owner's Maintenance Responsibility. Except as may be provided by another association, all maintenance and repair of each Lot and all structures, parking areas and other improvements thereon comprising the Lot including, without limitation, any drainage swales located within the Lot regardless of what other Lots or Common Areas the drainage swale may serve, that are not addressed as being the responsibility of the Association in Section 8.01 above shall be the sole responsibility of the Owner thereof, who shall maintain such Lot and improvements in a manner consistent with this Declaration and the Community-Wide Standard. Such maintenance obligation shall include, without limitation, the following: prompt removal of litter and waste; keeping improvements, roofs and exterior structures and lighting in good working order and repair; complying with all governmental health and police requirements; repairing damage to improvements; and caring for, mowing, pruning, weeding and otherwise maintaining lawns, yards and planting beds in keeping with the Design Standards, Community-Wide Standard and any rules or regulations promulgated by the GFAC or Board of Directors.

Owners of any Lot which borders a lake, stream, or pond shall be responsible for the maintenance and erosion control on that portion of the Lot which borders a lake, stream or pond so as to prevent runoff into the water and erosion of the Lot. Repair of any damage to bordering property as a result of any erosion shall be the responsibility of the Owner of the Lot. To the extent any wetlands are located on a plat of a Lot, the obligation for any maintenance, repair, or replacement of such wetlands shall be the responsibility of the Owner of the Lot and shall not be the responsibility of the Association or the Declarant.

All maintenance required by this Section shall be performed in a manner consistent with the Design Standards, Community-Wide Standard, and all applicable covenants, rules and regulations.

As further detailed in Section 3.15 the Declarant shall plant Street Trees at Declarant's sole expense. Each Owner of a Lot shall have the obligation to care for, maintain, and replace Street Tree(s) located on Owner's Lot or in the right-of-way adjacent to Owner's Lot at Owner's sole expense. Maintenance may include the obligation to trim or remove dead or overhanging branches, as determined by the Association. Replacement of dead Street Trees shall comply with the Community-Wide Standards and Legal Requirements. Declarant and the Association shall not be liable for any damage to person or property caused by the planting of a Street Tree pursuant to this Section 8.02 and Section 3.14.

If the Board determines that any Owner has failed or refused to discharge properly such Owner's obligations hereunder, the Board shall have the right, exercisable by it or through its agents or employees, and after giving to the Owner of such Lot at least fourteen (14) days' notice and an opportunity to correct the unsatisfactory condition (except in the event of an emergency situation, in which case no notice and opportunity to correct shall be required), to enter upon such Lot and correct the unsatisfactory condition. The Owner of the Lot upon which such maintenance work is performed by the Association (or its agents or employees) shall be personally liable to the Association for all direct and indirect costs as may be incurred by the Association in connection with the performance of such maintenance work, and the liability for such costs shall be secured by all the liens, and shall be

subject to the same means of collection, as are the other assessments and charges provided for in this Declaration. In addition, all such costs shall be paid to the Association by such Owner at the same time as the next due Annual Assessment payment or installment of such, or at such other time, and in such installments, as the Board shall determine.

8.03 Individual Insurance. Each Owner, by virtue of taking title to a Lot subject to this Declaration, acknowledges that the Association has no obligation to provide any insurance for any portion of individual Lots and each Owner covenants and agrees with all other Owners and with the Association that each Owner will carry at all times all-risk casualty insurance on the Lot, all structures constructed thereon, as well as a liability policy covering damage or injury occurring on a Lot. The casualty insurance shall cover loss or damage by fire and other hazards commonly insured under an all-risk policy, if reasonably available, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Upon request by the Association, the Owner shall furnish a copy of such insurance policy to the Association.

Each Owner further covenants and agrees that in the event of a partial loss or damage resulting in less than total destruction of structures comprising Owner's Lot, the GFAC or Board may impose requirements regarding the standards for rebuilding or reconstructing structures on the Lot and the standard for returning the Lots to its natural state. In the event the structures are not rebuilt or reconstructed, the affected portion of the Properties shall be cleared of all debris and ruins and maintained by Owner, as applicable, in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. Any rebuilding or reconstruction of any residential structures shall be in conformance with the Design Standards, Proffers and any Ordinance.

8.04 Party Walls.

(a) General Rules of Law to Apply. Each wall or fence that is built as a part of the original construction of the residences upon the Lots and which is placed on the dividing line between two (2) Lots so as to be common with, or immediately adjacent to and touching a wall or fence of the residence on the other Lot, shall constitute a Party Wall, and to the extent not inconsistent with the provisions of this Article, the general rules law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners who make use of the wall or fence in proportion to such use. Any disputes over the reasonableness of the cost of such repair and maintenance shall be resolved in accordance with subsection (c) of this Section.

(c) Disputes. Upon any dispute arising concerning a Party Wall, any Owner may seek to have such dispute resolved by the Board of Directors, by providing written notice of such intention to the other Owner and the Board of Directors c/o the President of the Association. The Board of Director's decision (i) must be in writing, but no reason need be given, and (ii) shall be final and binding on the parties to the dispute. Any party, including the Board of Directors, may be represented by counsel in connection with the presentation of a case before the Board of Directors.

8.05 Stormwater Management. Except for maintenance responsibilities either (i) placed on Owners by the Declaration or Legal Requirements, or (ii) assumed or undertaken by other Persons (including applicable Authorities), the Association shall maintain the Stormwater Control Measures as part of the Common Expenses. As used in the immediately preceding sentence, the word "maintain" includes "provision for maintenance of", which may include financial contributions toward maintenance of Stormwater Control Measures located on or shared with other properties not subject to the Declaration. Such maintenance obligations shall terminate, or be reduced proportionally, temporarily or permanently as applicable, at such time as the Authorities accepts responsibility to maintain, in whole or in part, any of the Stormwater Control Measures for the Property, or some other Person is providing the necessary maintenance therefor (for example, pursuant to an agreement with the Association which may require monetary payments to such Person by the Association). Following any such assumption of maintenance by the Authorities or other Person, the Association may, without obligation, continue to provide maintenance to the extent that, in the opinion of the Board of Directors, the Authorities or other Person fails to

provide adequate maintenance, and shall continue to provide maintenance for those portions of the Stormwater Control Measures with respect to which the Authorities or such other Person has not assumed maintenance responsibility, or following termination of the Authorities' or such Person's maintenance responsibility. The Owner of any Lot on, over or through which any Stormwater Control Measures are located shall be responsible for the following with respect thereto: (i) mowing of grass with reasonable frequency, where applicable, unless the Association assumes such responsibility; and (ii) removal of debris and other materials to the best of the Owner's ability, where such debris or materials has impeded or threatens to impede the free flow of stormwater on, over or through the Stormwater Control Measures located on the Lot. Such Owner's responsibility shall include notification to the Association of any defects in any fencing surrounding or within any such Stormwater Control Measures, any debris or other matter which the Owner reasonably believes is beyond the Owner's ability to remove, and any excessive erosion within any such Stormwater Control Measures. The Owner of a Lot on which Stormwater Control Measures are located shall not obstruct or interfere with its normal and intended operation. Notwithstanding anything to the contrary herein, each Owner of a Lot, and not the Association, shall be responsible for maintenance of all Stormwater Control Measures located on and used exclusively in connection with such Owner's Lot or the improvements thereon, including guttering, and pipes and drains for transportation of stormwater from such Lot into any other Stormwater Control Measures.

Declarant, during the Development Period, and thereafter, the Association, subject to any approval required by the Authorities, may at any time and from time to time grant, relocate, abandon or release one or more stormwater drainage easements in the Property, subject to the following: (i) the grant of any such stormwater drainage easement also shall be consented to in writing by the Owners of all portions of the Property on which such stormwater drainage easement is located, unless the stormwater drainage easement is shown on a previously recorded plat of such portions of the Property, in which event the consent of the Owners is not required and the Declarant or the Association, as applicable, may grant the stormwater drainage easement by written instrument; (ii) no such relocation, abandonment or release shall materially adversely affect the portions of the Property on which the stormwater drainage easement then is located or the portions of the Property served thereby or, if it does have such material adverse effect, it is consented to in writing by the Owners of all portion of the Property on which such stormwater drainage easement is located or which are served thereby; and (iii) no such grant, relocation, abandonment or release shall materially adversely affect the Stormwater Control Measures for the Property. The provisions of this paragraph also are applicable to any access easement over any portion of the Property that provides pedestrian or vehicular access from a public street right-of-way or other public easement or facility to and from any Stormwater Control Measures.

With respect to its obligations under this Section 8.05, the Association shall pay, post, provide for or comply with all bonds and other financial obligations under Legal Requirements and agreements, including Stormwater Agreements, executed by the Association (or, during the Development Period, by the Declarant on behalf of the Association or for later assignment to the Association), and the Association (and, during the Development Period, the Declarant on behalf of the Association) may enter into agreements, including Stormwater Agreements, with the Authorities, another association that exists for purposes similar to those of the Association, or any other Person, with respect to inspecting, monitoring, measuring, collecting, controlling, transporting, handling, storing, discharging, operating and managing any part or all of the stormwater on, to, or from the Property or any or all of the Stormwater Control Measures serving the Property, whether such Stormwater Control Measures are located within or outside of the Property. Any such agreements shall be binding on all Owners, and may require payments from the Association or the Owners whose Lots are served by the applicable Stormwater Control Measures for the services provided by the Authorities, such other association or such other Person in inspecting, monitoring, measuring, collecting, controlling, transporting, handling, storing, discharging, operating or managing any part or all of such stormwater or Stormwater Control Measures, and such Agreements may include all other terms and obligations required by Legal Requirements. In connection with the foregoing purposes expressed in this paragraph, the Association (and, during the Development Period, the Declarant on behalf of the Association) may grant rights over, in, under, upon and through any and all stormwater drainage easements in the Property, and may grant rights over, in, under, upon and through all easements in the Property that provide pedestrian or vehicular access from a publicly dedicated street right-of-way to and from stormwater drainage easements or Stormwater Control Measures. Provided, however, during the Development Period, no such agreement shall be valid unless the same shall have been consented to in writing by the Declarant.

In recognition of the fact that different Stormwater Control Measures may be necessary or desirable for different portions of the Property or phases of the community (for example, because of the topography of the Property, it may be desirable for a portion of the Property to have Stormwater Control Measures separate from or in addition to, other Stormwater Control Measures in or serving the Property, and it may be desirable for other portions of the Property to utilize Stormwater Control Measures located outside of the Property), and in further recognition of the desire of the Declarant for the provisions of the Declaration to be as flexible as reasonably necessary to maximize the benefit to the Property of having or using one or more Stormwater Control Measures in accordance with sound engineering practices and approvals by the Authorities, in fulfilling its obligations under the Declaration, the Association (or, during the Development Period, the Declarant on behalf of the Association or for later assignment to the Association) may enter into different agreements for different portions of the Property.

Declarant hereby informs all Owners and other Persons who may from time to time deal with or come in contact with the Property that, as stormwater drains into any of the Stormwater Control Measures for the Property, it is possible that substances or materials that may be classified or regulated as "hazardous substances" or "toxic substances" or other regulated substances or materials under Legal Requirements relating to the environment may flow through or accumulate in such Stormwater Control Measures. Accordingly, each Owner and other Person assumes the risk that such flowing through or accumulation may occur. In addition, each Owner further acknowledges that if it becomes necessary (as determined by Legal Requirements or by the Board of Directors) for such substances to be removed from the Stormwater Control Measures or otherwise handled in accordance with Legal Requirements, and for such Stormwater Control Measures to be cleaned following such removal or other handling, that the costs associated with such removal, handling or clean-up are Common Expenses, and that an additional stormwater assessment may be required to pay for such removal or resultant clean-up of the Stormwater Control Measures.

Declarant, at any time and from time to time, may assign to the Association, and the Association shall accept from Declarant the assignment of, all obligations of the Declarant under all agreements, including Stormwater Agreements, entered into by the Declarant with respect to Stormwater Control Measures for the Property, provided the Declarant has performed, or made adequate provision for the performance of, all obligations to be performed by Declarant prior to the date of assignment to the Association. The provisions of this Section 8.05 shall be construed liberally to allow the Declarant and the Association, on behalf of the Property and all Owners, the necessary flexibility to comply with all Legal Requirements with respect to stormwater, including the execution of agreements, including Stormwater Agreements, with the Authorities other Persons and the granting of easements to the Authorities other Persons.

8.06 Sidewalks. Notwithstanding any other provision in this Declaration, all sidewalks located in the Properties which are located in Common Area or adjacent to the public streets and roadways, whether located on the Lots or on the road right-of-way, shall be the maintenance, repair and replacement responsibility of the Association. However, the Association shall not have the obligation to clear the sidewalks of ice or snow. The Association shall have an easement over all of the Properties for the purposes of satisfying its requirements in this Section. In the event the need for maintenance, repair or replacement of the sidewalks is a result of an Owner's misuse or negligence, such costs shall be the responsibility of the Owner.

8.07 Street Lighting. If any street lighting is installed by the Declarant, the maintenance, repair and replacement of such street lighting shall be a Common Expense of the Association.

8.08 Walking Trails. If any walking trail is installed by the Declarant, the Association shall be responsible, as a Common Expense, for the maintenance, repair and replacement of such trail. No motorized vehicles shall be permitted on any walking trails and the walking trails shall be deemed to be closed between dusk and dawn. The Board of Directors shall have the authority to adopt additional rules and regulations pertaining to the use of any walking trails.

ARTICLE IX. MORTGAGEE PROVISIONS

9.01 Notice of Action. An institutional holder, insurer, or guarantor of a First 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 First 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 First 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.

9.02 Audit. Upon written request of any institutional holder of a First 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.

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

9.04 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.

9.05 Requirements. So long as required by the Federal Home Loan Mortgage Corporation, unless at least sixty-seven percent (67%) of the first Mortgagees or at least sixty-seven percent (67%) of the total Association vote entitled to be cast thereon consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner of a Lot (a decision, including contracts, by the Board or contained in a subsequent declaration shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration);

(c) By act or omission change, waive or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Lots and of the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision);

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and First Mortgagees making such payment shall be entitled to immediate reimbursement from the Association.

9.06 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.

9.07 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.

ARTICLE X. AMENDMENT

10.01 By Declarant. For so long as the Declarant still owns property detailed in Exhibits "A" or "B" of the Declaration for development as part of the Properties, the Declarant may unilaterally amend this Declaration for any purpose, so long as any such amendment is in conformance with any zoning requirements. Thereafter, Declarant or the Board may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, permit, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Lots (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Lots; (d) to correct any scrivener's errors, to clarify the intent of any provision, or to resolve any actual or apparent inconsistencies between provisions; or (e) to satisfy the requirements of any local, state, or federal governmental agency.

10.02 By Members. Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Class "A" Members representing sixty-seven percent (67%) of the total Class "A" votes in the Association, and Declarant's consent, with the exception that Declarant's consent is required only so long Declarant owns any property subject to this Declaration or which may become subject to this Declaration.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

10.03 Validity and Effective Date. No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant or the Class "B" Member, respectively (or the assignee(s) of such right or privilege).

If any Owner consents to any 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 amendment shall become effective upon recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six (6) months of its recordation or such amendment shall be presumed to have been validly adopted. Any lawsuit challenging any aspect of an amendment to this Declaration must be filed in the Superior Court in the county where the Property is located within one (1) year of the date of recordation of such amendment with the Register of Deeds. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

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

ARTICLE XI. THE CLUB

11.01 General. Access to the Club facilities will be limited to members of the Club. Each owner may apply for membership in the Club. Such membership in the Club shall be granted in the sole discretion of the Owner of the Club and subject to such terms and conditions as determined by the Owner of the Club. The fee for such membership shall be set by the Owner of the Club. Owners that violate the terms or conditions of their memberships in the Club, or violate the rules and regulations of the Club, may have their memberships suspended or terminated at the discretion of the Owner of the Club.

The Association may be obligated to collect all membership fees and pay such fees to the Club. In the event the Association fails to collect such fees on behalf of the Club, the Club shall have a right of lien, as provided to the Association in Section 8.8, against the Units of all Owners that have failed to pay such fees. Owners that violate the terms or conditions of their memberships in the Club, or violate the rules and regulations of the Club, may have their memberships suspended or terminated at the discretion of the Owner of the Club.

11.02 Ownership and Control of the Club. Membership in the Association, membership in the Club or occupancy of a Unit shall not confer any ownership interest in the Club. Rights to use the Club will be granted subject to such terms and conditions as may be determined by the Owner of the Club. The Owner of the Club shall have the right to grant use rights to Persons that do not reside in Granite Falls.

11.03 Conveyance of the Club. All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Declarant, the Association, any Builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of the Club, and no purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the record Owner of the Club. Further, the ownership or operation of the Club may change at any time by virtue of, but without limitation, (a) the sale to or assumption of operations of the Club by a Person other than the current owner or operator; (b) the establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the members of the Club or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Club; or (c) the conveyance of the Club to one or more affiliates, shareholders, employees, or independent contractors of the Declarant. No consent of the Association, Neighborhood Association, Neighborhood Representative or any Owner shall be required to effectuate any change in ownership or operation of the Club, for or without consideration and subject to or free of any mortgage, covenant, lien or other encumbrance.

11.04 View Impairment. Neither the Declarant, the Association, nor the Owner of the Club, guarantees or represents that any view over and across the Club from Units adjacent to the Club will be preserved without impairment. The Owner of the Club, if any, shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in their sole and absolute discretion, to add improvements, structures, trees and other landscaping to the Club from time to time. Any such additions or changes may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

11.05 Architectural Control. Neither the Declarant, the Association, any committee, or any Owner shall initiate or approve any construction, addition, alteration, change, or installation on or to any portion of the Properties which is adjacent to, or otherwise in the direct line of sight of, the Club. Any such construction, addition, alteration, change, or installation shall be subject to the approval of the Owner of the Club.

11.06 Limitations on Amendments. In recognition of the fact that the provisions of this Article are for the benefit of the Club, no amendment to this Article, and no amendment in derogation of any other provisions of this Declaration benefiting the Club, may be made without the written approval of the Owner of the Club. The foregoing shall not apply, however, to amendments made by the Declarant.

11.07 Jurisdiction and Cooperation. It is Declarant's intention that the Association and the Club shall cooperate to the maximum extent possible in the operation of the Properties and the Club. Each shall reasonably

assist the other in upholding the Community-Wide Standard as it pertains to maintenance and the Design Guidelines. The Association shall have no power to promulgate Use Restrictions or Rules other than those set forth on Exhibit "C" affecting activities on or use of the Club without the prior written consent of the Owner of the Club. The Owner of the Club shall have standing to enforce any and all provisions of the Governing Documents.

11.08 Maintenance of Common Areas. The Owner of the Club shall have an easement and the right to enter and maintain all portions of Area of Common Responsibility within Granite Falls if the Association fails to do so in accordance with the Community-Wide Standard. The Owner of the Club shall present the Association with written notice of the Association's failure to maintain such portions of Granite Falls, including without limitation, the entrance and landscaping within the community. From time of receipt of such written notice, the Association shall have five business days in which to take appropriate corrective action. If the Association fails to take corrective action, the Owner of the Club may enter the affected portion of the Area of Common Responsibility and bring such portion into compliance with the Community-Wide Standard. The Association shall pay the costs of all actions taken by the Owner of the Club to preserve the Community-Wide Standard, subject to any allocation of such costs pursuant to the Covenant to Share Costs.

11.09 Easements for the Club.

(a) The Declarant grants, for the benefit of the Club and its members (regardless of whether such members are Owners hereunder), guests, invitees, employees, agents, contractors, and designees, a right and nonexclusive easement of access and use of the Common Area including, but not limited to, streets, trails, lakes, and bike paths. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from the exercise of this easement the Declarant or its members; the Association or its Members (in their capacities as such); the Owner of the Club or its successors, successors-in-title to the Club, or assigns; any Builder or contractor (in their capacities as such); any officer, director or partner of any of the foregoing, or any officer or director of any partner.

(b) The Owner of the Club, its agents, employees, contractors, and designees, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair and replacement of the Club.

ARTICLE XII. MISCELLANEOUS

12.01 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.

12.02 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 fifty (50) 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.

12.03 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.

12.04 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 at least seventy-five percent (75%) of the Owners. This Section 12.04 shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration, the Articles, Bylaws or rules and regulations of the Association (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 12.04 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.

12.05 Successors to Declarant. In no event shall any Person or other entity succeeding to the interest of the Declarant by operation of law or through purchase of the 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 the Declarant.

12.06 Adjacent Properties. Access to and use of any property adjacent to or in close proximity to the Property, including any roads, pathways, trails or recreational facilities, is strictly subject to the rules and procedures of the owner or operator of such adjacent property, and no Person gains any right to enter or to use any adjacent property by the virtue of membership in the Association or ownership or occupancy of a Lot. All persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Declarant, the Association, or by any Person acting on behalf of any of the foregoing, with regard to continuing ownership or operation of any adjacent property, and no purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the adjacent property.

12.07 Photo Consent. Attendance by an Owner, Occupant, Owner's or Occupant's family, residents, tenants, guests or invitees at any Association function or Association sponsored event, including meetings of the membership, Board of Directors, committees and sub-committees, shall constitute implied consent for the likeness of an Owner, Occupant, Owner's or Occupant's family, residents, tenants, guests and invitees to be photographed and used in any publication, website or marketing materials of the Association or Declarant. Revocation of such consent requires written notice to the Association on an annual basis. Owner or Occupant shall be responsible for informing all family, residents, tenants, guests and invitees of this consent.

12.08 Occupants Bound. All provisions of the Declaration, Bylaws, any applicable Supplemental Declaration, and rules and regulations promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants of any Lot. Every Owner shall cause all Occupants of Owner's Lot to comply with the Declaration, Bylaws, any applicable Supplemental Declaration, and all rules and regulations of the Association. Every Owner shall be responsible for all violations and losses to the Common Areas caused by such Occupants, notwithstanding the fact that such Occupants of a Lot are fully liable and may be sanctioned for any violation of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto.

12.09 Declarant's Rights. Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the Bylaws may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein or in the Bylaws, as applicable, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded with the Register of Deeds.

12.10 Right of Entry. The Association shall have the right, but not the obligation, to enter upon any Lot for emergency, security and safety reasons, to perform maintenance pursuant to Article II hereof, and to inspect for the purpose of ensuring compliance with this Declaration, the Bylaws, any Supplemental Declaration and the rules of the Association; provided nothing herein shall authorize any Person to enter any dwelling or other building constructed on a Lot without permission of the Owner unless reasonably believed to be necessary to avoid an imminent threat of personal injury or personal damage.

12.11 Compliance. Every Owner and Occupant of any Lot shall comply with all lawful provisions of this Declaration, the Bylaws, the Articles of Incorporation, the Design Standards and the rules and regulations of the

Association. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association acting through its Board of Directors, or, in a proper case, by any aggrieved Owner or Owners. In addition, the Association may avail itself of any and all remedies provided in this Declaration or the Bylaws. All rights, remedies and privileges granted to the Association pursuant to any terms, provisions, covenants or conditions of this Declaration, the Bylaws or state law shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by this Declaration or at law or in equity. The Association shall also be entitled to receive its costs and attorneys' fees in any action brought against an Owner or Occupant, or in any action brought against the Association by an Owner or Occupant. In any action brought against the Declarant by an Owner, Occupant or the Association, the Declarant shall be entitled to recover its reasonable costs and attorneys' fees.

[SIGNATURE PAGE APPEARS ON THE FOLLOWING PAGE]

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

HHHUNT GRANITE FALLS, LLC

By: HHHunt Corp., its Manager

By:

Name:

Its:

Harry H. Hunt IV
Manager

STATE OF North Carolina
COUNTY OF Wake

I, Kristen Marie Casper, a Notary Public for said County and State, do hereby certify that Harry H. Hunt IV personally appeared before me this day and acknowledged that (s)he is the manager of HHHunt Corp., which is manager of HHHunt Granite Falls, LLC, a North Carolina limited liability company, and that (s)he, being authorized to do so, executed the foregoing on behalf of the limited liability company.

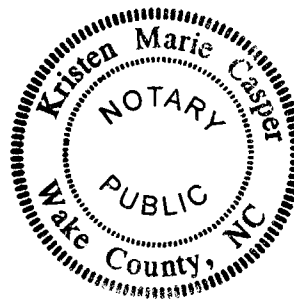
WITNESS my hand and notarial stamp/seal, this 27 day of March, 2018.

Kristen Marie Casper

Notary Public

My Commission Expires:

October 20, 2020



CONSENT AND JOINDER

HHHunt Homes Raleigh-Durham, 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 Granite Falls Homeowners' Association, Inc. (the "**Property**").

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 Granite Falls Homeowners' Association, Inc. (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 officers on this 27th day of March, 2018.

HHHunt Homes Raleigh-Durham, LLC

BY: [Signature]

Name: Harry H. Hunt IV

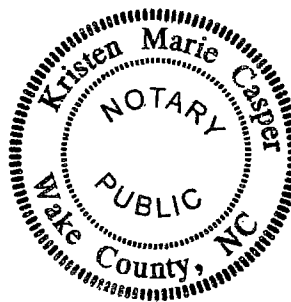
Title: manager

STATE OF North Carolina
COUNTY OF Wake

I certify that Harry H. Hunt IV personally appeared before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: manager, which is manager of HHHunt Homes Raleigh-Durham, LLC

Witness my hand and official seal, this the 27 day of MARCH, 2018
(Official Seal)

Kristen Marie Casper
Notary Public
My commission expires: October 24, 2020



JOINDER AND CONSENT OF LENDER

The undersigned, as holder and beneficiary of a security interest in a portion of the Property pursuant to deed of trust recorded at Book 016984, Page 2421, Wake County Registry (the "Builder Line Deed of Trust") and the deed of trust recorded at Book 016807, Page 2672, Wake County Registry (the "Development Deed of Trust"), hereby joins in the execution of this Declaration for the purpose of agreeing and acknowledging that upon any foreclosure or deed or other proceedings in lieu of foreclosure of the Builder Line Deed of Trust or the Development Deed of Trust, or upon any other action taken to enforce the lien of the Builder Line Deed of Trust or the Development Deed of Trust, the Declaration, and the rights granted therein shall remain in full force and effect, and shall not be void as a result of any such foreclosure, deed or other proceeding in lieu of foreclosure or other action.

Regions Bank

LENDER:

National Association

By:

Name: Bernard S. Markovitch, Jr.

Title: Senior Vice President

Date: 4/12/18

STATE OF Missouri
COUNTY OF ST Louis

I certify that Bernard S. Markovitch, Jr. personally appeared before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

Senior Vice President

of

Regions Bank

Witness my hand and official seal, this the 12 day of April, 2018.
(Official Seal)

Notary Public

My commission expires:

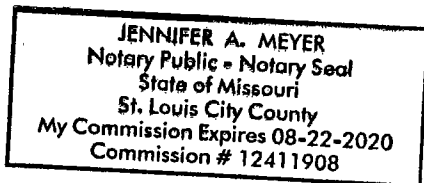
8-22-2020

EXHIBIT A**(LEGAL DESCRIPTION)****TRACT ONE:**

LYING AND BEING SITUATE IN WAKE COUNTY, NORTH CAROLINA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING ALL OF THAT CERTAIN PARCEL OF LAND DESIGNATED AS TRACT 2, CONTAINING 68.8725 NET ACRES, AS SHOWN ON THAT RECOMBINATION SURVEY ENTITLED "PROPERTY OF NORTH WAKE DEVELOPERS r LLC r GRANITE FALLS r ROLESVILLE, WAKE COUNTY, NORTH CAROLINA" DATED 2/20/2006, PREPARED BY JOHN A. EDWARDS & COMPANY, PLS, AND RECORDED IN BOOK OF MAPS 2006, PAGE 535, WAKE COUNTY REGISTRY, TO WHICH PLAT REFERENCE IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION.

SAVE AND EXCEPT ALL OF LOTS 1-5, INCLUSIVE AND LOTS 34-42, INCLUSIVE, AND THAT 0.5622 ACRE OPEN SPACE AND THE 1.4345 ACRES OF RIGHT OF WAY FOR GRANITE PEAK DRIVE AND GRANITE CREEK DRIVE, ALL AS SHOWN ON THAT MAP OF GRANITE FALLS, PHASE 1A, RECORDED IN BOOK OF MAPS 2007, PAGE 1048, WAKE COUNTY REGISTRY.

ALSO SAVE AND EXCEPT ALL OF LOTS 6-33, INCLUSIVE, AND THAT 7.4596-ACRE OPEN SPACE AND THE 2.0785 ACRES OF RIGHT OF WAY FOR GRANITE CREEK DRIVE, ALL AS SHOWN ON THAT MAP OF GRANITE FALLS, PHASE 1B, RECORDED IN BOOK OF MAPS 2007, PAGE 1574, WAKE COUNTY REGISTRY.

ALSO SAVE AND EXCEPT ALL OF LOTS 43-80, INCLUSIVE, AND THAT 2.06 ACRES OF RIGHT OF WAY FOR GRANITE SADDLE DRIVE, ALL AS SHOWN ON THAT MAP OF GRANITE FALLS, PHASE 2, RECORDED IN BOOK OF MAPS 2013, PAGE 1110, WAKE COUNTY REGISTRY.

SAID PARCEL BEING MORE PARTICULARLY DESCRIBED BY THE FOLLOWING METES AND BOUNDS:

SITUATED IN THE TOWN OF ROLESVILLE, WAKE COUNTY, NORTH CAROLINA AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN EXISTING AXLE ON THE NORTHWEST CORNER THE PARCEL DESCRIBED IN DEED BOOK 16639, PAGE 197, SAID AXLE AND HAVING NORTH CAROLINA GRID COORDINATES OF N=795,195.93' AND E=2,155,627.39'; THENCE FROM THE POINT OF BEGINNING NORTH 88 04 36 EAST FOR A DISTANCE OF 661.97 FEET TO AN EXISTING IRON PIPE; THENCE NORTH 88 05 07 EAST FOR A DISTANCE OF 742.84 FEET TO AN EXISTING IRON PIPE; THENCE SOUTH 02 24 44 WEST FOR A DISTANCE OF 112.14 FEET TO AN EXISTING IRON PIPE; THENCE SOUTH 02 24 44 WEST FOR A DISTANCE OF 50.17 FEET TO AN EXISTING IRON PIPE; THENCE SOUTH 02 24 44 WEST FOR A DISTANCE OF 150.30 FEET TO AN EXISTING STONE; THENCE SOUTH 02 43 50 WEST FOR A DISTANCE OF 249.96 FEET TO AN EXISTING AXLE; THENCE NORTH 88 09 14 EAST FOR A DISTANCE OF 384.95 FEET TO AN EXISTING IRON PIPE; THENCE NORTH 88 09 14 EAST FOR A DISTANCE OF 174.19 FEET TO AN EXISTING IRON BAR; THENCE SOUTH 02 23 59 EAST FOR A DISTANCE OF 2.89 FEET TO A COMPUTED POINT; THENCE SOUTH 02 22 19 EAST FOR A DISTANCE OF 618.72 FEET TO AN EXISTING IRON PIPE; THENCE SOUTH 53 33 45 WEST FOR A DISTANCE OF 134.94 FEET TO AN EXISTING IRON PIPE THE EASTERN RIGHT OF WAY OF GRANITE CREEK DRIVE; THENCE ALONG SAID RIGHT OF

WAY FOR 6 CALLS, NORTH 36 26 15 WEST FOR A DISTANCE OF 32.83 FEET TO A COMPUTED POINT; THENCE ALONG A CURVE TO THE LEFT, HAVING AN ARC LENGTH OF 90.01 FEET, A RADIUS OF 1030.00 FEET AND A CHORD BEARING NORTH 38 56 27 WEST FOR A DISTANCE OF 89.98 FEET TO A COMPUTED POINT; THENCE WITH SAID RIGHT OF WAY ALONG A CURVE TO THE LEFT, HAVING AN ARC LENGTH OF 18.15 FEET, A RADIUS OF 1030.00 FEET, A CHORD BEARING NORTH 41 56 56 WEST FOR A DISTANCE OF 18.15 FEET TO A COMPUTED POINT; THENCE ALONG A CURVE TO THE RIGHT, HAVING AN ARC LENGTH OF 13.38 FEET, A RADIUS OF 25.00 FEET, A CHORD BEARING NORTH 27 07 03 WEST FOR A DISTANCE OF 13.22 FEET TO A COMPUTED POINT; THENCE SOUTH 46 50 22 WEST FOR A DISTANCE OF 63.58 FEET TO A COMPUTED POINT; THENCE ALONG A CURVE TO THE LEFT, HAVING AN ARC LENGTH OF 14.06 FEET, A RADIUS OF 970.00 FEET, A CHORD BEARING SOUTH 42 44 44 EAST FOR A DISTANCE OF 14.06 FEET TO A COMPUTED POINT; THENCE SOUTH 47 40 11 WEST FOR A DISTANCE OF 45.16 FEET TO AN EXISTING IRON ROD; THENCE SOUTH 71 08 55 WEST FOR A DISTANCE OF 70.39 FEET TO A COMPUTED POINT; THENCE SOUTH 52 01 48 WEST FOR A DISTANCE OF 28.30 FEET TO A COMPUTED POINT; THENCE SOUTH 33 06 23 WEST FOR A DISTANCE OF 65.52 FEET TO A COMPUTED POINT; THENCE ALONG A REFERENCE LINE FOR 17 CALLS, THE CENTERLINE OF THE CREEK IS THE ACTUAL PROPERTY LINE, NORTH 79 19 27 WEST FOR A DISTANCE OF 91.55 FEET TO A POINT; THENCE NORTH 60 23 09 WEST FOR A DISTANCE OF 109.90 FEET TO A POINT; THENCE NORTH 14 59 01 WEST FOR A DISTANCE OF 93.00 FEET TO A POINT; THENCE NORTH 60 37 42 WEST FOR A DISTANCE OF 124.84 FEET TO A POINT; THENCE SOUTH 54 31 08 WEST FOR A DISTANCE OF 53.87 FEET TO A POINT; THENCE SOUTH 89 58 55 WEST FOR A DISTANCE OF 127.58 FEET TO A POINT; THENCE NORTH 45 49 42 WEST FOR A DISTANCE OF 126.87 FEET TO A POINT; THENCE NORTH 27 07 16 WEST FOR A DISTANCE OF 68.05 FEET TO A POINT; THENCE NORTH 53 06 22 WEST FOR A DISTANCE OF 69.05 FEET TO A POINT; THENCE NORTH 58 34 57 WEST FOR A DISTANCE OF 188.47 FEET TO A POINT; THENCE NORTH 71 49 36 WEST FOR A DISTANCE OF 73.06 FEET TO A POINT; THENCE NORTH 24 05 57 WEST FOR A DISTANCE OF 104.13 FEET TO A POINT; THENCE NORTH 63 55 02 WEST FOR A DISTANCE OF 144.83 FEET TO A POINT; THENCE NORTH 59 01 56 WEST FOR A DISTANCE OF 202.35 FEET TO A POINT; THENCE SOUTH 71 23 20 WEST FOR A DISTANCE OF 105.01 FEET TO A POINT; THENCE NORTH 56 38 10 WEST FOR A DISTANCE OF 107.69 FEET TO A POINT; THENCE SOUTH 85 06 48 WEST FOR A DISTANCE OF 135.77 FEET TO A POINT; THENCE NORTH 00 16 36 EAST FOR A DISTANCE OF 476.30 FEET TO AN EXISTING AXLE, SAID AXLE BEING THE POINT AND PLACE OF BEGINNING AND CONTAINING 1,469,664 S.F. OR 33.7388 AC.

TRACT TWO:

BEING ALL OF THAT CERTAIN PARCEL OF LAND DESIGNATED AS TRACT 3, CONTAINING 18.1564 NET ACRES, AS SHOWN ON THAT RECOMBINATION SURVEY ENTITLED "PROPERTY OF NORTH WAKE DEVELOPERS, LLC, GRANITE FALLS - LOT 11 & 12, TRACTS 1 & 3, ROLESVILLE, WAKE COUNTY, NORTH CAROLINA" DATED 2/15/2007, PREPARED BY JOHN A. EDWARDS & COMPANY, PLS, AND RECORDED IN BOOK OF MAPS 2007, PAGE 576, WAKE COUNTY REGISTRY, TO WHICH PLAT REFERENCE IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION, SAID PARCEL BEING MORE PARTICULARLY DESCRIBED BY THE FOLLOWING METES AND BOUNDS:

SITUATED IN THE TOWN OF ROLESVILLE, WAKE COUNTY, NORTH CAROLINA AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN EXISTING IRON PIPE ON THE NORTHERN RIGHT OF WAY ROGERS ROAD, SAID IRON BEING ON THE WESTERN LIMITS OF TRACT 3 AS SHOWN IN BOOK OF MAPS 2007, PAGE 576 AND HAVING NORTH CAROLINA GRID COORDINATES OF N=792,588.75' AND

E=2,156,898.31; THENCE FROM THE POINT OF BEGINNING, ALONG SAID RIGHT OF WAY, NORTH 33 09 25 WEST FOR A DISTANCE OF 48.53 FEET TO AN EXISTING IRON PIPE; THENCE SOUTH 86 58 06 EAST FOR A DISTANCE OF 771.41 FEET TO AN EXISTING IRON PIPE; THENCE NORTH 01 04 39 WEST FOR A DISTANCE OF 217.33 FEET TO AN EXISTING IRON PIPE ON THE TERMINUS OF THE RIGHT OF WAY OF ADKINS RIDGE ROAD; THENCE ALONG SAID RIGHT OF WAY NORTH 01 04 39 WEST FOR A DISTANCE OF 50.00 FEET TO AN EXISTING IRON PIPE; THENCE LEAVING SAID RIGHT OF WAY, NORTH 01 04 39 WEST FOR A DISTANCE OF 462.88 FEET TO A COMPUTED POINT; THENCE ALONG A REFERENCE LINE FOR 6 CALLS, THE CENTERLINE OF THE CREEK IS THE ACTUAL PROPERTY LINE, SOUTH 73 02 41 EAST FOR A DISTANCE OF 628.77 FEET TO A COMPUTED POINT; THENCE SOUTH 07 39 11 EAST FOR A DISTANCE OF 418.37 FEET TO A COMPUTED POINT; THENCE SOUTH 39 29 20 WEST FOR A DISTANCE OF 310.33 FEET TO A COMPUTED POINT; THENCE SOUTH 30 47 19 EAST FOR A DISTANCE OF 90.96 FEET TO A COMPUTED POINT; THENCE SOUTH 36 10 55 WEST FOR A DISTANCE OF 133.19 FEET TO A COMPUTED POINT, THENCE SOUTH 17 27 32 EAST FOR A DISTANCE OF 152.21 FEET TO A COMPUTED POINT ON THE NORTHERN RIGHT OF WAY OF GRANITE FALLS BOULEVARD; THENCE ALONG SAID RIGHT OF WAY FOR 2 CALLS, NORTH 88 57 15 WEST FOR A DISTANCE OF 30.96 FEET TO A COMPUTED POINT; THENCE ALONG A CURVE TO THE LEFT, HAVING AN ARC LENGTH OF 268.33 FEET, A RADIUS OF 330.00 FEET, AND A CHORD BEARING SOUTH 67 45 06 WEST FOR A DISTANCE OF 261.00 FEET TO AN EXISTING IRON ROD; THENCE LEAVING SAID RIGHT OF WAY ALONG A CURVE TO THE LEFT, HAVING AN ARC LENGTH OF 29.34 FEET, A RADIUS OF 25.00 FEET, A CHORD BEARING NORTH 10 50 21 EAST FOR A DISTANCE OF 27.68 FEET TO AN EXISTING IRON PIPE; THENCE ALONG A CURVE TO THE RIGHT, HAVING AN ARC LENGTH OF 154.31 FEET, A RADIUS OF 305.00 FEET, A CHORD BEARING NORTH 08 17 08 WEST FOR A DISTANCE OF 152.67 FEET TO AN EXISTING IRON ROD; THENCE NORTH 06 12 30 EAST FOR A DISTANCE OF 1.63 FEET TO AN EXISTING IRON ROD; THENCE SOUTH 88 58 00 WEST FOR A DISTANCE OF 213.43 FEET TO AN EXISTING IRON ROD; THENCE SOUTH 65 33 42 WEST FOR A DISTANCE OF 53.44 FEET TO AN EXISTING IRON ROD; THENCE SOUTH 57 03 21 WEST FOR A DISTANCE OF 320.10 FEET TO AN EXISTING IRON ROD TO THE EASTERN RIGHT OF WAY OF ROGERS ROAD; THENCE ALONG SAID RIGHT OF WAY, NORTH 32 55 18 WEST FOR A DISTANCE OF 358.80 FEET TO AN EXISTING IRON PIPE; THENCE LEAVING SAID RIGHT OF WAY, NORTH 56 56 40 EAST FOR A DISTANCE OF 467.46 FEET TO AN EXISTING IRON PIPE; THENCE NORTH 89 55 52 WEST FOR A DISTANCE OF 580.44 FEET TO AN EXISTING IRON, SAID PIPE BEING THE POINT AND PLACE OF BEGINNING, AND CONTAINING 789,965 S.F. OR 18,1351AC.

Real Estate Disclosure Information

The following questions are included on the current NC Real Estate Property Disclosure Form. Please use this information as a guide.

To your knowledge, is the property subject to regulation by one or more owners' association or governing documents which impose various mandatory covenants, conditions, and restrictions upon the lot, including but not limited to obligations to pay regular assessments or dues and special assessments? If your answer is yes, please provide the information requested below as to each owners' association to which the property is subject.

Yes	X
No	
No Representation	

Legal association name: Granite Falls Homeowners Association, Inc.

Regular assessments ("**dues**") are **\$30.00 per month. Mandatory club membership is \$85.00 per month.**

The **name, address and telephone number** of the president of the owners' association or association manager:

PPM Inc.
919-848-4911

Mailing Address:
11010 Raven Ridge Road
Raleigh NC 27614

The **fees charged** by the association or management company in connection with the **statement of unpaid assessments** are as follows: **\$200.**

As of this date, there **no** other dues, fees or special assessments which have been duly approved by the applicable declarations or bylaws and that are payable to the association to which the lot is subject.

True	X
False. State the nature and amount of dues, fees, or special assessments to which the property is subject:	

No Representation	
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As of this date there are **no** unsatisfied judgments against or pending lawsuits involving **this association** with the exception of any action filed by the association for the collection of delinquent assessments on other lots.

True	X
False. State the nature and amount of each pending lawsuit, and the amount of each unsatisfied judgment:	
No Representation	

Services and amenities paid for by the above owners' association from regular assessments ("dues")

Management Fees	Yes
Exterior Building Maintenance of Property to be Conveyed	No
Exterior Yard/Landscaping Maintenance of Lot to be Conveyed	No
Common Area Maintenance	Yes
Trash Removal	No
Recreational Amenity Maintenance (specify amenities covered) Listed Below:	No
Private club membership included Granite Falls Swim & Athletic Club	Yes
Pest Treatment/Extermination	No
Street Lights	No
Water	No
Sewer	No

Storm Water Management/Drainage/Ponds	Yes
Internet Service	No
Cable	No
Private Road Maintenance	No
Parking Area Maintenance	No
Gate and/or Security	No
Other (specify) Listed Below:	
Mailbox kiosk and parking area	Yes

**BYLAWS OF
GRANITE FALLS
HOMEOWNERS ASSOCIATION, INC.**

THESE BYLAWS OF GRANITE FALLS HOMEOWNERS ASSOCIATION, INC. are made this 18th day of April, 2018 by HHHunt Granite Falls, LLC, a North Carolina limited liability company, its successors or assigns (hereinafter referred to as "Declarant") and by the Board of Directors of Granite Falls Homeowners Association, Inc., a North Carolina non-profit corporation.

*******WITNESSETH*******

WHEREAS, by filing its Articles of Incorporation with North Carolina's State Corporation Commission, Granite Falls Homeowners Association, Inc. (the "Association") was established as a North Carolina non-profit corporation on November __, 2018;

WHEREAS, it is the desire of the Declarant and the Association's Board of Directors to adopt Bylaws for Granite Falls Homeowners Association, Inc.; and

NOW, THEREFORE, pursuant to the North Carolina Nonprofit Corporation Act, the Declarant and the Board of Directors of Granite Falls Homeowners Association, Inc. hereby adopt the Bylaws of Granite Falls Homeowners Association, Inc. which shall read as follows:

ARTICLE I.
NAME, PRINCIPAL OFFICE, AND DEFINITIONS

1.01 Name. The name of the corporation and the community association shall be Granite Falls Homeowners Association, Inc. (hereinafter sometimes referred to as the "Association").

1.02 Principal Office. The Association shall at all times maintain a registered office in the State of North Carolina and a registered agent at that address. The Association may have such other offices, as the Board of Directors may determine or as the affairs of the Association require.

1.03 Definitions. The words used in these Bylaws shall have the same meaning as set forth in that Declaration of Covenants, Restrictions and Easements for Granite Falls Homeowners Association, Inc. recorded on April 18, 2018 in the Wake County, North Carolina Registry in Deed Book 17101, Page 41 (said Declaration, as amended, restated, renewed, corrected or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit.

ARTICLE II.
ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

2.01 Membership. The Association shall have two (2) classes of membership, Class A and Class B, as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

2.02 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Property or as convenient thereto as possible and practical.

2.03 Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within one year from the date of incorporation of the Association. Meetings shall be of the Members of the Association. Subsequent regular annual meetings shall be on a date and at a time set by the Board of Directors.

2.04 Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Board of Directors or upon a petition signed by Members representing at least ten percent (10%) of the total votes of the Association.

2.05 Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Members shall be delivered, either personally, by mail or by email if the intended recipient has consented to receive notice in this manner, to each Member entitled to vote at such meeting, not less than twenty-one (21) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these Bylaws, the date, time and place of such meeting and the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his or her address as it appears on the records of the Association with postage thereon prepaid.

2.06 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

2.07 Recess of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting may recess the meeting and reconvene it to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after the recess, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that Members representing at least ten percent (10%) of the votes, in person or by proxy, of the Association remain in attendance, and provided further that any action taken is approved by at least a majority of the Members required to constitute a quorum.

2.08 Voting and Rights of Members. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

2.09 Proxies. Unless provided otherwise in the Declaration, these Bylaws or the Articles of Incorporation, Members may vote by person or by proxy.

2.10 Majority. As used in these Bylaws, the term "majority" shall mean those votes, owners, or other groups as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

Unless otherwise provided by law or by specific provisions herein, the vote of a majority of the votes entitled to be cast by the Members present in person or by proxy at a meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by such Members.

2.11 Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of the Members representing ten percent (10%) of the total eligible votes of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

2.12 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary, or his designee as determined by the Board of Directors, shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. If the President or Secretary are not present then those directors present shall choose a pro-tem official.

ARTICLE III.

BOARD OF DIRECTORS: NUMBER, ELECTION, POWERS, MEETINGS

A. COMPOSITION AND SELECTION.

3.01 Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one (1) equal vote. Except with respect to directors appointed by the Class B Member, the directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board of Directors at the same time. In the case of a Member which is not a natural person, any officer, director, manager, member, partner or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such member; provided, no Member may have more than one such representative on the Board of Directors at a time, except in the case of directors appointed by the Class B Member.

3.02 Number of Directors. The number of directors in the Association shall be not less than three (3) nor more than five (5), as provided in Section 4 below. The initial Board of Directors shall consist of three (3) members as identified in the Articles of Incorporation.

3.03 Directors During Declarant Control Period. Subject to the provisions of Section 5 below, the directors shall be selected and appointed by the Class B Member acting in its sole discretion and shall serve at the pleasure of the Class B Member until the first to occur of the following:

- (a) when seventy-five percent (75%) of the Lots zoned to be permitted for the Property have been conveyed to Class A members, other than the Declarant; or
- (b) when, in its discretion, the Class B Member so determines.

3.04 Veto Power. Notwithstanding the foregoing, Declarant shall have a veto power over all actions of the Board of Directors, as is more fully provided in this Section. This power shall expire two (2) years after the termination of the Declarant Control Period unless earlier surrendered in writing by the Declarant. This veto power shall be exercisable only by Declarant, and its successors and assigns who specifically take this power in a recorded assignment agreement from Declarant. The veto power shall be as follows:

No action authorized by the Board of Directors shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) Declarant shall have been given written notice of all meetings and proposed actions to be approved at meetings by certified mail, return receipt requested; electronically; or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice shall comply with the provisions of these Bylaws regarding notice of regular and special meetings of the directors and which notice shall set forth in reasonable particularity the agenda to be followed at the meeting; and

(b) Declarant shall be given the opportunity at any such meeting, including any executive session portion of such meeting, to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board of Directors or the Association. Declarant and its representatives or agents may make its concerns, thoughts, and suggestions known to the members of the Association and/or the Board of Directors, within fifteen (15) days of its receipt of the approved minutes from the meeting in which the decision was made. Declarant shall have and is hereby granted a veto power over any such action, policy, or program authorized by the Board of Directors and to be taken by the Board of Directors. The veto power may be exercised by Declarant, its representatives or agents at any time within later of: (i) ten (10) days of the receipt of said approved minutes, or (ii) ten (10) days of the date the Board of Directors takes any action by unanimous consent in writing pursuant to its authority to conduct action without a meeting. Any veto power shall not extend to the requiring of any action or counteraction on behalf of the Board of Directors. The Board of Directors shall not implement any action, policy or program unless it has complied with this Section.

3.05 Nomination of Directors. Except with respect to directors selected by the Class B Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three (3) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than two (2) months prior to each Annual Meeting of the Members to serve a term of one (1) year or until their successors are appointed.

The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled. The Nominating Committee shall nominate separate slates for the directors to be selected by the Members. Nominations for each slate shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

3.06 Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Directors appointed by the Declarant shall serve until they resign or are removed and replaced by the Declarant, or until they are replaced pursuant to these Bylaws.

(b) At the first Annual Meeting of the Membership after the termination of the Declarant Control Period, the directors shall be selected as follows: Either three (3) or five (5) directors shall be

elected, with the Members representing the Class A Members casting one (1) vote for each Lot owned. If there are five (5) or more nominees then the three (3) candidates receiving the most votes cast by the members entitled to vote in the election at a meeting at which a quorum is present shall be elected for a term of two (2) years, and the next two (2) candidates receiving the most votes shall be elected for a term of one (1) year. If there are less than five (5) nominees then the candidate receiving the most votes cast by the members entitled to vote in the election at a meeting at which a quorum is present shall be elected for a term of two (2) years, and the next two (2) candidates receiving the most votes shall be elected for a term of one (1) year. The number of Directors thereafter shall remain the same. In the event of a tie, the Nominating Committee shall determine the means for determining which candidate(s) shall serve a term of two (2) years and which shall serve a term of one (1) year. Terms shall be required to be staggered and in no instance, other than at the first Annual Meeting of the Membership after termination of the Declarant Control Period, shall all seats on the Board of Directors be open for election at the same time. At the expiration of the initial term of office of each member of the Board of Directors and at each annual meeting thereafter, a successor shall be elected to serve for a term of two (2) years.

Each Member shall be entitled to cast a vote with respect to each vacancy to be filled from each slate on which such Member is entitled to vote. There shall be no cumulative voting (as used herein, the term "cumulative voting" means a system of voting by which each voter multiplies the number of votes he or she is entitled to cast in the election by the number of directors for whom he or she is entitled to vote and then casts the product for a single candidate or distributes the product among two or more candidates). The candidate(s) receiving the most votes shall be elected. The directors elected by the Members shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

3.07 Removal of Directors and Vacancies. Any director elected by the Members may be removed, with or without cause, by the vote of the Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of the director. Directors appointed by the Declarant shall only be removed by the Declarant.

Any director elected by the Members who has three (3) consecutive unexcused absences from Board of Directors meetings or who is delinquent in the payment of any assessment or other charge due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board of Directors to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of any director, the Board of Directors may declare a vacancy and appoint a successor to fill the vacancy until the next Annual Meeting, at which time the Members entitled to fill such directorship may elect a successor for the remainder of the term. Any director appointed by the Board of Directors shall serve until the next meeting of the Membership, at which time the Membership shall elect a Director to fill the position in a manner so as to preserve the staggered term construct of the Board of Directors. Any person appointed by the Board of Directors to fill a vacancy may be eligible for election to the Board of Directors for the remainder of the term of such director.

B. MEETINGS.

3.08 Organizational Meetings. The first meeting of the Board of Directors following each Annual Meeting of the membership shall be held within thirty (30) days thereafter at such time and place as shall be fixed by the Board of Directors.

3.09 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

3.10 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice by the President of the Association or by a majority of directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class U.S. mail, postage prepaid; or (c) by email, if the director has previously provided written consent to receive such notice by email. All such notices shall be sent to the director's residential or email address as shown on the records of the Association. Notices sent by first class U.S. mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery or email shall be delivered, or sent by email at least seventy-two (72) hours before the time set for the meeting. Notices may be sent by email pursuant to this Section if the Association has the consent in writing from the email recipient that delivery of email notice for the purposes of this Section is acceptable.

3.11 Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if: (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.12 Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board of Directors cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may recess the meeting and reconvene it to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13 Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Members representing a majority of the votes of the Members, in person or by alternate, at a regular or special meeting of the Association. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest

was made known to the Board of Directors prior to entering into such contract and such contract was approved by a majority of the Board of Directors, excluding the interested director.

3.14 Conduct of Meetings. The President, or in his absence the Vice President, shall preside over all meetings of the Board of Directors, and the Secretary, or his designee as determined by the Board of Directors, shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

3.15 Open Meetings. All meetings of the Board of Directors shall be open to all Members subject to reasonable rules adopted by the Board of Directors. During a meeting the Members shall have a period of time designated by the Board of Directors in which to have the opportunity to comment on any matter relating to the Association. During a meeting at which the agenda is limited to specific topics or at a special meeting, the Board of Directors may limit the comments of Members to the topics listed on the meeting agenda. Otherwise, a Member other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak.

Notwithstanding the above, the President may recess any meeting of the Board of Directors and reconvene in executive session, excluding Members.

3.16 Action without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting only if a consent in writing, setting forth the action so taken, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. POWERS AND DUTIES.

3.17 Powers. The Board of Directors shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, these Bylaws, the Articles, and as provided by law. The Board of Directors may do or cause to be done all acts and things as are not by the Declaration, Articles, these Bylaws, or North Carolina law directed to be done and exercised exclusively by the Members generally.

In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to establish policies relating to, and shall be responsible for performing or causing to be performed, the following, in way of explanation, but not limitation:

(a) preparing and adopting, in accordance with the Declaration, annual budgets in which there shall be established the contribution of each Owner to the Common Expenses;

(b) levying of assessments to defray the Common Expenses and establishing the means and methods of collecting such assessments.

(c) providing for the operation, care, upkeep and maintenance of all of the Areas of Common Responsibility;

(d) designating, hiring and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair and replacement of its property and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and

for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;

(e) collection of assessments, depositing the proceeds thereof in a federally insured bank depository which it shall approve, and using the proceeds to operate the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in federally insured depositories other than banks;

(f) promulgating and amending rules and regulations;

(g) opening bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions and improvements to or alterations of the Common Area in accordance with the other provisions of the Declaration and these Bylaws;

(i) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the costs thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) making available, subject to reasonable rules adopted by the Board of Directors, to any prospective purchaser of a Lot, any Owner, and the holders, insurers, and guarantors of a First Mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the Bylaws, rules and all other books, records, and financial statements of the Association;

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Property; and

(o) indemnifying a director, officer or committee member, or former director, officer or committee member of the Association in accordance with North Carolina law, and in accordance with the Articles of Incorporation and the Declaration.

3.18 Management. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board of Directors' supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs (a), (b), (f), (g) and (i) of Section 3.17 of this Article.

The Board of Directors may delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Declarant Control Period unless such contract contains a right of termination exercisable by the Association, with or without cause and without penalty, at any time after termination of the Declarant Control Period upon not more than one hundred and twenty (120) days written notice.

3.19 Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Common Area or facilities without the approval of the Members of the Association. The Board of Directors shall also have the power to borrow money for other purposes, provided the Board of Directors shall obtain Member approval in the same manner provided in the Declaration for special assessments in the event that the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous twelve (12) month period, exceeds or would exceed ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year. During the Declarant Control Period, no mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of the Members representing at least fifty-one percent (51%) of the total votes of the Association.

3.20 Rights of the Association. In accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or other owners or residents associations, both within and outside of the Property. Such agreements shall require the consent of a majority of the total number of directors of the Association.

3.21 Enforcement. In addition to such other rights as are specifically granted under the Declaration and North Carolina law, the Board of Directors shall have the power to assess charges against an Owner for his or her or his or her families', tenants', guests', residents' or other invitees' violation of any provision of this Declaration, Bylaws or rules of the Association, after notice and an opportunity for a hearing have been provided to the Owner pursuant to state law. The Board of Directors shall also have the power to suspend the voting rights for the nonpayment of assessments or the right of an Owner to use facilities or services, including utility services, provided directly through the Association, for nonpayment of assessments which are more than sixty (60) days past due, to the extent that access to the Lot through the Common Areas is not precluded and provided that such suspension shall not endanger the health, safety or property of any Owner, tenant or occupant, if any (i) for any period during which any charge against such Owner's Lot remains delinquent for more than sixty (60) days, and (ii) for a period not to exceed sixty (60) days for a single violation or for a longer period in the case of any continuing violation, of the Declaration, Bylaws or rules of the Association, after notice and an opportunity for a hearing have been provided to the Owner pursuant to state law. The failure of the Board of Directors to enforce any provision of the Declaration, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board of Directors to do so thereafter.

(a) **Notice.** Prior to imposition of any sanction hereunder, the Board of Directors or its delegate shall serve the alleged violator with written notice describing: (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed, including the amount of any assessed charge; (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Covenants Committee, if any, or Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested within the allotted ten (10) day period, the Board of Directors shall send the Owner notice of the date, time and place of the hearing by registered or certified mail, return receipt requested, to the Member at the address of record with the Association at least fourteen (14) days prior to the hearing. The hearing may, at the discretion of the hearing tribunal, be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors or the Covenants Committee, if any, may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Member or resident. Notice of the results of the hearing shall be hand-delivered or sent by registered certified mail, return receipt requested, to the alleged violator within seven (7) days after the hearing.

(c) Appeal. If there is a Covenants Committee, following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board of Directors. If the hearing is before the Board of Directors, the violator shall have the right to appeal the decision to the Board of Directors for rehearing. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within thirty (30) days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these Bylaws or the rules and regulations of the Association by self-help or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees, actually incurred.

ARTICLE IV.

OFFICERS

4.01 Officers. The officers of the Association shall be elected by the Board of Directors and shall be a President and Vice President to be elected from among members of the Board of Directors, and a Secretary and a Treasurer, who may be elected from any member of the Board of Directors, Owner, or the spouse of any Owner. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Such other officers may, but need not be members of the Board of Directors. Any two (2) or more offices may be held by the same person, except the office of President.

4.02 Election, Term of Office, and Vacancies. Following the termination of the Declarant Control Period, the officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as set forth herein in **Error! Reference source not found.** A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

4.03 Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. A vacancy in any office arising because of death, resignation, removal, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

4.04 Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.05 Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.06 Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

4.07 Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Article III Section 3.13 of these Bylaws.

ARTICLE V. COMMITTEES

The Board of Directors may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board of Directors may designate by resolution. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE VI. LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

6.01 Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer, director, committee member or recognized volunteer of the Association against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon any officer, director, committee member or recognized volunteer in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the Board of Directors) to which the officer, director, committee member or recognized volunteer may be made a party by reason of being or having been an officer, director, committee member or recognized volunteer of the Association regardless of whether he is an officer, director, committee member or recognized volunteer at the time such expenses are incurred. The officers, directors, committee members or recognized volunteers of the Association shall not be liable to the Members for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers, directors, committee members or recognized volunteers of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to

the extent that such officers, directors, committee members or recognized volunteers are liable as Members) and the Association shall indemnify and forever hold each officer, director, committee member or recognized volunteer free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director, committee member or recognized volunteer of the Association, or former officer, director, committee member or recognized volunteer of the Association, may be entitled.

6.02 Common or Interested Directors. The Board of Directors shall exercise its powers and perform its duties in good faith and with a view to the interests of the Association. A contract or other transaction between the Association and one or more of its directors, or between the Association and any corporation, firm or association (including the Declarant) in which one or more of the directors of the Association are directors or officers or are pecuniarily or otherwise interested, shall not be void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because such director's or directors' votes are counted for such purpose, provided that any of the conditions specified in any of the following subparagraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes and the Board of Directors authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to the Owners of Lots, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The cost of any services or goods contracted for is competitive with the cost of like services or goods provided by other reputable companies offering such services or goods in the Wake County, NC metropolitan area; or

(d) The contract or transaction is commercially reasonable for the Association at the time it is authorized, ratified, approved or executed.

A common or interested director may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction as if he were not such a common or interested director.

ARTICLE VII. **MISCELLANEOUS**

7.01 Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors. In the absence of a resolution, the fiscal year shall be the calendar year.

7.02 Parliamentary Rules. Except as may be modified by Board of Directors resolution, Association proceedings shall be conducted in accordance with best business practices when not in conflict with North Carolina law, the Articles of Incorporation, the Declaration or these Bylaws.

7.03 Conflicts. If there are conflicts between the Articles of Incorporation and the Bylaws, the Articles of Incorporation shall prevail. If there are conflicts between the Declaration and the Bylaws, the Declaration shall prevail.

7.04 Books and Records.

(a) Inspection by Members and Mortgagees. The Board of Directors shall make available for inspection and copying by any holder, insurer or guarantor of a First Mortgage on a Lot, for a purpose reasonably related to the interest in the Lot, or by a Member of the Association in good standing, for a purpose reasonably related to the Member's interest in the Association or Lot, or by the duly appointed representative of any of the foregoing, upon five (5) days' written notice at a mutually convenient time and location: the Declaration, Bylaws, Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of account or the minutes of meetings of the Members, the Board of Directors or committees.

(b) Rules for Inspection. The Board of Directors shall establish rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the actual cost of materials and labor for reproducing copies of documents requested prior to providing the requested copies.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records or documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

7.05 Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

- (a) if to a Member, at the address of record with the Association; or
- (b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

7.06 Amendment.

(a) By Class B Member. Prior to the conveyance of the first Lot by the Declarant to an Owner of an Improved Lot, the Class B Member may unilaterally amend these Bylaws at any time and from time to time if such amendment is: (a) necessary to bring any provision hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Lots; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots; or (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots; provided, however, any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent thereto in writing. So long as it still owns property described in Exhibits A or B of the Declaration for development as part of the Property, the Declarant may unilaterally amend these Bylaws for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

(b) By Members Generally. Except as provided above, these Bylaws may be amended by the resolution of the Board of Directors, the affirmative vote or written consent, or any combination thereof, of Members representing sixty-seven percent (67%) of the total votes of the Association, and the consent of the Class B Member, if such exists. In addition, the approval requirements set forth in the Declaration shall be met, if applicable, notwithstanding the above. The percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

If an Owner consents to any amendment to the Declaration or these 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. No amendment may remove, revoke or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

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IN WITNESS WHEREOF, the undersigned Declarant and Granite Falls Homeowners Association, Inc. have executed these Bylaws for Granite Falls Homeowners Association Inc. this 18th day of April, 2019. *2018*

December

DECLARANT:

**HHHUNT GRANITE FALLS A NORTH
CAROLINA LLC**

By: HHHunt Corporation, its managing member

By: 

Kimberly Kacani, Vice President

Commonwealth of Virginia
COUNTY OF Henrico

I, Rebecca Jane Mitchell, a Notary Public for said County and Commonwealth, do hereby certify that Kimberly Kacani personally appeared before me this day and acknowledged that she is the Vice President of HHHunt Corp., the managing member of HHHunt Granite Falls, LLC, a North Carolina limited liability company, and that he, being authorized to do so, executed the foregoing on behalf of the limited liability company.

WITNESS my hand and notarial stamp/seal, this 20th day of December, 2018.


Notary Public

My commission expires:

Feb 29, 2020

