

Prepared by: Ann Happel Sturgis
Mail after recording to: Ann Happel Sturgis, P. O. Box 3843, Durham, N.C.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR RIVER MILL DEVELOPMENT

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THIS DECLARATION, made on the date hereinafter set forth by RIVER MILL, Inc., hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Wake Forest Township, County of Wake, State of North Carolina, more particularly described in Exhibit A attached hereto and incorporated herein by reference.

NOW, THEREFORE, Declarant hereby declares that all of the Properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to River Mill Homeowners' Association, Inc., its successors and assigns.

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

Section 3. "Properties" shall mean and refer to that certain property described in Exhibit A and such additions thereto as may hereafter be brought within the jurisdiction of the Association. Maps shall be recorded from time to time designating portions of the Properties as Common Open Space, Lots, Condominium Lots, and Condominium Units.

Section 4. "Common Open Space" shall mean all real property (including the improvements thereto) conveyed to and acquired by the Association from time to time for the common use and enjoyment of the Owners including roadways, parking areas, recreational facilities, well sites and waste water package plant sites. Additional Common Open Space may be annexed as provided in Article XI, Section 4. When Declarant has completed development, 70% of the Properties shall have been conveyed to the Association as Common Open Space.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded development map or maps of the Properties which may be recorded from time to time, including tracts designated as "Private Lot and Associated Parking," but excluding the Common Open Space and any tract designated as a Condominium Lot. The Declarant may in its discretion create additional lots by subdividing any Lot or Lots which it owns, as provided in Article IX of this Declaration.

Section 6. "Declarant" shall mean and refer to River Mill, Inc., its successors and assigns if such successors or assigns should acquire one or more undeveloped Condominium Lot or Lots from the Declarant, its successors or assigns for the purpose of development.

Section 7. "Permanent Common Open Space" shall mean those portions of Common Open Space so designated maps recorded from time to time. This area shall contain all areas of active recreation, and the land so designated shall remain permanent common open space until such time as all the property described in Exhibit A and all Lots and Condominium Units are owned by one individual, partnership, or corporation, except for such action taken by the Association

pursuant to Article II, Section 1(c). When the Declarant has completed development, 5.5 acres of the Common Open Space conveyed to the Association shall have been designated as Permanent Common Open Space.

Section 8. "Condominium Lot" shall mean a tract within the Properties designating the location or intended location of a building or buildings, which tract is or shall be submitted to the provisions of Chapter 47A of the North Carolina General Statutes (Unit Ownership) and made a portion of River Mill Condominium. The Declarant may in its sole discretion convert a lot designated as "Private Lot and Associated Parking" owned by it into a Condominium Lot, as provided in Article XI of this Declaration.

Section 9. "Condominium Unit" shall mean a unit of River Mill Condominium. River Mill Condominium is being established by Declarant by a separate document entitled "Declaration of Condominium Pursuant to North Carolina General Statutes Chapter 47A," which is being recorded in the office of the Register of Deeds of Wake County subsequent to the recording of this Declaration.

Section 10. Mortgage Holder means a holder of a first deed of trust or mortgage on a Lot or Condominium Unit which has requested notice of certain matters from the Association.

Section 11. Insurer or Guarantor means an insurer or governmental guarantor of a first deed of trust or mortgage on a Lot or Condominium Unit which has requested notice of certain matters from the Association.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Open Space which shall include an easement over the common open space for access, ingress and egress from and to public streets and walkways and which shall be appurtenant to and shall pass

with the title to every Lot and Condominium Unit, subject to the following provisions:

- (a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Open Space;
- (b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot or Condominium Unit remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations and the right of the Association to enforce the suspension of the right to use recreational facilities by barring an Owner's use of facilities or requiring an Owner to immediately have the facilities or by any other means established by the Board of Directors;
- (c) the right of the Association to dedicate and transfer the portion of the Common Open Space on which the well site(s) is/are located together with all necessary non-contamination easements to a private utility company which enters into a contract with the Association to maintain the site(s) and pumping facilities and supply water to all Owners, upon unanimous agreement of the Board of Directors, and dedicate or transfer all or any part of the Common Open Space to any public agency or authority, or public or private utility for such purposes and subject to such conditions as may be agreed to by the members, provided, however, that the Association shall not convey ownership of that portion of the Common Open Space upon which any waste water treatment plants providing sewage disposal for River Hill Development are located, without the prior approval of the County, which approval shall not be unreasonably withheld or delayed. Except as provided above and in Article X, no such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds of each class of members has been recorded.

(d) In case of any emergency originating in or threatening any Lot or Condominium Unit, regardless of whether the owner is present at the time of such emergency, the Board of Directors of the Association, or any other person authorized by it, or the Managing Agent, if any, shall have the right to enter such Lot or Condominium Unit for the purposes of remedying or abating the cause of the emergency, and such right of entry shall be immediate.

(e) Whenever it may be necessary to enter any Lot or Condominium Unit for the purpose of performing any maintenance, alteration or repair as provided herein, the Owner of each Lot and Condominium Unit shall permit other owners or their representatives, or the duly authorized Agent of the Association, to enter such Lot or Condominium Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice.

In addition to these easement rights which the Declarant shall possess as long as it is an Owner, the Declarant shall have those rights and easements reserved in Article X.

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

Section 3. Parking Rights. Ownership of each Lot and Condominium Unit shall entitle the Owner thereof to the use of 2 automobile parking spaces, which shall be as near and convenient to said Lot or Condominium Unit as reasonably possible, together with the right of ingress and egress in and upon said parking area. The Association shall permanently assign vehicle parking spaces for each dwelling.

MEMBERSHIP, VOTING RIGHTS, AND CONTROL

Section 1. Every Owner of a Lot or Condominium Unit shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Condominium Unit or Lot.

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

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

Class B. The Class B member(s) shall be the Declarant and shall be entitled to as many votes as constitute 51% of the vote of the Association; provided that Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) filing by the Declarant of an Amendment to this Declaration stating that it has relinquished control of the Association, or

(b) five years following the conveyance of the first Lot or Condominium Unit, or

(c) 120 days after 75% of all Units in Phase I of River Mill Condominium have been conveyed to Condominium Unit Owners provided that if Declarant constructs additional dwellings prior to the sale of 75% of the Units in the first phase, then 120 days after 75% of all dwellings have been conveyed to Owners.

Upon the conversion of Class B membership to Class A membership, Class A shall include all Owners including the Declarant.

The Association shall not be bound directly or indirectly to contracts or leases (including a management contract) entered into prior to the Declarant's termination of control of the Association unless there is a right of termination of any such contract or lease without cause, which is exercisable without penalty at anytime after termination of control upon no more than 90 days written notice to the other party; provided, however, the Association shall not be able to change, alter, or terminate any provision of this Declaration, or of the Bylaws or Articles of Incorporation except by the amendment procedures provided for in such documents.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

The Association is given the authority to administer the operation and management of the Common Open Space and exterior maintenance of lots, it being recognized that the delegation of such duties to one entity is in the best interests of all the Owners. To properly carry out these duties, the Association will incur for the mutual benefit of all of the Owners, costs and expenses which are sometimes herein referred to as "common expense." In order to provide the funds necessary for such proper operation, management and capital improvement, the Association is granted the right to make, levy and collect assessments from the Owners and against the Lots and Condominium Units. In furtherance of this grant of authority, the following provisions shall be operative and binding upon the Owners of all the Lots and Condominium Units.

Section 1. All assessments levied against the Owners and their Lots and Condominium Units shall be uniform. Should the Association be the Owner of a Lot or Condominium Unit, the assessment which would otherwise be due and payable on account of such Lot or Condominium Unit reduced by the amount of income which

may be derived from the leasing of such Lot or Condominium Unit by the Association, shall be apportioned and assessment therefor levied ratably among the Owners of all Lots and Condominium Units which are not owned by the Association.

Section 2. Assessments provided for herein shall be payable in monthly installments, or in such other installments and at such other times as may be determined by the Board of Directors of the Association. Such assessments shall commence for each Lot and Condominium Unit upon the recording in the Wake County Public Registry of the deed from the Declarant conveying the first Lot or Condominium Unit. Lots and Condominium Units not conveyed by the Declarant which remain unoccupied shall be assessed at a rate equal to 25% of the rate of Lots and Condominium Units conveyed for the first 60 days from the commencement of assessments. Thereafter all Lots and Condominium Units shall be fully assessed.

Section 3. The Board of Directors of the Association shall establish an Annual Budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation the fiscal year shall commence with the closing of the sale of the first Condominium Unit or Lot). Such Budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Common Open Space and the exterior maintenance of Lots including a reasonable allowance for contingencies and reserves, such Budget to take into account projected anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. The Board of Directors shall keep separate, in accordance with Section 4 hereof, items relating to operation and maintenance from items relating to capital improvements.

Section 4. The Board of Directors of the Association, in establishing the Annual Budget, may designate therein a sum to be collected and maintained as a reserve fund for replacement of and capital improvements to the Common Open Space and exterior maintenance of Lots, which Capital Improvement and Replacement

Fund (Capital Improvement Fund) shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Open Space and exterior maintenance of Lots as well as the replacement of personal property which may constitute a portion of the Common Property of the Association held for the joint use and benefit of the Owners. The amount collected for the Capital Improvement Fund shall be kept in a separate account by the Association and such monies shall be used only for the purposes set forth above. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Board of Directors, be expended for current operation and maintenance. Each Owner shall be deemed to own an equal portion of the Capital Improvement Fund. However, such balance shall not be subject to withdrawal by an Owner. A Working Capital Fund shall be established for the initial months of operation in an amount equal to at least two months' estimated common area charge for each Lot and Condominium Unit. Each Lot and Condominium Unit's share of the Working Capital Fund must be collected and transferred to the Condominium Association at the time of closing of the sale of each Lot or Condominium Unit and maintained in a segregated account for the use and benefit of the Association. Amounts paid to this fund shall not be considered as advance payment of regular assessments.

Section 5. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense proper to the undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the By-Laws of the Association. As monies for any assessment are paid into the Association by any Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of the Common

Open Space, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Condominium Unit or Lot. When the Owner of a Condominium Unit or Lot shall cease to be a member of the Association by reason of his divestment of ownership of such Condominium Unit or Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Condominium Association, or which have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association.

Section 6. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within 30 days of the due date for such payment. When in default, the delinquent assessment or installment thereof due to the Association shall bear interest from the due date at the highest rate allowed by law until such delinquent assessment or installment and all interest due thereon has been paid in full to the Association.

Section 7. Each Owner shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association against such Condominium Unit or Lot while such party or parties are the Owner of a Condominium Unit or Lot. In the event that any Owner is in default of payment of any assessment or installment thereof, such Owner shall be personally liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment and interest thereon, including a reasonable attorney's fee, whether suit be brought or not.

Section 8. No Owner may exempt himself from liability for any assessment levied against him or his Lot or Condominium Unit by waiver of the use of enjoyment

of any of the Common Open Space, or by abandonment of the Lot or Condominium Unit or in any other way.

Section 9. Recognizing that proper operation and management of the requires the continuing payment of costs and expenses therefor, and that such proper operation and maintenance results in benefit to all of the Owners, and that the payment of such common expenses represented by the assessments levied and collected by the Association is necessary in order to preserve and protect the investment of each Owner, the Association is hereby granted a lien upon each Lot and Condominium Unit, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against each Owner and his Lot or Condominium Unit, which lien shall also secure and does secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing this lien. The lien granted to the Association may be foreclosed in the same manner that real estate deeds of trust and mortgages may be foreclosed in the State of North Carolina, and in any suit for the foreclosure of said lien, the Association shall be entitled to a reasonable rental from the Owner of any Condominium Unit or Lot from the date on which the payment of any assessment or installment thereof became delinquent, and shall be entitled to the appointment of a Receiver for said Condominium Unit or Lot. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens and encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the highest rate allowed by law on any such advances made for such purpose. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Lot or Condominium Unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any Condominium Unit or Lot expressly subject to such lien rights of the Association.

Section 10. The lien herein granted to the Association shall be enforceable from and after the time of recording a claim of lien in the Clerk of Superior Court of Wake County, North Carolina, which claim shall state the description of the Condominium Unit or Lot encumbered thereby, the name and address of the record Owner, the amount due and the date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided have been paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claim of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

The lien provided for herein shall be subordinated to the lien of any mortgage or deed of trust. Any person, firm or corporation acquiring title to any Condominium Unit or Lot by virtue of any foreclosure, deed in lieu of foreclosure or judicial sale, shall be liable and obligated only for assessments as shall accrue and become due and payable subsequent to the date of acquisition of such title, and it shall not be liable for the payment of any assessments where in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a Condominium Unit or Lot by foreclosure, deed in lieu of foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by the Owners of all the Lots and Condominium Units as a part of the common expense, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

Section 11. Whenever any Lot or Condominium Unit may be leased, sold or mortgaged by the Owner thereof, the Association, upon written request of the Owner, shall furnish to the proposed lessee, purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association by such Unit. Such statement shall be executed by any officer of the Association, and any lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction, and the Association shall be bound by such statement.

In the event that a Lot or Condominium Unit is to be leased, sold or mortgaged at the time when payment of any assessment against the Owner of said Lot or Condominium Unit due to the Association shall be in default (whether or not a claim of lien has been recorded by the Association), then the rent or the proceeds of such purchase or mortgage transaction shall be applied by the lessee, purchaser or mortgagee first to the payment of any then delinquent assessment or installments thereof due to the Association before the payment of any rent, proceeds of purchase or mortgage proceeds to the Owner of any Lot or Condominium Unit who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a Lot or Condominium Unit, the purchaser thereof shall be jointly and severally liable with seller for all unpaid assessments against seller made prior to the time of such voluntary conveyance, without prejudice to the rights of the purchaser to recover from seller the amounts paid by the purchaser therefor.

Institution of an action at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent it from thereafter seeking, by foreclosure action, enforcement of the collection of any sums remaining due, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election

precluding the institution of a suit at law to collect any sum then remaining owing to the Association.

Section 12. Exempt Property. All property dedicated or transferred to, and accepted by, a local public agency or authority, public or private utility and all properties owned by a charitable organization shall be exempt from assessments.

Section 13. Register of Owners. The Association shall at all times maintain a register containing the names and addresses of all Lot and Condominium Owners. Owners shall notify the Association of the parties holdings or mortgage or mortgages on their Lot or Condominium Unit.

ARTICLE V

ARCHITECTURAL CONTROL

No Owner other than Declarant shall commence, construct, or maintain any building, fence, wall or other structure upon the Properties, or make any exterior addition to or change or alteration until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of 3 or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within 60 days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VI

EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Open Space, the Association shall provide exterior maintenance upon each Lot as follows: paint, repair,

replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, plantings, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the Owner, his family, guests, or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircrafts, vehicles, and smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage insurance policies, the cost of such maintenance, replacement, or repairs, shall be added to and become a part of the assessments to which such Lot is subject without a vote of the Association or the consent of the Owner.

Note of Explanation: The exterior maintenance of buildings situated or to be built upon Condominium Lots is the responsibility of the River Mill Condominium Owners Association, Inc., and is covered by separate assessments which are paid to that Association by Owners of Condominium Units.

ARTICLE VII

PARTY WALLS

Section 1. General Rules of Law to Apply. Except for buildings constructed on Condominium Lots, each wall which is built as any part of the original construction of the dwelling units upon the Properties and place on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Lot Owners who make use of the wall in proportion of such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Lot Owner who has used the wall may restore it, and said Lot Owner shall have an easement over and across the property of adjacent Owners for the purpose of constructing and restoring the wall, and if the other Lot Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, a Lot Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any Lot Owner to contribution from any other Lot Owner under this Article shall be appurtenant to the land and shall pass to such Lot Owner's successors in title. Upon request any Lot Owner shall furnish a written, signed statement as to whether that Lot Owner claims any rights of contribution from any other Lot Owner or Owners.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

USE RESTRICTIONS

Section 1. Land Use and Building Type. No Lot or Condominium Unit shall be used except for residential purposes.

Section 2. Nuisance. No noxious or offensive activity shall be conducted upon any Lot or Condominium Unit nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

Section 3. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or Condominium Unit except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes.

Section 4. Outside Antennas. No outside radio or television antennas shall be erected on any Lot or Condominium Unit within the Properties unless and until permission for the same has been granted by the Board of Directors of the Association or its architectural control committee pursuant to Article V herein.

ARTICLE IX

RESERVATION OF DEVELOPMENT RIGHTS

Section 1. Anything contained in this Declaration to the contrary notwithstanding, the Declarant may in its sole discretion develop the property described in Exhibit A into a residential development consistent with applicable law at the time of any such development, but in no event consisting of a total of no more than 200 dwelling units, including Condominium Units. At this time the property described in Exhibit A is zoned R-30, which allows no more than 51 dwelling units to be constructed under the COSD zoning provisions of Wake County. Declarant's immediate construction plans are to convert the two granite structures on the Property into 35 condominium units. These condominiums are collectively known as River Mill Condominium and are Phase I of the River Mill Development. Declarant may in its sole discretion construct an additional 14 to 16 dwelling

units as Phase II of River Mill, which may be in the form of either Condominium Units contained in a separate building or buildings, townhouses, or detached single family dwellings. The construction of these additional dwellings shall take place within 7 years of the date of the recording of this Declaration. The Declarant reserves the right for a period of 20 years from the recording of this instrument to petition for rezoning of all of the property described in Exhibit A to a classification which would allow up to 200 dwelling units. The Association, each Owner of a Lot or Condominium Unit, and each holder of any mortgage or deed of trust on any Lot or Condominium Unit hereunder shall be deemed to have consented to any and all actions and petitions for rezoning, and for the purpose of such rezoning shall be deemed to have given the Declarant an irrevocable power of attorney, coupled with an interest, to effectuate such rezoning. No Owner of a Lot or Condominium Unit Owner nor any holder of any mortgage or deed of trust of any Lot or Condominium Unit shall take any action to oppose or delay such rezoning; nor shall the Association take any action to oppose or delay such rezoning. Each Owner agrees to promptly execute any and all documents necessary to effectuate such rezoning at the request of the Declarant. Likewise, the Association shall promptly execute any and all documents necessary to effectuate such rezoning at the request of the Declarant. The Association or any Owner or Mortgage Holder that takes any action to oppose or delay the proposed rezoning shall be jointly and severally liable for the payment as liquidated damages and not as a penalty the sum which Declarant would have received had the rezoning request been approved. The amount payable to the Declarant shall be computed as follows: The average fair market value of the existing dwelling units in River Mill Development shall be determined by appraisal. That average shall be multiplied by the maximum number of additional dwelling units which could have been constructed had the rezoning request of the Declarant been approved. 20% of this amount shall be the sum which shall be immediately due and payable to the Declarant. In addition

to the remedy set forth in this Article IX, Section 1, and the provisions of Article XI, Section 1, Declarant reserves the right and may pursue any other remedies at law or in equity to enforce any of its rights hereunder, including without limitation the right to develop further the property described in Exhibit A. Any Owner of any Lot or Condominium Unit, or the Association, as the case may be, shall be responsible for the Declarant's legal fees and expenses in the event the Declarant commences a proceeding to enforce its rights and prevail in whole or in part. The Declarant, Owner of a Lot or Condominium Unit, and the Association, as the case may be, waive their respective rights, if any, to a trial by jury in any proceeding to enforce the Declarant's rights hereunder. The Owner of a Lot or Condominium Unit and the Association, as the case may be, waive their respective rights, if any, to interpose any set-off or counterclaim against the Declarant in any proceeding to enjoin the Declarant hereunder.

In the event that rezoning occurs within the time specified, it is contemplated that the Developer will construct additional dwelling units, provided that the total number of units shall not exceed 200. Construction of such units shall be completed within 30 years of the date of recording of this Declaration.

Section 2. All dwelling units to be created through renovation of existing buildings on the Properties or by new construction shall be located on tracts designated as "Condominium Lot" or as "private lot and associated parking." These tracts are not a part of the Common Open Space. The Declarant may change the designation of any "private lot and associated parking" to "Condominium Lot," by recording a plat in the Register of Deeds of Wake County showing the change in designation. The Declarant may subdivide any tract designated as "private lot and associated parking" into multiple Lots, by recording a plat in the Register of Deeds of Wake County showing the subdivision. Assessments on newly created Condominium Units and Lots shall commence on the date of recording of the Amendment to the Declaration of Condominium making the Condominium Units

a part of River Mill Condominium and recording of the plat showing the Lots created by subdivision, respectively. Each newly created Condominium Unit and Lot shall be assessed the same annual assessments and special assessments as each previously existing Condominium Unit and Lot.

Section 3. The Declarant may construct, extend, alter and otherwise provide for roads, drives, parking areas, access and services areas on, over and across the Common Open Space as the Declarant deems necessary for the purpose of exercising the development rights contained in the Article and the easement rights contained in Article X.

ARTICLE X

EASEMENTS

Section 1. The Declarant hereby reserves the right of ingress, egress and regress over and across the Common Open Space for all pedestrian and vehicular traffic reasonable and necessary for the purposes of constructing additional Condominium Units on Condominium Lots, constructing townhouses, patio homes, detached single family dwellings, or other dwellings on Lots owned by Declarant, completing improvements, making repairs to improvements, and maintaining marketing facilities, and any act deemed necessary by the Declarant to further develop the Properties.

Section 2. Declarant shall have the right to enlarge, expand and extend any waste water treatment facility, well or water supply, water lines, sewer line, electric utility line, gas line, cable TV lines, and any other such services lines and facilities on, over and across the Common Open Space as the Declarant deems necessary for the purposes of further developing the Properties, exercising the easement rights contained in this Article and the development rights contained in Article IX. The Board of Directors shall execute all easements and other documents requested by Declarant for these purposes, granting easements and rights to the Declarant or to the utility company or other party designated by the Declarant.

Section 3. Unintentional Encroachments. In the event that any structure erected principally on any Lot or Condominium Lot shall encroach upon any Common Open Space or upon any other Lot or Condominium Lot for any reason not caused by the purposeful or negligent act of its Owner or agents of such Lot or Condominium Lot, then an easement appurtenant to such Lot or Condominium Lot shall exist for the continuance of such encroachment upon the Common Open Space or other Lot or Condominium Lot for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Open Space shall encroach upon any Lot or Condominium Lot, then an easement shall exist for the continuance of such encroachment of the Common Open Space into any such Lot or Condominium Lot for so long as such encroachment shall naturally exist.

ARTICLE XI

GENERAL PROVISIONS

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

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of 30 years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of 10 years. Except as otherwise provided herein, this Declaration may be amended during the first 30-year period by an instrument

signed by Owners of not less than 90% of the Lot and Condominium Units and thereafter by an instrument signed by Owners of not less than 75% of the Lot and Condominium Unit.

Section 4. Annexation. Land within the area described in Exhibit A may be annexed as a part of the Common Open Space by conveyance of any Lot or portion of any Lot by the Declarant to the Association, which conveyance shall be accepted by the Association, and by any other acquisition by the Association of any Lot or portion of any Lot. Other residential property outside of the area described in Exhibit A may be acquired and annexed by the Association from time to time by action of the Association.

Section 5. Rights Reserved Unto Mortgage Holders, Insurers and Guarantors.

Mortgage Holders, Insurers and Guarantors shall have the following rights:

(a) To examine, at reasonable times and upon reasonable notice, the books and records of the Association and upon written request to be furnished at least one copy free of charge of the Annual Financial Statement and Report of the Association for the immediately preceding year prepared by a Certified Public Accountant designated by the Association, such Financial Statement and Report to be furnished within a reasonable time of such request.

(b) To be given notice by the Association of the call of any meeting of the membership of the Association to be held for the purpose of considering any proposed amendment or amendments to this Declaration or the Articles of Incorporation or Bylaws of the Association which would require the consent of a specified percentage of Mortgage Holders, Insurers and Guarantors.

(c) To be given notice of a default not cured within 60 days by any Owner owning a Condominium Unit or Lot encumbered by a mortgage held by or insured or guaranteed by the Mortgage Holder, Insurer or Guarantor.

(d) To be given notice by the Association of any condemnation loss or any casualty loss which affects a material portion of the Common Open Space.

(e) To be given notice by the Association of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Condominium Association.

Whenever any holder, insurer or guarantor of a first mortgage or deed of trust desires the provisions of this Article to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by Registered Mail or Certified Mail addressed to the Association and sent to its address stated herein, identifying the Lot or Condominium Unit upon which any such holder, insurer or guarantor of a first mortgage or deed of trust holds, insures or guarantees any mortgage or deed of trust, or identifying the Lot or Condominium Unit owned by it, and which notice shall designate the address to which notices are to be sent by the Association to such holder, insurer, or guarantor of a first mortgage or deed of trust.

Section 6. Insurance Coverage to be Maintained: Use and Distribution of Insurance Proceeds.

(a) The following insurance coverage shall be maintained at all times in full force and effect by the Association:

(1) Casualty insurance covering any buildings and all improvements upon the Common Open Space and all personal property included within the Common Open Space shall be procured in an amount equal to 100% of current replacement cost (exclusive of excavations and foundations) as determined annually by the insurance company affording such coverage. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; (b) such other risks as from time to time customarily

shall be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism and malicious mischief, and all perils normally covered by the standard "all risk" endorsement.

(2) Public liability and property damage insurance in such amounts and in such forms as shall be required by the Association, including but not limited to legal liability, hired automobile, non-owned automobile and off-premises employee coverages.

(b) Premiums upon insurance policies purchased by the Association shall be paid by the Association as common expenses to be assessed and collected from all of the Owners of the Condominium Units.

(c) Each Owner, at his expense, shall keep in force comprehensive personal liability insurance covering liability for damages to person or property of others located within such Owner's Lot or Condominium Unit, or another Lot or Condominium Unit, or upon the Common Open Space in such amounts as the Board of Directors of the Association shall, from time to time, determine, but in no case less than \$100,000 for each occurrence.

(d) Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Condominium Association, the Condominium Association's authorized representative, including any trustee with whom such Condominium Association may enter into any Insurance Trust Agreement or any successor to such trustee who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance.

(e) Each Owner and Mortgage Holder hereunder shall be deemed to have given to the Association or any Insurance Trustee or substitute Insurance Trustee designated by the Association an irrevocable power of attorney, coupled with an interest, to effectuate the purchase and maintenance of the

insurance coverage described above and specifically for: collecting and appropriately depositing the proceeds thereof, negotiating losses and executing releases of liability, executing all documents, and performing all other necessary acts to accomplish such purchase and maintenance.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its duly authorized officer and its corporate seal to be hereunto affixed, this the 16 day of January, 1987.

RIVER MILL, INC., Declarant

By: [Signature]
President

ATTEST:

[Signature]
Secretary

[Corporate Seal]

NORTH CAROLINA

BOOK 3240 PAGE 26

WAKE COUNTY

I, Wm. Pruitt, a Notary Public of said County and State do hereby certify that Ronald Abellman, personally appeared before me this day and acknowledged that he is Secretary of River Mill, Inc., and that by authority duly give and as the act of the corporation, the foregoing was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Secretary.

Witness my hand and notarial seal, this the 16 day of January, 1984.

Wm. Pruitt
Notary Public

My Commission Expires:



NORTH CAROLINA - WAKE COUNTY

The foregoing certificate of Wm. Pruitt

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

KENNETH C. WILKINS, Register of Deeds

By Deputy Register of Deeds

EXHIBIT A

BOOK 3240 PAGE 27

BEGINNING at an iron pipe located in the centerline of N.C. State Road 2000, said stake being located a distance of 522.91 feet as measured along the centerline of said road from the north end of the Neuse River Bridge; running thence from said point of beginning north 22° 41' 14" east 483.07 feet to a stake; running thence north 25° 48' 40" east 503.48 feet to a stake; running thence north 09° 07' 02" west 6.79 feet to a stake; running thence north 76° 38' 43" east 17.05 feet to a stake; running thence south 11° 41' 34" east 153.63 feet to a stake; running thence south 09° 09' 24" east 291.67 feet to a stake; running thence south 08° 11' 14" east 161.36 feet to a stake; running thence south 30° 22' east 220.33 feet to a stake; running thence north 51° 44' 15" east 328.13 feet to a stake; running thence south 28° 34' 36" east 154.04 feet to a stake; running thence south 05° 36' 08" west 264.96 feet to a stake; running thence south 09° 02' 52" east 232.74 feet to a stake; running thence south 07° 17' 52" east 112.62 feet to a stake; running thence south 05° 31' 52" east 111.98 feet to a stake; running thence south 24° 48' 52" east 75.52 feet to a stake; running thence south 4° 31' 08" west 103.28 feet to a stake; running thence south 20° 02' 08" west 125.57 feet to a stake; running thence south 30° 04' 08" west 157.89 feet to a concrete monument marked 1-6-R; running thence north 73° 11' 33" west 216.97 feet to a monument marked 1-6R-1; running thence north 78° 36' 16" west 249.67 feet to a concrete monument marked 1-6R-2; running thence north 74° 31' 34" west 153.28 feet to a concrete monument marked 1-6R-3; running thence north 50° 46' 22" west 328.48 feet to a concrete monument marked 1-7R; running thence north 21° 47' 18" west 209.95 feet to a concrete monument marked 1-8R-REF; running thence north 21° 47' 18" west 71.43 feet to a stake being the point and place of beginning and being all of that property shown on the plat and survey entitled property of River Mill, Inc., as prepared by Moore, Gardner & Associates, Inc., Job No. 02029-32; to said plat and survey reference is hereby made for a more particular description of same.

ck:sp

**STATE OF NORTH CAROLINA
COUNTY OF WAKE**

**Supplemental Declaration and Amendment of Declaration
For
River Mill Condominium**

THIS SUPPLEMENTAL DECLARATION AND AMENDMENT OF DECLARATION is recorded by the River Mill Condominium Association, Inc. as Declarant (hereinafter "Association") for the purpose of supplementing, amending and clarifying the Supplemental Declaration and Amendment of Declaration recorded 05/29/2013 in Book 15291 Page 997 Wake County Registry (hereinafter "SDAD").

WITNESSETH

THAT WHEREAS, the River Mill Condominium was established under Declaration of Condominium recorded 2/15/1981 in Book 3240 page 28 Wake County Registry (hereinafter "Declaration"); and

WHEREAS, Article IV of the Declaration, and Exhibit C thereto, contain a formula by which the undivided percentage interest of each unit in and to the common elements of the condominium shall be calculated, in the event that additional units should be added to the condominium after recording of the recording of the Declaration; and

WHEREAS, Antoinette S. Amirante (hereinafter "Developer") subsequently recorded a Supplemental Declaration of Covenants, Conditions and Restrictions and Supplemental Declaration of Condominium on 03/16/1988 in Book 4220 Page 100 and re-recorded on 02/06/1989 in Book 4434 Page 397, subjecting additional property to the Declaration, on which property Developer later constructed 16 units in the condominium, 8 units in building "A", and 8 units in building "B"; and

WHEREAS, Developer recorded a Supplemental Declaration of Covenants, Conditions and Restrictions and Supplemental Declaration of Condominium on 07/01/1991 in Book 4939 Page 654, Wake County Registry, which recording included an amended Exhibit "C" setting forth the percentage ownership interest in the common elements for the 8 units in building "A" but failing to set forth the percentage ownership interest in the common elements for the 8 units in building "B"; and

WHEREAS, the SDAD recorded by the Association to correct and amend Exhibit "C" to set forth the percentage ownership interest in the common elements for the 8 units in building "B", failed in three respects: the amended Exhibit "C" attached thereto describes all 16 units as being located in building "A"; the numbers in the amended Exhibit "C" purporting to be unit numbers, are in fact addresses, which do not correspond to the unit designations on the plat recorded in Condominium File 59 Page 43 Wake County Registry; and the unit numbers for 4 of the 8 units in building "B" are not properly delineated on the aforesaid plat; and

WHEREAS, the Association desires to set forth a corrected and amended Exhibit "C" to the Declaration, and to adopt as an amendment to the Condominium File, the plat recorded in Condominium File 59 Page _____, Wake County Registry, for clarity of title and completeness of the Association's governing legal documents.

NOW THEREFORE, the undersigned does hereby declare that the Declaration shall be supplemented and amended as follows:

1. To amend Exhibit "C" to the Declaration by deleting all previous versions of Exhibit "C" in the Declaration and the amendments and supplements thereto, and adopt in lieu thereof the revised Exhibit "C" which is attached hereto and incorporated herein by reference; and
2. Approve and adopt the plat of condominium recorded in Condominium File 59 Page _____ Wake County Registry;
3. Except as amended hereinabove, the remaining portions of the Declaration and the amendments and supplements thereto are hereby restated and re-acknowledged.

WHEREFORE, the President of the Association has hereunto affixed the corporate certification for the purpose of enacting the foregoing, this the 10 day of MARCH, 2015.

River Mill Condominium Owners Association, Inc.

By: Thomas J. Wright (seal)
President

STATE OF NORTH CAROLINA, COUNTY OF Wake

I, Elizabeth Schreier, a Notary Public of said County and State aforesaid, certify that Thomas J. Wright, personally came before me this day and acknowledged that he is President of River Mill Condominium Owners Association, Inc., and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by him/her in its name as its President.

WITNESS my hand and official seal, this the 10 day of March, 2015.

Elizabeth Schreier
Notary Public

My Commission expires:

May 5, 2019

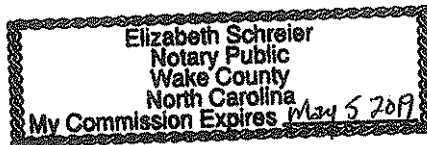


EXHIBIT C

<u>Unit Designation</u>	<u>Ownership Interest in the Common Elements</u>
101	0.01695
102	0.02015
103	0.02042
104	0.01775
105	0.01775
106	0.02042
107	0.01722
108	0.02015
109	0.02002
110	0.02002
111	0.02002
112	0.02002
113	0.02002
201	0.01695
202	0.02015
203	0.02042
204	0.01775
205	0.01775
206	0.02042
207	0.01722
208	0.02015
301	0.01695
302	0.02015
303	0.02042
304	0.01775
305	0.01775
306	0.02042
307	0.01722
308	0.02015
309	0.02175
310	0.02175
311	0.02175
312	0.02175
401	0.02335
402	0.02335

EXHIBIT "C" (continued)

<u>Unit Designation</u>	<u>Ownership Interest in Common Elements</u>
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Building A

1	0.01956
2	0.01956
3	0.01956
4	0.01956
5	0.01956
6	0.01956
7	0.01956
8	0.01956

Building B

9	0.01966
10	0.01966
11	0.01966
12	0.01966
13	0.01966
14	0.01966
15	0.01966
16	0.01966

Percentages are calculated according to the formula stated in Article IV of the Declaration of Condominium Pursuant to North Carolina General Statutes Chapter 47A, recorded on February 15, 1981 in Book 3240 Page 28 Wake County Registry.