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LAURA M. RIDDICK
REGISTER OF DEEDS
WAKE COUNTY

PREPARED BY: Harold E. Russell, Jr.
HOLD FOR: Harold E. Russell, Jr. #167 000293

STATE OF NORTH CAROLINA

COUNTY OF WAKE

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CLUB VILLAS AT WAKEFIELD PLANTATION

THIS DECLARATION, made on the date hereinafter set forth by **PARAMOUNT HOMES, INC.**, a North Carolina Corporation hereinafter referred to as the "Declarant" Wakefield Developers LLC, a Maryland limited liability company, doing business in North Carolina as Wakefield Plantation Developers LLC (referred to herein as "Wakefield"), and Anvil Investments LLC, a North Carolina limited liability company (referred to herein as "Anvil").

W I T N E S S E T H:

WHEREAS, the Declarant is the owner of the real property described on Exhibit A, that Wakefield is the owner of the real property described on Exhibit A-1 and that Anvil is the owner of the real property described on Exhibit A-2.

WHEREAS, the Declarant has the contractual right to purchase from Wakefield the real property described on Exhibit B.

AND WHEREAS, although separate easements, covenants and restrictions (which may or may not be similar to those herein contained) have been imposed for Wakefield Plantation recorded in Book 8099, Page 180 as amended in Book 8190, Page 2009 and including all subsequent amendments thereto (herein defined as the Master Declaration), Declarant desires to impose pursuant hereto, additional easements, covenants and restrictions upon all of The Properties (hereinafter defined) covered by this Declaration, and to establish certain rights for, and impose certain obligations upon, the Owners of The Properties described in Exhibit A, A-1, & A-2.

WHEREAS, Declarant will convey The Properties, subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth;

WHEREAS, Declarant desires to provide for the preservation and enhancement of the property values, amenities and conceptual intent of **CLUB VILLAS AT WAKEFIELD**, for the maintenance of Sub-Association Common Properties and improvements thereon as described herein, and accordingly desires to subject the Existing Property, together with such additions and/or deletions as may hereafter be made, to the covenants, restrictions, easements, affirmative obligations, charges, and liens as hereinafter set forth, (the "Declaration" as herein defined) each

and all of which is hereby declared to be for the benefit of The Properties and each and every owner of any and all parts thereof; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities of **CLUB VILLAS AT WAKEFIELD** to create an entity to which shall be delegated and assigned the power and authority of owning, maintaining and administering the Sub-Association Common Properties as defined herein; administering and enforcing the covenants and restrictions governing said Sub-Association Common Property, collecting and disbursing all assessments and charges necessary for such activities, and promoting the recreation, health, safety, and welfare of the residents;

NOW, THEREFORE, Declarant hereby declares that the Existing Property described on Exhibits A, A-1, A-2 and any Additional Property (hereinafter defined) shall be held, occupied, used, transferred, sold, and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of The Properties. These easements, covenants, restrictions and conditions shall run with The Real Properties , however reconfigured or further subdivided and shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

The following words and terms, when used in this Declaration or any amendment hereto, or any Supplemental Declaration, unless amended or unless the context clearly indicates otherwise, are defined as follows (terms and words used herein without definition shall have the meanings, if any, specified therefor in the "Definitions" section of the North Carolina Non-Profit Corporation Act "the Act") or in the "Definitions" section of the North Carolina Planned Community Act (the "PCA").

(a) "Additional Property" is defined as all real property subjected to or annexed to this Declaration subsequent to the recording of this Declaration in the Registry, either by Supplemental Declaration or by merger or consolidation, as provided herein.

(b) "Amenities" shall mean the facilities constructed, erected or installed on the Sub-Association Common Area for the use, benefit and enjoyment of Members.

(c) "Association" shall mean and refer to **CLUB VILLAS TOWNHOMES ASSOCIATION , INC.**, its successors and assigns.

(d) "Board" is defined as the Board of Directors of the Association. The Board is responsible for the management and administration of the Association. Unless otherwise specifically provided in this Declaration, or otherwise probhited, all rights, powers, easements,

functions, services, obligations and duties of the Association may be performed or directed by the Board on behalf of the Association.

(e) "Builder" is defined as a Person, other than the Declarant, who is regularly in the business of constructing Dwellings on real property for resale to other Persons, and who purchases or becomes the Owner of one or more Lots in The Properties for the purpose of constructing thereon a Dwelling for resale to other Persons.

(f) "Common Area or Common Property" is defined as all real property owned or leased by Wakefield Plantation Community Association, Inc., the Master Association.

(g) "Contiguous" is defined as including all of the following: adjacent to; across a public or private street right of way from; and separated from by an easement, Sub-Association Common Property, property owned by the City or Common Property.

(h) "Declarant" is shall mean and refer to **PARAMOUNT HOMES, INC.**, and its successors and assigns.

(i) "Declarant Control Period" is defined as the period of time beginning at the time of recording of this Declaration in the Registry and ending on the first to occur of the following:

(1) December 31, 2007.

(2) the date on which the total number of votes entitled to be cast by the Class A Members of the Association equals the total number of votes entitled to be cast by the Declarant, as the Class B Member of the Association (the total number of votes of either of the two classes of Membership in the Association may be increased or decreased by the annexation of Additional Property or withdrawal of portions of the Property as provided herein), and in such instances Class B Membership may be reinstated.

(3) the date specified by the Declarant in a written notice to the Association.

(j) "Dwelling " or "Dwelling Unit" shall mean and refer to a place of residence constructed upon a Lot within the Property.

(k) "Existing Property" is defined as the real property subjected to this Declaration as described in Article II and on **Exhibit A, A-1, & A-2** attached hereto and incorporated by reference.

(l) "Landscape Sub-Association Easement" is defined as a type of Sub-Association Common Property consisting of an area within or Contiguous to The Properties that is reserved or established as an easement of the Association for the use, enjoyment or benefit of the Members and for the maintenance therein of any one or more of the following: plants, trees,

flowers, bushes, other landscaping materials, fencing, signs, lighting equipment, irrigation equipment and other, associated equipment.

(m) "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of The Properties on which such plot appears (provided said map has been approved by Declarant and the City of Raleigh), with the exception of the Sub-Association Common Area and Limited Neighborhood Common Area, if any. It is recognized that Sub-Association easements may be portions of a Lot.

(n) "Lot in Use" shall mean and refer to any Lot on which a Dwelling unit has been substantially constructed and made substantially ready for occupancy as a Dwelling unit. It is the intent that when a Dwelling is ready for occupancy, excepting final punch list items and decorative items to be selected by a home buyer, that the dwelling be subject to payment of full Association dues. In the event of a dispute, the ruling of the Board shall be binding. In addition to the foregoing, a Lot may become a Lot in Use by contractual agreement between the Declarant and the Owner of such Lot. Any Dwelling for which a certificate of occupancy has been issued will be regarded as a "Lot in Use".

(o) "Limited Neighborhood Common Area" or "Limited Neighborhood Common Property" (the terms being used interchangeably herein) is defined as Sub-Association Common Property that is established by the Declarant or the Sub-Association for the benefit of a particular phase or section within the subdivision or Lot located within The Properties and which has been designated by the Declarant or the Sub-Association, whichever has established same, as Limited Neighborhood Common Property. There may be Limited Neighborhood Common Area in one or more phases, sections, subdivisions, or Lots located within The Properties.

(p) "Master Association" is defined as Wakefield Plantation Community Association, Inc., a North Carolina nonprofit corporation incorporated or to be incorporated under the Act to serve as the Association under the Master Declaration, and its successors and assigns.

(q) "Member" shall mean and refer to every person or entity who holds Membership in the Association.

(r) "Owner" is defined as the owner of record as shown in the Registry, whether one or more persons or other legal entities, of fee simple title to a Lot, but excluding those having an interest in the foregoing as a result of a contract, option to purchase, or as security for an obligation.

(s) "Sign Sub-Association Easement" is defined as a type of Sub-Association Common Property consisting of an area within or Contiguous to The Properties that is reserved or established as an easement of the Association for the use, enjoyment, or benefit of the Members and for the maintenance therein of any one or more of the following: signs and associated landscaping materials, lighting equipment, irrigation equipment and other associated equipment and devices. A Sign Sub-Association Easement may be established or reserved by a notation on a plat recorded in the Registry or by a written document recorded in the Registry.

(t) "Sub-Association Common Expenses" shall mean and include:

(1) All sums determined by the Board of Directors to be Sub-Association Common Expenses of the Association:
(2) Expenses for maintenance of the Dwellings, as provided in this Declaration;
(3) Expenses of administration, maintenance, repair, restoration or replacement of the Sub-Association Common Area including private streets;
(4) Expenses declared to be Sub Association Common Expenses by the provisions of this Declaration or the Bylaws;
(5) Premiums for hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require or allow the Association to purchase;
(6) Ad valorem taxes and public assessment charges, if any, lawfully levied against Sub-Association Common Area or other assets of the Association;
(7) Expenses agreed by the Members to be Sub-Association Common Expenses of the Association;
(8) Unpaid assessments resulting from the purchase of a Dwelling at a foreclosure sale (such assessment shall be collectible from all Members of the Sub-Association, including the purchaser at the foreclosure sale, his successors and assigns).
(9) All other expenses incurred by the Association in performing its functions and providing services under this Declaration, including operating, Association management, administrative expenses and unexpected contingencies.

Provided, however, the term Sub-Association Common Expenses does not include the costs of the initial improvements constructed or placed in any Sub-Association Common Property by the Declarant.

(u) "Sub-Association" is defined as Club Villas Townhomes Association, Inc., a North Carolina nonprofit corporation organized and existing under the North Carolina Non-Profit Corporation Act (or other legal entity allowed for such purpose by applicable Legal Requirements) for the purpose of owning, managing and maintaining the Sub-Association Common Property. Any and all assessments imposed upon the Members of the Sub-Association are in addition to any and all assessments imposed upon the same such Members of the Master Association by the Master Declaration.

(v) "Sub-Association Common Property or Sub-Association Common Area" (the terms being used interchangeably herein) is defined as all real property and improvements thereon owned by the Association for the use, enjoyment and benefit of the Members, and all rights in and to all easements in or on real property together with all associated improvements in or on such easements granted to or reserved by or on behalf of the Association (or by or on behalf of the Declarant for later transfer or assignment to the Association) for the enjoyment or benefit of its Members. Sub-Association Common Property typically will be established by an instrument or plat recorded in the Registry, and identified in such instrument as "Sub-Association Common Area", "Sub-Association Common Property", "Sub-Association Private Street", "Sub-Association Private Open Space", "Sub-Association Common Open

Space", "Sub-Association Greenway", "Sub-Association Open Space", "Sub-Association Buffer", "Sub-Association Trail", or some other similarly descriptive term. Sub-Association Common Property also includes all "Landscape Sub-Association easements" and "Sign Sub-Association Easements" as defined herein. Sub-Association Common Property also includes all Limited Neighborhood Common Property, which is a sub-classification of Sub-Association Common Property.

Sub-Association Common Property or Sub-Association Common Area also shall include all property from time to time included in the definition of "Common areas" contained in Section 10-3003 of the Raleigh City Code or in any replacement section of the Raleigh City Code. At the time of the execution of this Declaration, Section 10-3003 defines "Common areas" as "Property intended for the use and benefit of the residents of a particular development; common areas include (1) any private streets, (2) any storm water easement on the property, or device including an impoundment area that serves more than one (1) individual Lot unless otherwise provided by covenants approved by the City Attorney or Deputy Attorney, (3) any utility line located outside public street rights-of-way and public utility easements, and not serving an individual Lot, (4) any site or facility designated on any recorded plat or in any declaration of covenant, and (5) any City Code required shared facility or open space."

(w) "Subdivision Plan" is defined as the most current development plan approved by the City of Raleigh for The Properties, including a subdivision plan or cluster development plan for the applicable portion of The Properties governed by this Declaration. When two or more subdivision plans are approved for the same portion of The Properties, the most current and most specific plan controls.

(x) "The Properties" is defined as the Existing Property governed by this Declaration, together with all Additional Property that may be annexed.

(y) "Wakefield Plantation" is defined as the real property in Wake County, North Carolina, which is now or in the future a part of the Declaration for Wakefield Plantation, and all amendments thereto, Book 8099, Page 0180 Wake County.

ARTICLE II

PROPERTIES, ANNEXATION AND WITHDRAWAL

Section 1. Property Made Subject to Declaration. The Existing Property described on Exhibit A, A-1 & A-2 is hereby made subject to this Declaration and the Existing Property shall be owned, held, leased, transferred, sold, mortgaged and/or conveyed by Declarant, the Association and each Owner subject to this Declaration and the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens set forth in this Declaration and the Master Declaration.

Section 2. Declarant Annexation/Removal of Property. If Declarant, Anvil or Wakefield is the owner of any property described in Exhibit B or C during the Declarant Control Period, which it desires to add to the scheme of this Declaration ("Additional Property"), it may do so by filing of record a Supplemental Declaration (herein so called) which shall extend the scheme of this Declaration to such Additional Property or portions thereof; provided, however, that such Supplemental Declaration as applied to the Additional Property covered thereby, may include such specific additional controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens as may be set forth in such Supplemental Declaration. It is anticipated that all the land described in Exhibit B will be annexed into this Declaration. Declarant reserves the right to annex other land Contiguous to the land subject to this Declaration. Pursuant to this section, Article II, 2, all annexations undertaken must be undertaken on or before December 31, 2007 and must be approved by the City of Raleigh.

Section 3. Annexation of Property by Others. If a person or entity other than Declarant, Anvil or Wakefield with respect to the property described on Exhibit B or C, desires to add property to the scheme of this Declaration, such property may only be added with the assent of two-thirds (2/3) of the votes of each class of Members.

Section 4. Contents of Supplemental Declaration. Each Supplemental Declaration shall set forth the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens to which the Additional Property covered thereby shall be subject. Such controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens may contain additions, deletions and modifications from those contained in this Declaration, as the parties subjecting such Additional Property to the scheme of this Declaration may determine, which provisions may be more, but not less, restrictive than the provisions of this Declaration; provided if such party is other than Declarant Anvil Investments LLC or Wakefield Developers LLC with respect to the real property described on Exhibit B or C, as a condition to such party's right to so impose such additions, deletions or modifications, such party must obtain the prior written consent thereto of Declarant during the Declarant Control Period and thereafter the Association, acting through its Board. In no event, shall such Supplemental Declaration revoke or modify the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens established by this Declaration or a previously filed Supplemental Declaration as it applies or they apply to The Properties or to previously added Additional Property except as provided in Section 5

of this Article. All Sub-Association Common Property contained in Additional Property will be conveyed to the Sub-Association in conformity with Article II, Section 6 and all Common Property contained in Additional Property will be conveyed to the Master Association in conformity with the Master Declaration. All Supplemental Declarations shall be approved by the Raleigh City Attorney or his deputy prior to its recordation.

Section 5. Merger or Consolidation. Upon a merger or consolidation of the Association with another association which is a nonprofit corporation composed of homeowners, the properties, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to The Property, rights and obligations of the Association as the surviving corporation pursuant to a merger. The surviving or consolidated association shall be considered the Association and shall administer the terms and provisions of this Declaration and any applicable Supplemental Declarations, if any, affecting the portions of The Properties in the jurisdiction of such Association, together with the covenants and restrictions established upon any other properties, as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the terms and provisions of this Declaration or any Supplemental Declaration pertaining to The Properties or any portion thereof except as specifically provided in this Declaration. No merger or consolidation shall become effective without the consent of the Raleigh City Attorney or his deputy.

Section 6. Title to Common Area. The Declarant, Wakefield and Anvil hereby covenants, for itself, its successors and assigns that it shall convey fee simple title to the Sub-Association Common Area shown on the aforementioned map recorded in Book of Maps 1999, Page ____, Wake County Registry, to the Association, free and clear of all encumbrances and liens, prior to the conveyance of the first Lot, as shown on any applicable plat except utility, greenway and drainage easements and easements to governmental authorities. Similarly, the Declarant, Anvil or Wakefield and any other person or legal entity adding Additional Properties to the Declaration will convey to the Association Sub-Association Common Area which are parts of such Additional Property as those portions are annexed in the future until all Sub-Association Common Area, as shown on plats approved by the City of Raleigh have been conveyed to the Association.

ARTICLE III - MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one Membership per Lot. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for Membership. The Board of Directors may make reasonable rules as to proof of ownership of a Lot.

ARTICLE IV - VOTING RIGHTS

Section 1. The Association shall have two classes of voting Membership and fractional voting shall not be permitted.

Class A. Class A Members shall be all those Owners of Lots with the exception of the Declarant, Anvil or Wakefield during the Declarant Control Period as defined in Article I. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for Membership by Article III. When more than one person holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot, but fractional voting shall be prohibited.

Class B. The Class B Members shall be the Declarant, Anvil and Wakefield. Each Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required for Membership by Article III, provided, that the Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs first:

(a) when the total votes outstanding in Class A Membership equal the total votes outstanding in Class B Membership, but provided that the Class B Membership shall be reinstated if thereafter and before the time stated in Subparagraph (b) below, Additional Property are annexed to the Properties as provided for in Article II, Section 2 above, and shall continue as long as the total number of Class B Member votes exceeds the total number of Class A Member votes.

(b) on December 31, 2007.
(c) On the date specified by the Declarant in a written notice to the Association surrendering its Class B privileges.

Upon the termination of Class B Membership, the Declarant , Anvil and Wakefield shall become Class A Members.

Section 2. Voting Right Suspension. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and for any period during which any assessment of a Member remains unpaid according to the provisions of Article IV, Section 8 of the By-Laws.

ARTICLE V - PROPERTY RIGHTS

Section 1. Members' Easements of Enjoyment. Every Member shall have a right of use and easement of enjoyment in and to the Sub-Association Common Area (including access, ingress, and egress to and from public streets and walkways) and such easement shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

(a) The right of the Association, in accordance with its Articles and Bylaws and with the assent of eighty percent (80%) or more of the votes cast by the Members of each Class Membership present at a duly called meeting of the Association to borrow money for the purpose of improving the Sub-Association Common Area and facilities and in aid thereof to mortgage said property unless prohibited by law, and the rights of such mortgagee in said properties shall be subordinate to the rights of the owners and Association hereunder;

(b) The right of the Association to dedicate or transfer all or any part of the Sub-Association Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members at a duly called meeting; provided, however, that no conveyance of Sub-Association Common Area shall deprive any Member of the full use thereof. No such dedication or transfer shall be effective unless an instrument signed by Members entitled to cast eighty percent (80%) of the votes of the Class A Membership and eighty percent (80%) of the votes of the Class B Membership, if any, has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action to be taken at said duly called meeting is sent to every Member not less than 10 days nor more than 60 days in advance.

(c) The right of the Sub-Association to transfer portions of the Sub-Association Common Area to the Declarant, Owner, Member or Builder under circumstances whereby the Declarant or Builder has inadvertently placed a Lot or constructed a structure which encroaches into the Sub-Association Common Area. In such cases the Declarant or Builder shall deed back to the Association an equal amount of Sub-Association Common Area. The real property so acquired by the Association shall be a part of the Sub-Association Common Area and shall be released from any provisions of the Declaration except those applicable to the Sub-Association Common area. The portion of the Sub-association Common Area so acquired by Declarant or Builder or Member, without further act of the Association or Membership, shall cease to be Sub-Association Common area and shall be subject to those provisions of the Declaration that were applicable to the real property conveyed to the Association by the Member, Declarant or Builder.

(d) Subject to the applicable legal requirements of any government, the right of the Association to exchange portions of the Sub-Association Common Property for other land, provided that : (i) no such transfer shall reduce the portion of the Sub-Association Common Property that constitutes "open space" below the minimum amount of "open space" required by the City of Raleigh; (ii) the Planning Director of the City of Raleigh approves any boundary line adjustment; (iii) any boundary line adjustment is approved by the Owners of all portion of The Properties affected by the adjustment; (iv) each portion of The Properties previously Contiguous to Sub-Association Common Property (excluding easements) remains Contiguous to Sub-Association Common Property, unless otherwise approved by the Owner thereof; (v) written notice of the proposed exchange is sent to every Member not less than twenty days and not more than sixty days in advance; (vi) the exchanged properties and other consideration are of like value and utility; and (vii) any conveyance of real property to the Association must be free and clear of all encumbrances except for this Declaration, the Master Declaration, and any applicable Supplemental Declaration or Subdivision Declaration, greenway easements, and easements for utilities and storm water drainage. At the time of the recordation of this Declaration, the Raleigh city code requirements applicable to exchanges of Sub-Association Common Property are

contained in Section 10-3073(a) (2). The real property so acquired by the Association shall be a part of the Sub-Association Common Area and the Sub-Association Common Area so acquired by Declarant or a Member, without further act of the Association or Membership, shall cease to be Sub-Association Common Area and shall be subject to those provisions of the Declaration that were applicable to the real property conveyed to the Association by the Member.

The Association, without the consent of the Members, except as required by the Raleigh City Code, may exchange portions of the Sub-Association Common Property for any one or more of the following purposes: (i) to eliminate unintentional encroachments of improvements or easements; (ii) to correct any building or other setback violations; (iii) to adjust boundary lines of the Properties, and (iv) as otherwise determined by the Board to facilitate the orderly subdivision and development of The Properties, subject to the following: (i) no such transfer shall reduce the portion of the Sub-Association Common Property that constitutes "open space" below the minimum amount of "open space" required by the City of Raleigh; (ii) the Planning Director of the City of Raleigh approves any boundary line adjustment; (iii) any boundary line adjustment is approved by the Owners of all portions of The Properties affected by the adjustment; (iv) each portion of The Properties previously contiguous to Sub-Association Common Property (excluding easements) remains contiguous to Sub-Association Common Property, unless otherwise approved by the Owner thereof, and (v) any conveyance of real property to the Association must be free and clear of all encumbrances except for this Declaration and any applicable Supplemental Declaration street rights of way or access easements, greenway easements, and easements for utilities and storm water drainage. At the time of the recordation of this Declaration, the Raleigh City Code requirements applicable to exchanges of Sub-Association Common Property are contained in Section 10-3073(a)(2).

(e) The right of the Association to prohibit boats, trailers, campers, motor homes, limousines, trucks, tractors or similar personal property owned by a Member, family members or tenants to be parked within the right of way of any public or private street in or adjacent to the Property; nor shall any of these objects be parked on The Properties except in an enclosed garage, or in areas if any designated by the Association or Master Association. Members shall keep their garage doors closed at all times excepting ingress and egress into and out of said garage. The Association shall have the right to adopt appropriate rules for the temporary parking of these items on The Properties.

(f) The right of the Association to take such steps as are reasonably necessary to protect the Sub-Association Common Property against foreclosure.

(g) The right of the Association to prescribe and enforce regulations governing the use and maintenance of the Sub-Association Common Property.

(h) Subject to applicable legal requirements of any government, the right of the Association to charge fees for use of recreational facilities located on Sub-Association Common Property.

(i) In those instances where property has been designated as Limited Neighborhood Common Area or Property, such property is restricted to the use of those Members who

own the portion of the Property with which that Limited Neighborhood Common Property is associated.

Section 2. Delegation of Use. Any Member may delegate in accordance with the By-Laws of the Association, his right to enjoyment to the Sub-Association Common Property and facilities to any member of his family, lessees, guest and contract purchasers who reside in such Members' Dwelling.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within The Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association as provided in this Declaration:

1. annual assessments or charges, and

2. special assessments for capital improvements, such assessments to be established and collected as hereinafter provided.

The annual and special assessments, together with interest, costs, and reasonable attorneys fees, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, cost and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of The Property and in particular for the acquisition, improvement and maintenance of properties, including the maintenance, repair and reconstruction of any private street and easements situated on the Sub-Association Common Area required by the City of Raleigh. Assessments are also to be used for services and facilities devoted to this purpose and related to the exterior maintenance of the Dwellings situated upon The Properties or for the use enjoyment and the maintenance of the Sub-Association Common Area, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Sub-Association Common Area, if any, and the payment of any other Sub-Association Common Expenses.

Section 3. Exterior Maintenance and Exclusions. In addition to maintenance of the Sub-Association Common Area, the Association shall provide exterior maintenance upon each Lot and the Dwelling located thereon which is subject to assessment hereunder, as follows: paint, repair,

replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, mailboxes, fences, exterior post lights (excluding electricity therefor), and other exterior improvements. Such exterior maintenance shall not include glass surfaces, or the repair or reconstruction of any improvements on any Lot, the cost of which repair or reconstruction would be covered by casualty insurance, whether or not a policy of casualty insurance is in effect.

In addition to those items excluded from maintenance and repairs by the Association hereinabove described, the maintenance responsibility of the Association shall not include garage doors and all other doors of whatever nature and wherever located, windows, window screens, decks and stairs and driveways in their entirety.

(As a matter of information to future Members of this Association, the Declarant wishs to make it known that it is a part of the original plan of development to construct a variety of Dwellings with a variety of exteriors for the good of the entire subdivision. Some Dwellings will require more maintenance than others because of the types of exterior exposures. Nevertheless, in order to avoid monotony and in order to achieve a harmony of design and textures, all of those connected with the conception, design, construction and financing of this subdivision as originally planned, are in accord in their belief that all Members of the Association will be benefited by the variety of exteriors and, therefore, the Association should provide exterior maintenance and make a uniform rate of charge without regard to the actual cost of exterior maintenance of each Dwelling.)

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, or guests, contract purchasers, tenants, contractors or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject.

Section 4. Amount of Assessment.

(a) Initial Assessment. To and including December 31, 1999, the initial annual assessment shall not be in excess of Nine Hundred Dollars ($900.00) per Lot in Use and $225.00 for a Lot not in Use. The exact amount of the annual assessment which shall be determined from time to time as provided in subsection (d) of this Section 4.

(b) Increase by Association. From and after December 31, 1999, the annual assessment effective for any year may be increased from and after January 1 of the succeeding year by the Board of Directors, without a vote of the Membership, by a percentage which may not exceed the greater of ten percent (10%) or the percentage increase reflected in the U.S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates (published by the U.S. Bureau of Labor Statistics, Washington, DC), or such other Index as may succeed the Consumer Price Index, for the twelve-month period ending the immediately preceding October 1.

(c) Increase by Members. From and after December 31, 1999, the annual assessment may be increased by a percentage greater than permitted by this Article by an affirmative vote of two-thirds (2/3) or more of each class of Members who are voting in person or by proxy, at a meeting

duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(d) Criteria for Establishing Annual Assessment. The initial annual assessment shall not exceed Nine Hundred Dollars ($900.00). In establishing the annual assessment for any subsequent assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not increase the annual assessment in an amount in excess of the greater of ten percent (10%) or the sums derived by application of the consumer Price Index formula provided in subsection (b) without the consent of the Members required in subsection (c) of this Section 4. In the event the initial annual assessment is less than Nine Hundred Dollars ($900.00) , the Board may at any time thereafter increase said annual assessment amount to $900.00 without Members' consent and the 10% limitation does not apply.

(e) Each Lot Owner, excepting the Declarant, Anvil, Wakefield and Builders shall pay the sum equal to two (2) months Association dues into a working capital fund of the Association at the time of transfer of said Lot to said owner.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the Sub-Association Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) or more of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. Special Assessments may also be imposed for exterior maintenance of dwellings.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and Lots in Use, on a per Lot and per Lot in Use basis, and may be collected on either a monthly, quarterly, semi-annual or annual basis.

Section 7. Quorum for any Action authorized under Sections 4 or 5. At the first meeting called, as provided in Section 4 or 5 of this Article, the presence at the meeting of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of Membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, subsequent meetings may be called, subject to the notice requirement set forth in Sections 4 or 5, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the next preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the next preceding meeting.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided herein for Lots in Use shall commence as to each Lot in Use on the first day of the first month following the date on which the Lot first has become a Lot in Use. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto at least fifteen (15) days in advance of each annual assessment period. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association or by its management company, setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made for providing this information. A properly executed certificate of the Association or its management company as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

The annual assessments for Lots not in Use shall begin on the first day of the month following the date that said Lot has been recorded in the Wake County Registry.

Section 9. Collection of Assessments; Due Dates; Penalties for Late Payment.

(a) The Board has the authority at any time and from time to time to establish the due dates, interest rate on unpaid amounts, and penalties for late payment of annual and special assessments and other charges. In the event of default in the timely payment of any assessment or other charge, and the Board has not established interest to the contrary, the defaulting Owner shall be obligated to pay interest on the unpaid balance thereof from and after the date at the larger of (i) eighteen percent (18%) per annum, or (ii) the highest lawful rate under applicable legal requirements, together with all costs and expenses of collection, including reasonable attorney's fees. The Board may commence the foreclosure of the lien against any property for which assessments are not paid within thirty days (30) after due date or to bring an action at law against the Owner personally obligated to pay the same.

(b) The Board may at any time and from time to time authorize a management company or other billing agent, on behalf of the Association, to bill and collect all assessments and other charges payable under this Declaration.

Section 10. Special Assessments for Improvements, Additions, and Emergencies. In addition to the annual assessments authorized herein, and subject to the other requirements of this Declaration, at any time and from time to time the Association may levy a special assessment for the purpose of defraying, in whole or in part, the costs or expenses of any one or more of the following.

(1) Construction, reconstruction, alteration, repair replacement or removal of a capital improvement in or on the Sub-Association Common Property or Limited Neighborhood Common Property, including private streets, fixtures and personal property related thereto;

(2) Maintenance of Sub-Association Common Property or Limited Neighborhood Common Property;
(3) To provide for the necessary facilities and equipment to enable the Association to perform the functions and offer the services required or authorized herein;
(4) To repay any loan made to the Association to enable it to perform the functions and provide the services required or authorized herein.
(5) In the event of an Emergency, a special assessment may be necessary when, in the sole determination of the Board of Directors, there is potential danger or damage to persons or property. Such emergency special assessments may be utilized to pay for preventative, protective, stabilizing or remedial construction, reconstruction, repairs or replacements. Events justifying emergency special Assessments include, but are not limited to hurricanes, floods tornadoes, fires or other naturally occurring phenomena. Emergency special Assessments shall be collectible from all Subdivision Association Members in such manner as the Board of Directors shall determine.
(6) The acquisition of any properties pursuant to Section 12 of this Article.

Section 11. Fine Assessments. The Board may impose fines against any Owner for violations or non-compliance with the terms of this Declaration and such fines shall be treated as an Assessment otherwise due to the Association and as such will be a lien against the Owner's Lot. Fines shall be paid not later than thirty (30) days after notice of the imposition or assessment of the fines. These fines shall not be construed to be exclusive, and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; however, any fine paid by the offending Owner(s) shall be deducted from or offset against any damages that the Association may otherwise be entitled to recover by law from such Owner. Fines shall be as follows:

(a) First non-compliance or violation: a fine not in excess of Fifty Dollars ($50.00).
(b) Second non-compliance or violation: a fine not in excess of One Hundred Dollars ($100.00).
(c) Third and subsequent non-compliance, or violation or violations that are of a continuing nature: a fine not in excess of One Hundred Dollars ($100.00) for each week of continued violation or non-compliance.

Section 12. Effect of Nonpayment of Assessment. If an assessment is not paid when due, the Association may bring an action at law against the Owner personally or foreclose the lien against the Lot, and there shall be added to the amount of such assessment the costs of collection, including reasonable attorneys' fees and expenses, fines and interest as established by the Board. No Owner may waive or escape liability for the assessments provided for herein by non-use of the Sub-Association Common Properties or abandonment of his Lot. Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents or assigns, the right and power to bring all actions against such Owner or Member personally liable for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or a deed of trust lien on real property and such Owner hereby expressly grants to the Association a power of sale in connection with foreclosure of said Lien. The Lien provided for in this action shall be in favor of the Association and shall be for the benefit of all other Owners. The remedies against a defaulting Owner and such Owner's Lot are

cumulative and not mutually exclusive, and the Association may seek none or any one or more of such remedies, separately or simultaneously as deemed appropriate by the Board.

Section 13. Subordination of the Lien To Mortgages. The lien of the assessments provided for herein on any Lot shall be subordinate to the lien of any first mortgage or deed of trust on such Lot recorded prior to the docketing of the lien in the Office of the Clerk. The transfer of any Lot pursuant to such mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 14. Exempt Property. Any portion of The Property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein, except no land or improvements devoted to Dwelling use shall be exempt from said assessment.

Section 15. Omission of Assessments. The omission of the Board, before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

ARTICLE VII - PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Dwellings upon The Properties and placed on the dividing line between the Lots and all reconstruction or extensions of such walls shall constitute party walls, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support in below ground construction and of 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 Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other 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. The Association shall have the option to require all Members to utilize the same insurance company for fire and other casualty insurance. In such event, every owner whose Dwelling is subject to reconstruction or restoration shall be responsible for payment of the deductible required under said policy of insurance.

Section 4. The Owner of any Lot may construct, reconstruct, repair, or extend a party wall in any direction (subject to and within the limitations of architectural control and other limitations of these Covenants and the Master Declaration) with the right to go upon the adjoining Lot to the extent reasonably necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an 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 6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the applicable portion of The Properties and shall pass to such Owner's successors in title.

Section 7. Certification by Adjoining Property Owner That No Contribution is Due. If any Owner desires to sell his property, he may, in order to assure a prospective purchaser that no adjoining property owner has a right of contribution as provided in this Article VII, request of the adjoining property owner or property owners a certificate that no contribution exists, whereupon it shall be the duty of each adjoining property owner to certify whether or not a claim of contribution exists.

Section 8. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided by the laws of North Carolina, relating to arbitration as then existing.

ARTICLE VIII - USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each Lot and the Sub-Association Common Area. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors, shall be recorded in a Book of Resolutions which shall be maintained in a place convenient to the Owners and available to them for inspection during normal business hours.

Section 2. Use of Property. Each building, and the Sub-Association Common Area facilities shall be for the following uses and subject to the following restrictions and, in addition, to those set forth in the Bylaws:

(a) All buildings and the Sub-Association Common Area and facilities shall be used for residential and related common purposes, except that the Declarant, anvil or Wakefield may use one or more buildings or Dwellings for offices and/or models for sales purposes consistent with the Code of Ordinances of the City of Raleigh.

(b) No waste shall be committed on any portion of the Sub-Association Common Area and facilities.

(c) No immoral, improper, offensive, or unlawful use shall be made of The Properties, or any part thereof, and all valid laws, ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of The Properties, shall be complied with, by and at the sole expense of the Owner or of the Association, whichever shall have the obligation to maintain or repair such portions of The Properties.

(d) Nothing shall be done which will impair the structural integrity of any building, or portion of the Sub-Association Common Area and facilities or which would impair or alter the exterior of any building or portion thereof, except in the manner provided in this Declaration.

(e) No industry, business, trade, occupation or profession of any kind, whether commercial or otherwise, shall be conducted, maintained or permitted on any part of The Properties, except that the Declarant or its agents may use any unsold buildings for sales or display purposes. The purpose of this prohibition is to maintain the residential nature of the neighborhood.

(f) No Owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard or identifying name or number upon any building or any portion of the Sub-Association Common Area and facilities, except as allowed by the Association pursuant to its Bylaws or as required by the ordinances of the City of Raleigh; provided, however, that the Declarant, Anvil or Wakefield may authorize "For Sale" or "For Rent" signs the size and shape of which is commonly displayed by real estate firms in Raleigh on any unsold or unoccupied dwellings in suitable places on the Sub-Association Common Area; provided, however, that during the development of the Property and the marketing thereof, the Declarant, Anvil or Wakefield or its agents may maintain a sales office and may erect or display such signs as the Declarant, Anvil or Wakefield deems appropriate as aids to such development marketing, provided that such signs do not violate any applicable laws.

(g) No person shall undertake, cause or allow any alteration or construction in or upon any portions of the Sub-Association Common Area and facilities except at the direction or with the express written consent of the Association.

(h) The Sub-Association Common Area and facilities shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the Dwellings, subject to any rules and regulations that may be adopted by the Association pursuant to its Bylaws.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be or may become a nuisance or annoyance to residents within the Property. Development and construction activities by the Declarant, Anvil and Wakefield, and construction activities by Builders are permitted exceptions.

ARTICLE IX - EASEMENTS

Section 1. Walks, Drives, Parking Areas, and Utilities. All of the Properties, including Lots and Sub-Association Common Area, shall be subject to easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, cable television lines, and other public utilities as shall be established prior to or subsequent to subjecting the Properties to this Declaration by the Declarant, and the Association shall have the power and authority to grant and to establish in, over, upon, and across the Sub-Association Common Area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property.

Section 2. Easement for Government Agencies. An easement is hereby established over the Lots and Sub-Association Common Area including private streets for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water and sewer facilities, electrical, telephone, gas, cable television lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

Section 3. Easement and Right of Entry for Repair, Maintenance and Reconstruction. If any Dwelling is located closer than five (5) feet from its Lot line, the Owner thereof shall have a perpetual access easement over the adjoining Lot to the extent reasonably necessary to perform repair, maintenance or reconstruction of his Dwelling. Such repair, maintenance or reconstruction shall be done expeditiously and, upon completion of the work, the Owner shall restore the adjoining Lot to as near the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable. Within such easements, no plantings of shrubs and trees or the erection of structures, including fences, shall be allowed except as approved by the Board.

Section 4. Sidewalks. It is contemplated that the Declarant will cause to be constructed along certain streets, private sidewalks for the benefit of the Members. All Lots abutting private streets shall be subject to easements for any said sidewalks. The repair, maintenance or reconstruction of said sidewalks shall be an obligation of the Association. Each individual Lot owner shall be responsible for snow and/or ice removal from said sidewalks. Public sidewalks, if any, shall be maintained by a governmental entity.

ARTICLE X - RIGHTS OF INSTITUTIONAL LENDERS

Section 1. Rights Reserved to Institutional Lenders.

"Institutional Lender" or "Institutional Lenders" as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, other reputable mortgage lenders and insurers of first mortgages (which term included deeds of trust). So long as any Institutional Lender or Institutional Lenders shall hold any first mortgage or deed of trust upon any

Lot, or shall be the owner of any Lot, such Institutional Lender or Institutional Lenders shall have the following rights:

(a) To be furnished with at least one copy of the Annual Financial Statement and Report of the Association, prepared by an independent Certified Public Accountant designated by the Association, including a detailed statement of annual carrying charges or income collected and operating expenses.

(b) To be given notice by the Association of the call of any meeting of the Membership to be held for the purpose of considering any proposed Amendment to the Declaration, or the Articles of Incorporation and Bylaws of the Association, which notice shall state the nature of the amendment being proposed, and to be given permission to designate a representative to attend all such meetings.

(c) To be given notice of default in the payment of assessments by any Owner of a Lot encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principal office of such Institutional Lender or Institutional Lenders, or to the place which it or they may designate in writing to the Association.

(d) To inspect the books and records of the Association during normal business hours.

(e) To be given notice by the Association of any substantial damage to any part of the Sub-Association Common Area.

(f) To be given notice by the Association if any portion of the Sub-Association Common Area is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority.

Whenever any Institutional Lender desires the benefits of the provisions of this section, such lender shall serve written notice of such fact upon the Association by registered mail or certified mail addressed to the Association and sent to its address identifying the Lot upon which any such Institutional Lender or Institutional Lenders hold any mortgage or mortgages or identifying any Lot owned by them, or any of them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or them, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender.

ARTICLE XI – LAKE USE RESTRICTIONS AND EASEMENT

All of The Properties (including the Existing Property and all Additional Property subjected to this Declaration) shall be subject to the provisions of this Article. Portions of The Properties adjoin a lake (referred to herein as the "Lake") that is identified as "EXISTING LAKE" on a plat recorded in the Registry in Book of Maps 1998, Pages 1292 through 1294, said plat being incorporated by reference as if fully set out herein. Without the written consent of the owner of the Lake, neither the Association, nor any Owner of a Lot, nor any family member, guest, tenant, permittee, licensee, invitee, employee, contractor, agent or contract purchaser of the Association or

such Owner, shall have any right whatsoever to any use of the Lake, including, without limitation, the following:

(a) access to, across or under the Lake;

(b) the right to boat, scuba dive, swim or fish in the Lake;

(c) the right to dump or discharge anything in the Lake;

(d) the right to extract water, golf balls or any other property or material from the Lake; and

(e) the right to store or keep any boat or other property on the Lake.

To facilitate maintenance of the Lake by the owner thereof, a perpetual (unless terminated as provided herein), non-exclusive easement appurtenant to the Lake is hereby established and reserved for the current and all future owners of the Lake (including such owners' employees, contractors and agents) over, upon and under all portions of The Properties that adjoin a boundary of the Lake, in a 10 foot wide area immediately adjacent and parallel to the common boundary line of the Lake and such portions of The Properties (such 10 foot wide area also being referred to herein as the "shore line"). The purpose of this easement is for access to, and repair, maintenance and improvement of, the Lake and the shore line. Provided, however this easement shall terminate at such time, if any, as the Lake is no longer used as a lake or as a part of any Golf Facility (as defined in the Master Declaration). This easement is subject to the following additional terms:

(i) Except in case of emergencies, the easement shall be exercised during daylight hours;

(ii) The owner of the Lake or other person or entity exercising the easement on behalf of the owner of the Lake shall not, except as reasonably and temporarily necessary during any period of repair, maintenance or improvement of the Lake or shore line, dump, place or store on the shore line any stumps, debris, equipment, soil materials or other materials;

(iii) Following each exercise of the easement rights, the owner of the Lake shall restore the portions of The Properties on which such easement rights were exercised to substantially the same condition as they were in prior to exercise of the easement rights; and

(iv) The Owner of each portion of The Properties on which any part of the easement is located shall at all times maintain the shore line on such portion of The Properties in a neat and clean condition.

Notwithstanding anything to the contrary appearing in this Declaration, without the written consent of the owner of the Lake, the provisions of this Article may not be amended, modified or terminated (unless terminated because the Lake is no longer used as a Lake or as part of any Golf Facility).

ARTICLE XII – RIGHTS OF WAKEFIELD AND ANVIL

The provisions of this Article apply to all portions of The Properties owned by either Wakefield or Anvil.

Section 1. During the Declarant Control Period, neither Wakefield nor Anvil nor the Lots owned by either of them shall be subject to assessments (particularly including, without limitation, any annual assessments or special assessments) that otherwise are due and payable from the Declarant or the Owner of a Lot under this Declaration, except for the following:

(a) If either Wakefield or Anvil becomes the successor Declarant to the Declarant (which may only occur with the written consent of such party), then such party shall be liable for payment of all assessments or other financial obligations, if any, of the Declarant under this Declaration; and

(b) Wakefield and Anvil shall be subject to the payment of assessments for each Lot in Use owned by such party, in the same manner as any other Owner of a Lot in Use under this Declaration.

All portions of The Properties that are owned by either Wakefield or Anvil, and which have not been subdivided into Lots shall, until subdivided into Lots, be treated as one Lot for the purposes of this Article and for purposes of Association membership votes allocated to such portions of The Properties.

Section 2. Whether or not specifically stated herein, Anvil or Wakefield, as the case may be, shall exclusively have all of the rights of the Declarant under this Declaration with respect to each portion of The Properties owned by such party, until such time as Anvil or Wakefield, as the case may be, or a Builder, no longer owns such portion of The Properties (conveyance of such portion of The Properties under a mortgage or deed of trust or other instrument as security for an indebtedness shall not constitute divestiture of ownership for this purpose).

The foregoing provisions are enforceable by Anvil and/or Wakefield through all remedies at law and in equity, and may not be amended, modified or terminated without the written consent of Anvil or Wakefield, whichever party is affected by the amendment.

ARTICLE XIII – GENERAL PROVISIONS

Section 1. Providing for Traffic Flow. It shall be the responsibility of the Association to maintain uninterrupted traffic flow along all private streets within the Properties. If it is necessary for "no parking" signs to be erected in order to accomplish this, this shall be done at the expense of the Association as a common expense.

Responsibility for Maintenance of Private Streets and Driveways. The maintenance responsibility of the private streets and driveways as shown on the aforesaid recorded map and any subsequent

recorded maps made subject to this Declaration shall rest with the Association and the occupants in that such private streets will not be constructed to the minimum standards sufficient to allow their inclusion for public maintenance.

In no case shall the municipality or other agency which provides emergency or regular fire, police or other public service for the Properties, be responsible for failing to provide any such service to the Properties or any of its occupants when such failure is due to the lack of access to such areas or any other factor within the control of the Declarant, Association, or occupants.

Section 2. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any restriction, condition, reservation, lien or charge herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 3. Insurance. The Board of Directors shall procure and maintain adequate liability and hazard insurance on Property owned by the Association, and also Directors and Officers fidelity coverage. Liability insurance shall be procured and maintained in the minimum amount of $1,000,000.00.

Section 4. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 5. FHA/VA Approval. As long as there is a Class B Membership, the following actions will require the prior approval of the Federal Housing Administration, the Veterans Administration or the Federal National Mortgage Association; Annexation of Additional Properties, (excepting those properties described in Exhibit B or Exhibit C) mergers or consolidations, mortgaging of Sub-Association Common Property, dedication of Sub-Association Common Properties, and dissolution of the Sub-Association and amendment of this Declaration. Notwithstanding any provision in this instrument to the contrary, as long as there is a Class B Membership, and if Declarant desires to qualify sections of this subdivision for Federal Housing Administration, Veterans Administration, Fannie Mae or other similar agencies (but not otherwise), the following actions will require the prior approval of Federal Housing Administration, Veterans Administration, Fannie Mae or other similar agencies: Annexation of additional properties, dedication of Sub-Association Common Area, exchange of Sub-Association Common Area for other portions of the Properties, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 6. Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots, and thereafter by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots; provided, however, that the Board of Directors may amend this Declaration, without the consent of the

Owners, to correct any obvious error or inconsistency in drafting, typing or reproduction. All amendments shall be certified as an official act of the Association and shall forthwith be recorded in the Wake County Registry. All amendments shall become effective upon recordation.

Section 7. If any amendment to these covenants, conditions and restrictions is executed, each amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors, shall, within thirty (30) days do the following:

(a) Reasonably assure itself that the amendment has been executed by the Owners of the required number of Lots. (For this purpose, the Board may rely on its roster of Members and shall not be required to cause any title to any Lot to be examined);

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested.

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS, CONDITIONS AND RESTRICTIONS OF CLUB VILLAS AT WAKEFIELD

By authority of its Board of Directors the undersigned officers of Club Villas Townhomes Association, Inc., hereby certifies that the foregoing instrument has been executed by the owners of _____ percent of the Lots of Club Villas at Wakefield and is, therefore, a valid amendment to the existing Covenants, Conditions and Restrictions of Club Villas at Wakefield.

CLUB VILLAS TOWNHOMES ASSOCIATION, INC.

ATTEST:

_____ _____

Secretary PRESIDENT

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Wake County Registry.

All amendments shall be effective from the date of recordation in the Wake County Registry, provided, however, that no such amendment shall be valid until it has been indexed in the name of this Association. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors, recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots in The Properties.

Notwithstanding the foregoing, no amendment shall be effective unless approved by the Raleigh City Attorney or his or her deputy; provided, however, that if any amendment is submitted to said City Attorney and is neither approved or disapproved within thirty (30) days from the date of submission, it shall be conclusively presumed that the City Attorney has approved it.

Section 8. Amendment of Declaration without approval of Owners. The Declarant, without the consent or approval of any other Owner; shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over The Properties or to qualify The Properties or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale of such Lots and improvements, or mortgage interest therein, as well as any other law or regulation relating to the control of The Properties, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation, or agency, including, without limitation, the Veterans Administration, U.S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

No amendment made pursuant to this Section shall be effective until approved by the Raleigh City Attorney or his or her deputy, duly recorded in the Register of Deeds of Wake County.

Section 9. Amendment to Achieve Tax-Exempt Status. The Declarant, for so long as it shall retain control of the Association, and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any owner, to qualify the Association or The Properties, or any portion thereof, for tax-exempt status. Such amendment shall become effective upon the date of its recordation in the Wake County Registry.

Section 10. Joinder of Wakefield Developers LLC Lenders.

(a) CIG International, Ltd., Agent, and Charles L. Steel, IV, Trustee, join the execution of this Declaration for the purpose of acknowledging and agreeing that the lien of the deed of trust from Wakefield Developers, LLC to Charles L. Steel, IV, Trustee and CIG International Ltd., Agent, recorded in the Registry in Book 7411, Page 0785, as amended, and all liens against The Properties evidenced by Uniform Commercial Code Financing Statements in favor of CIG International, Ltd., Agent, filed in the Registry and in the office of the North Carolina Secretary of State as of the date of recordation of this Declaration in the Registry, is and shall be subject and subordinate to the terms of this Declaration with respect to all portions of The Properties subject to such liens, such that, upon any foreclosure or deed or other proceedings in lieu of foreclosure of the said deed of trust, or upon any other action taken to enforce any liens under the deed of trust

or any of the Uniform Commercial Code Financing Statements, this Declaration shall remain in force and effect with respect to all such portions of The Properties, and this Declaration shall not be void as a result of any such foreclosure , deed or other proceeding in lieu of foreclosure or other action.

(b) Harbourton Financial Corp. assignee of Harbourton Residential Capital Co., L.P., and J. Kenneth McLendon or Paula M. Morgan, Trustees (the signature of any one of said Trustees being sufficient), join in the execution of this Declaration for the purpose of acknowledging and agreeing that the lien of the deed of trust from Wakefield Developers, LLC, to J. Kenneth McLendon or Paula M. Morgan, Trustees and Harbourton Residential Capital Co., L.P. or Harbourton Financial Corp. , recorded in the Registry in Book 7809, Page 0680, as supplemented and/or amended and all liens against The Properties evidenced by Uniform Commercial Code Financing Statements in favor of Harbourton Residential Capital Co., L.P., filed in the Registry and in the office of the North Carolina Secretary of State as of the date of recordation of this Declaration in the Registry, is and shall be subject and subordinate to the terms of this Declaration with respect to all portions of The Properties subject to such liens, such that, upon any foreclosure or deed or other proceeding in lieu of foreclosure of the said deed of trust, or upon any other action taken to enforce any liens under the above-described deed of trust or any of the Uniform Commercial Code Financing Statements, this Declaration shall remain in force and effect with respect to all such portions of The Properties, and this Declaration shall not be void as a result of any such foreclosure, deed or other proceeding in lieu of foreclosure or other action.

IN WITNESS WHEREOF, each person who is executing this instrument in an individual capacity has adopted the word "SEAL" beside his or signature below as his or her seal for the execution hereof, each corporate party who is executing this instrument has caused this instrument to be signed in its corporate name by its duly authorized officers and its corporate seal to be affixed hereto, all by authority of its Board of Directors duly given, each limited liability company party who is executing this Declaration has adopted the word "SEAL" appearing beside its name below as its seal for the execution of this Declaration, and has caused this Declaration to be executed in its company name by its duly authorized manager or general manager, and each general or limited partnership party who is executing this instrument has adopted the word "SEAL" appearing beside its name below as its seal for the execution of this Declaration, and has caused this Declaration to be executed in its partnership name by its duly authorized general partner or managing general partner, on the dates indicated in the respective acknowledgments of such signatures, the last date of which shall be the date of execution of this Declaration.

PARAMOUNT HOMES, INC.

ATTEST:

PARAMOUNT HOMES, INC. CORPORATE SEAL 1987 NORTH CAROLINA

BY: _____
President

_____
Attest Secretary

NORTH CAROLINA
~~WAKE~~ COUNTY
JOHNSTON

I, a Notary Public of the County and State aforesaid, certify that Jennifer R. Carey, personally came before me this day and acknowledged that s he is _____ Secretary of Paramount Homes, Inc., a North Carolina Corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal and attested by her as its _____ Secretary.

WITNESS my hand and notarial stamp or seal, this 15 day of February, 1999.

Rhonda C Manion
NOTARY PUBLIC

My Commission Expires: 6-19-2000

Paramount Wakefield Restrictive Covenants.doc

RHONDA C. MANION
NOTARY
***
PUBLIC
JOHNSTON COUNTY, N.C.

Wakefield Developers, LLC, dba in North Carolina as Wakefield Plantation Developers LLC (SEAL)

BY: _____ **(SEAL)**

General Manager

STATE OF MARYLAND
COUNTY OF PRINCE GEORGES

I, Jill Goldsmith, a Notary Public of the County and State aforesaid, certify that Brian Foster, General Manager of Wakefield Developers, LLC, a Maryland limited liability company doing business in North Carolina as Wakefield Plantation Developers LLC, personally appeared before me this day and acknowledged that he is a General Manager of said company and that he executed this Declaration on behalf of and as the act of the company by authority duly given. Witness my hand and official stamp or seal, this 4th day of February, 1999.

JILL GOLDSMITH NOTARY * * * PUBLIC WAKE COUNTY, N.C.

Jill Goldsmith
Notary Public

My commission expires: 3-21-99

ANVIL INVESTMENTS LLC (SEAL)

BY: Timothy R Smith (SEAL)
Manager

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, Kenneth L. Eagle, a Notary Public of the County and State aforesaid, certify that Timothy R. Smith, Manager of Anvil Investments LLC, a North Carolina limited liability company , personally appeared before me this day and acknowledged that he is a Manager of said company and that he executed this Declaration on behalf of and as the act of the company by authority duly given. Witness my hand and official stamp or seal, this 10th day of February, 1999.

KENNETH L EAGLE NOTARY * * * PUBLIC WAKE COUNTY, N.C.

Kenneth L. Eagle
Notary Public

My commission expires: 7-10-00

Harbourton Financial Corp.

Attest:

Paula M Morgan
Secretary

By: _____
President

(affix corporate seal here)

HARBOURTON FINANCIAL Corp. CORPORATE SEAL

State of Maryland
County of Harford

I, Wendy J. Trostle, a Notary Public of the County and State aforesaid, certify that Paula M. Morgan personally appeared before me this day and acknowledged that he/she is the _____ Secretary of Harbourton Financial Corp., a Delaware corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its corporate name by its _____ President, sealed with its corporate seal, and attested by him/her as its _____ Secretary.

Witness my hand and official stamp or seal, this 11 day of February, 1999.

Wendy J. Trostle
Notary Public
My Commission Expires: 8/20/01

WENDY J. TROSTLE NOTARY PUBLIC HARFORD COUNTY, MD

Paula M Morgan (SEAL) or J Kenneth McLendon (SEAL)

Paula M. Morgan
Trustee

J. Kenneth McLendon
Trustee

STATE OF ~~VIRGINIA~~ Maryland

COUNTY OF ~~FAIRVAX~~ Harford

I, Wendy J. Trostle, a Notary Public of the County and State aforesaid, certify that _____ Paula M. Morgan, Trustee, or _____ J. Kenneth McLendon, Trustee, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 11 day of February, 1999.

Wendy J. Trostle
Notary Public

My Commission Expires: 8/20/01

WENDY J. TROSTLE NOTARY PUBLIC HARFORD COUNTY, MD

CIG International, Ltd., Agent

BY: _____
President

_____
Secretary
(affix appropriate seal here)

STATE OF _____

COUNTY OF _____
or District of Columbia

I, Kathleen M. Coleman, a Notary Public of the County and State aforesaid, certify that Mioko Mills, personally came before me this day and acknowledged that he/she Assistant Secretary of CIG International Ltd., Agent, a District of Columbia corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its corporate name by its _____ President, sealed with its corporate seal and attested by him/her as its Assistant Secretary.

WITNESS my hand and notarial stamp or seal, this 8th day of February, 1999.

_____
NOTARY PUBLIC

My Commission Expires: 3-31-02

KATHLEEN M. COLEMAN NOTARY PUBLIC DISTRICT OF COLUMBIA

Charles L Steel (SEAL)
Charles L. Steel, IV
Trustee

STATE OF NORTH CAROLINA

COUNTY OF ~~WAKE~~ Durham

I, Deborah E. Jolley, a Notary Public of the County and State aforesaid, certify that Charles L. Steel, IV, Trustee, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 9th day of February, 1999.

Deborah E. Jolley
Notary Public

My Commission Expires: 3-24-2001

OFFICIAL SEAL
DEBORAH E. JOLLEY
Notary Public-North Carolina
WAKE COUNTY
My Commission Expires
March 24, 2001

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate S of Rhonda C. Manion
Jill Goldsmith
Kenneth L. Eagle
Wendy J. Trostle
Notar(y)(ies) Public

Kathleen M. Coleman
Deborah E. Jolley

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

LAURA M. RIDDICK, Register of Deeds

By P. Anne Redd
Asst./~~Deputy~~ Register of Deeds

EXHIBIT A

Portion of Existing Property owned by the Declarant:

Lying and being in the City of Raleigh, Wake County, North Carolina, in the Wakefield Plantation development, and being more particularly described as follows:

LOT NOS. 5001 though 5008 with an area of 1.45 acres more or less, as shown on a plat entitled "Club Villas Townhouse Development Phase 1 Wakefield Plantation" recorded in the Wake County Registry in Book of Maps 1999, Page 228, through 230, said plat being incorporated by references as if fully set out herein.

EXHIBIT A-1

Portion of Existing Property owned by Wakefield Developers, LLC:

Lying and being in the City of Raleigh, Wake County, North Carolina, in the Wakefield Plantation development, and being more particularly described as follows:

ALL OF that certain real property described as follows on a plat entitled "Club Villas Townhouse Development Phase 1 Wakefield Plantation", recorded in the Wake County Registry in Book of Maps 1999, Page 228 through 230, said plat being incorporated by reference as if fully set out herein:

1. Village Stone Court Variable Width Private Street, containing 0.11 acres, more or less.

2. That certain 0.03 acre, more or less portion of Carriage Oaks Dr. 25' Private Street shown as "Hatched Area Was Recombined With Lot E Tract B Map Book 1998, Page 2148-2149 Area = 1396.71 s.f. 0.03 acres.

3. The Sub-Association Common Open Space for Block 1, shown as "Sub-assoc. Common OPEN SPACE 1 10,827 s.f. 0.25 ac".

4. The Sub-Association Common Open Space for Block 2 shown as "Sub-assoc. Common OPEN SPACE BLOCK 2 10,559 S.F. 0.24 AC".

5. All of "BLOCK 3", consisting of Lot Nos. 5009 through 5012 with an area of .69 acres, more or less, and Sub-assoc. Common OPEN SPACE containing 0.30 acres.

EXHIBIT A-2

Portion of Existing Property owned by Anvil Investments LLC

Lying and being in the City of Raleigh, Wake County, North Carolina, in the Wakefield Plantation development, and being more particularly described as follows:

ALL OF that certain real property constituting the right of way of " CARRIAGE OAKS DR. 25' PRIVATE STREET", containing 0.28 acres, more or less, as shown on a plat entitled "Club Villas Townhouse Development Phase 1 Wakefield Plantation", recorded in the Wake County Registry in Book of Maps 1999, Pages 228 through 230 , said plat being incorporated by reference as if fully set out herein, saving and excepting therefrom that certain 0.03 acre, more or less, portion thereof identified on said plat as "Hatched Area Was Recombined With Lot E Tract B Map Book 1998 Page 2148 & 2149 Area = 1396.71 SF/ 0.03.AC."

EXHIBIT B

Lying and being in the City of Raleigh, Wake County, North Carolina, in the Wakefield Plantation development, and being more particularly described as follows:

ALL of Lot 29, containing 0.89 acres, more or less, Lot 30, containing 2.515 acres, more or less, and Lot 31, containing 11.23 acres, more or less, as said Lots are shown on a plat entitled "Club Villas Townhouse Development Phase 1 Wakefield Plantation", recorded in Book of Maps 1999, Pages 228 through 230, said plat being incorporated by reference as if fully set out herein.

EXHIBIT C

Lying and being in the City of Raleigh, Wake County, North Carolina, in the Wakefield Plantation development, and being more particularly described as follows:

THAT CERTAIN real property identified as "CLUB HOUSE LOT 11.78 AC." on a plat entitled 'WAKEFIELD PLANTATION TOURNAMENT PLAYERS CLUB" and recorded in the Wake County Registry in Book of Maps 1998, Page 1292 through 1294, said plat being incorporated by reference as if fully set out herein.

BK8250PG0727

FOR REGISTRATION
99 FEB 16 AM 10:58
LAURA M. RIDDICK
REGISTER OF DEEDS
WAKE COUNTY

PREPARED BY AND HOLD FOR: Harold E. Russell, Jr., #167 00029

NORTH CAROLINA
WAKE COUNTY

DECLARATION OF CLUSTER UNIT DEVELOPMENT OF CLUB VILLAS AT WAKEFIELD PLANTATION

THIS DECLARATION OF CLUSTER UNIT DEVELOPMENT ("Cluster Unit Declaration") is entered into this 15th day of February, 1999, by PARAMOUNT HOMES, INC., ANVIL INVESTMENTS LLC and WAKEFIELD DEVELOPERS LLC. d/b/a in North Carolina as Wakefield Plantation Developers, LLC.

RECITALS

A. Club Villas at Wakefield Plantation (the "Subdivision") is a proposed cluster unit development subject to the provisions of the City Code of Raleigh and is anticipated to encompass 17.95 acres more or less as shown on that certain plat recorded in Book of Maps 1998, Page 1616, Wake County Registry (Club Villas at Wakefield Plantation Land). The first phase of said Club Villas at Wakefield Plantation is as shown on a map entitled "Club Villas Townhouse Development, Wakefield Plantation" recorded in Book of Maps 1999, Page 228-230 , Wake County Registry.

B. The first phase of Club Villas at Wakefield Plantation is subject to the Declaration of Covenants, Conditions and Restrictions for Club Villas at Wakefield Plantation recorded in Book 8250, Page 688, Wake County Registry (the "Declaration of Covenants").

C. Since the Subdivision contains a private street off of Wakefield Plantation Drive, which private street will serve the entire Subdivision, the City Code of Raleigh requires that all of Club Villas at Wakefield Plantation Land be developed as now approved for cluster development.

D. That Paramount Homes, Inc., has the contractual rights to purchase all the land as shown in said Book of Maps 1998, Page 1616, Wake County Registry which land is currently owned in part by both Anvil Investments LLC and Wakefield Developers LLC.

E. That Paramount Homes, Inc., Anvil Investments LLC as current owner of Lot 31 as shown in book of Maps 1999, Page 230, and Wakefield Developers LLC as current owners of Lot 29 and 30 as shown in Book of Maps 1999, Page 230, by execution of this Declaration agree to be bound by its terms and conditions.

26a

NOW, THEREFORE, Paramount Homes, Inc., Wakefield Developers LLC and Anvil Investments LLC hereby declares and states that all of the lands lying within the anticipated cluster unit development, being all of the Club Villas at Wakefield Plantation Land are hereby subject to and encumbered by the requirement that Paramount Homes, Inc., and any other owner of any of the aforesaid lands lying within the Club Villas at Wakefield Plantation Land shall build in general conformity with the preliminary cluster unit development plan approved by the City of Raleigh and on file with the Raleigh Planning Department (S-130-96) as the same may be amended from time to time. All parties to this Declaration hereby agree that lands lying within the Club Villas at Wakefield Plantation Land shall be annexed and made subject to the Declaration of Covenants on or before December 31, 2007. This Declaration and the covenants and requirements set forth herein shall automatically expire without further act or deed when the lands subject to the Declaration of Covenants and the recorded portions of the Subdivision contain all of the land shown on the plat recorded in Book of Maps 1998, Page 1616, Wake County Registry. If these covenants and requirements set forth herein have not expired before December 31, 2007, by virtue of the foregoing sentence, then all of the lands lying within the Club Villas at Wakefield Land without further act or deed shall automatically be subject to the Declaration of Covenants and deemed part of The Properties (as such term is defined in the Declaration of Covenants).

This Cluster Unit Declaration shall not be amended, modified or terminated (except as expressly provided herein) without the express written consent of the Raleigh City Attorney or his designee; the failure to obtain such consent renders any amendment, modification or termination void **ab initio.**

The covenants, terms and conditions herein shall run with the lands lying within the Club Villas at Wakefield Land and shall be binding upon Paramount Homes, Inc., Anvil Investments LLC and Wakefield Developers LLC their grantees, successors and assigns for the benefit of other lands lying within and as an appurtenance to the Club Villas at Wakefield Plantation Land.

CIG International, Ltd., Agent, and Charles L. Steel, IV, Trustee, join the execution of this Declaration for the purpose of acknowledging and agreeing that the lien of the deed of trust from Wakefield Developers, LLC to Charles L. Steel, IV, Trustee and CIG International Ltd., Agent, recorded in the Registry in Book 7411, Page 0785, as amended, and all liens against The Properties evidenced by Uniform Commercial Code Financing Statements in favor of CIG International, Ltd., Agent, filed in the Registry and in the office of the North Carolina Secretary of State as of the date of recordation of this Declaration in the Registry, is and shall be subject and subordinate to the terms of this Declaration with respect to all portions of The Properties subject to such liens, such that, upon any foreclosure or deed or other proceedings in lieu of foreclosure of the said deed of trust, or upon any other action taken to enforce any liens under the said deed of trust or any of the Uniform Commercial Code Financing Statements, this Declaration shall remain in force and effect with respect to all such

portions of The Properties, and this Declaration shall not be void as a result of any such foreclosure , deed or other proceeding in lieu of foreclosure or other action.

Harbourton Financial Corp., assignee of Harbourton Residential Capital Co., L.P., and J. Kenneth McLendon or Paula M. Morgan, Trustees (the signature of any one of said Trustees being sufficient), join in the execution of this Declaration for the purpose of acknowledging and agreeing that the lien of the deed of trust from Wakefield Developers, LLC, to J. Kenneth McLendon or Paula M. Morgan, Trustees and Harbourton Residential Capital Co., L.P., recorded in the Registry in Book 7809, Page 0680, as supplemented and/or amended and all liens against The Properties evidenced by Uniform Commercial Code Financing Statements in favor of Harbourton Residential Capital Co., L.P., filed in the Registry and in the office of the North Caroline Secretary of State as of the date of recordation of this Declaration in the Registry, is and shall be subject and subordinate to the terms of this Declaration with respect to all portions of The Properties subject to such liens, such that, upon any foreclosure or deed or other proceeding in lieu of foreclosure of the said deed of trust, or upon any other action taken to enforce any liens under the above-described said deed of trust or any of the Uniform Commercial Code Financing Statements, this Declaration shall remain in force and effect with respect to all such portions of The Properties, and this Declaration shall not be void as a result of any such foreclosure, deed or other proceeding in lieu of foreclosure or other action.

IN WITNESS WHEREOF, each person who is executing this instrument in an individual capacity has adopted the word "SEAL" beside his or signature below as his or her seal for the execution hereof, each corporate party who is executing this instrument has caused this instrument to be signed in its corporate name by its duly authorized officers and its corporate seal to be affixed hereto, all by authority of its Board of Directors duly given, each limited liability company party who is executing this Declaration has adopted the word "SEAL" appearing beside its name below as its seal for the execution of this Declaration, and has caused this Declaration to be executed in its company name by its duly authorized manager or general manager, and each general or limited partnership party who is executing this instrument has adopted the word "SEAL" appearing beside its name below as its seal for the execution of this Declaration, and has caused this Declaration to be executed in its partnership name by its duly authorized general partner or managing general partner, on the dates indicated in the respective acknowledgments of such signatures, the last date of which shall be the date of execution of this Declaration.

PARAMOUNT HOMES, INC. CORPORATE SEAL 1987 NORTH CAROLINA

PARAMOUNT HOMES, INC.

BY: _____
President

ATTEST:

_____
Secretary

STATE OF NORTH CAROLINA

COUNTY OF JOHNSTON

I, Rhonda C. Manion, Notary Public of the County and State aforesaid, certify that Jennifer R. Carey, personally appeared before me this day and acknowledged that he is President of Paramount Homes, Inc., a North Carolina Corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal and attested by Jennifer R. Carey as its _____ Secretary.

Witness my hand and official stamp or seal, this 15 day of February, 1999.

_____
Notary Public

6-19-2000
My commission expires:

RHONDA C. MANION NOTARY *** PUBLIC JOHNSTON COUNTY, N.C.

Wakefield Developers, LLC, dba in North Carolina as Wakefield Plantation Developers LLC (SEAL)

BY: _____ **(SEAL)**

General Manager

STATE OF MARYLAND
COUNTY OF PRINCE GEORGES

I, Jill Goldsmith, a Notary Public of the County and State aforesaid, certify that Brian Foster, General Manager of Wakefield Developers, LLC, a Maryland limited liability company doing business in North Carolina as Wakefield Plantation Developers LLC, personally appeared before me this day and acknowledged that he is a General Manager of said company and that he executed this Declaration on behalf of and as the act of the company by authority duly given. Witness my hand and official stamp or seal, this 4th day of February, 1999.

JILL GOLDSMITH NOTARY * * * PUBLIC WAKE COUNTY, N.C.

Jill Goldsmith
Notary Public

My commission expires: 3.21.99

ANVIL INVESTMENTS LLC (SEAL)

BY: Timothy R Smith (SEAL)
Manager

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, Kenneth L. Eagle, a Notary Public of the County and State aforesaid, certify that Timothy R. Smith, Manager of Anvil Investments LLC, a North Carolina limited liability company , personally appeared before me this day and acknowledged that he is a Manager of said company and that he executed this Declaration on behalf of and as the act of the company by authority duly given. Witness my hand and official stamp or seal, this 10th day of February, 1999.

Kenneth L. Eagle
Notary Public

My commission expires: 7-10-00

KENNETH L. EAGLE NOTARY * * * PUBLIC WAKE COUNTY, N.C.

CIG International, Ltd., Agent

ATTEST: _____
Secretary
(affix corporate seal here)

BY: _____
President

~~**STATE OF**~~ _____

~~**COUNTY OF**~~ _____
or District of Columbia

I, Kathleen M. Coleman, a Notary Public of the County and State aforesaid, certify that Mieko Miller, personally came before me this day and acknowledged that he/she Assistant Secretary of CIG International Ltd., Agent, a District of Columbia corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its corporate name by its _____ President, sealed with its corporate seal and attested by him/her as its ~~Assistant~~ Secretary.

WITNESS my hand and notarial stamp or seal, this 8th day of February, 1999.

Kathleen M. Coleman
NOTARY PUBLIC

My Commission Expires: 3-31-02

KATHLEEN M. COLEMAN NOTARY PUBLIC DISTRICT OF COLUMBIA

Charles L Steel (SEAL)
Charles L. Steel, IV
Trustee

STATE OF NORTH CAROLINA

COUNTY OF ~~WAKE~~ Durham

I, Deborah E. Jolley, a Notary Public of the County and State aforesaid, certify that Charles L. Steel, IV, Trustee, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 9th day of February, 1999.

Deborah E. Jolley
Notary Public

My Commission Expires: 3-24-2001

OFFICIAL SEAL
DEBORAH E. JOLLEY
Notary Public-North Carolina
WAKE COUNTY
My Commission Expires
March 24, 2001

Harbourton Financial Corp.

Attest:

Paula M Morgan
Secretary

By: [signature]
President

(affix corporate seal here)

HARBOURTON FINANCIAL CORP. CORPORATE SEAL

State of Maryland
County of Harford

I, Wendy J. Trostle, a Notary Public of the County and State aforesaid, certify that Paula M. Morgan personally appeared before me this day and acknowledged that he/she is the _____ Secretary of Harbourton Financial Corp., a Delaware corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its corporate name by its _____ President, sealed with its corporate seal, and attested by him/her as its _____ Secretary.

Witness my hand and official stamp or seal, this 11 day of February, 1999.

Wendy J Trostle
Notary Public
My Commission Expires: 8/20/01

WENDY J. TROSTLE NOTARY PUBLIC HARFORD COUNTY

Paula M. Morgan (SEAL) or _____ (SEAL)
Paula M. Morgan
Trustee

J. Kenneth McLendon
Trustee

STATE OF ~~VIRGINIA~~ Maryland

COUNTY OF ~~FAIRVAX~~ Harford

I, Wendy J. Trostle, a Notary Public of the County and State aforesaid, certify that _____ Paula M. Morgan, Trustee, or _____ J. Kenneth McLendon, Trustee, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 11 day of February, 1999.

Wendy J. Trostle
Notary Public

My Commission Expires: 8/20/01

NOTARY PUBLIC HARFORD CO. WENDY J. TROSTLE

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate___of Rhonda C. Manion, Jill Goldsmith, Kenneth L. Eagle, Kathleen M. Coleman, Deborah E. Jolley, Wendy J. Trostle

Notar(y)(ies) Public

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

LAURA M. RIDDICK, Register of Deeds

By P. Anne Reed
Asst./~~Deputy~~ Register of Deeds