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Cary, North Carolina 27511

DECLARATION OF

COVENANTS, RESTRICTIONS AND EASEMENTS

FOR

KITTS CREEK

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DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR KITTS CREEK

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS is made by KCR Developers, LLC, a North Carolina Limited Liability Company (the "Declarant") ExperienceOne Homes, LLC, a North Carolina limited liability company ("ExperienceOne"), Southland Associates, Inc., a North Carolina Corporation (the "Trustee") and SunTrust Bank, a Georgia Corporation ("SunTrust").

W I T N E S S E T H:

WHEREAS, Declarant is the owner of that tract or parcel of land described on Exhibit A-1 attached hereto (the "Declarant Property"); and,

WHEREAS, ExperienceOne is the owner of that tract or parcel of land described on Exhibit A-2 attached hereto (the "ExperienceOne Property"); and,

WHEREAS, ExperienceOne has executed Deeds of Trust to Trustee for SunTrust pledging portions of the ExperienceOne Property to secure indebtedness from ExperienceOne to SunTrust, said Deeds of Trust having been heretofore recorded in the Office of the Wake County Registry; and,

WHEREAS, the Declarant Property and the ExperienceOne Property is referred to herein together as the "Property"; and,

WHEREAS, Declarant and ExperienceOne intend to impose on the Property mutually beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the Property and to establish a procedure for the overall development, administration, maintenance and preservation of the Property; and,

WHEREAS, in furtherance of such plan, it is desirable to create Kitts Creek Homeowners Association, Inc. (the "Association") to own, operate, maintain and/or manage, as applicable, the Area of Common Responsibility (as defined below) and to administer and enforce the covenants and restrictions and design guidelines imposed hereby and by other Governing Documents; and,

WHEREAS, it is intended that every Owner (as defined below) of any of the Lots (as defined below) automatically, and by reason of such ownership and this Declaration, become a Member of the Association and be subject to its rules and regulations and the assessments and charges made by the Association as provided herein.

NOW THEREFORE, Declarant, with respect to the Declarant Property, and ExperienceOne, with respect to the ExperienceOne Property, hereby submit their respective portions of the Property to the provisions of this Declaration. Trustee and Suntrust do hereby join in the execution of this Declaration for the purpose of subjecting the ExperienceOne Property that has been pledged to secure indebtedness from ExperienceOne to SunTrust to the provisions of this Declaration.

ARTICLE I.
DEFINITIONS

As used in this Declaration, the following terms shall have the meanings ascribed to them in this Article, such definitions being cumulative of those set forth elsewhere in this Declaration. When these and other defined words or terms herein have an initial capital letter or letters, however, it is not required that their use in the Declaration have initial capital letters in order to have the defined meaning. When two different words or groups of words are defined as part of the same definition (for example, "Common Area" and "Common Property"), those words or groups of words each have that definition when used herein and may be used interchangeably herein. Terms and words used herein without definition shall have the meanings, if any, specified therefor in the "Definitions" section of the Act or, if not defined in the Act, in the "Definitions" section of the Nonprofit Corporation Act, or if not defined in either the Act or Nonprofit Corporation Act, any applicable definitions section of any other Legal Requirement, and, in the event of any conflict between the definitions contained herein and the definitions contained in the Act, the Nonprofit Corporation Act or the other Legal Requirement, the Act or Nonprofit Corporation Act or other Legal Requirement, in that order and as appropriate, shall control.

"Act" shall mean the North Carolina Planned Community Act, as it exists from time to time, which Act is codified in Chapter 47F of the North Carolina General Statutes at the time of the recording of this Declaration.

"Additional Property" shall mean any and all real property lying and being within five (5) miles of any boundary of the Property, as such boundaries exist from time to time. Additional Property shall not be part of the Property subject to this Declaration until it has been annexed (or subjected) to this Declaration in the manner required in Article II of this Declaration.

"Annexation Declaration" shall mean a document, by whatever name denominated, that is recorded for the purposes of annexing Additional Property to this Declaration and causing such Additional Property to be subject to the scheme of covenants, charges, conditions and restrictions contained in this Declaration and including any additional covenants, charges, conditions and restrictions contained in the Annexation Declaration.

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

"Architectural Control Committee", or "ACC" shall mean those individuals appointed to have jurisdiction over construction on or within any portion of the Property and responsibility for administration of design guidelines, as more fully described in the Article entitled "ARCHITECTURAL CONTROL".

"Architectural Guidelines" shall mean the guidelines and standards from time to time adopted and in effect with respect to dwellings and other improvements in the Property.

"Area of Common Responsibility" shall mean the Common Areas, together with any additional areas, if any, which by the terms of the Governing Documents, or by any Legal Requirement, or by contract or agreement with any other Person, become the responsibility of the Association.

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

"Association" shall mean Kitts Creek Homeowners Association, Inc., a North Carolina nonprofit corporation.

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

"Builder" is defined as a Person, other than the Declarant, who constructs residential dwellings for resale to other Persons, and who purchases or becomes the Owner of one or more Lots within the Property for the purpose of constructing thereon one or more residential dwellings for resale to other Persons. "Builders" refers to all such persons or entities collectively.

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

"Common Area" (or "Common Property", the terms Common Area and Common Property being used interchangeably herein, whether referring to Common Area or Limited Common Area) shall mean, singularly or collectively, as applicable, all real property (including all improvements thereon except for any such improvements owned or possessed by another Person, such as a Governmental Entity or a Person who provides utility services to any part or all of the Property) and personal property, including easements, which the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners. The term Common Area shall include the Limited Common Area, as defined below. Portions of the Property that are owned by or subject to being maintained by a Neighborhood Association are not Common Area or Limited Common Area, even if it is referred to in this Declaration or in any Plat of the Property as Common Area or Limited Common Area. All references herein or in any recorded plat of the Property to any real property as Common Area or Limited Common Area, which real property is owned or subject to being maintained by a Neighborhood

Association, are deemed corrected accordingly. (Note: This definition of Common Area is broader than the definition of "common elements" under the Act.)

"Common Expenses" shall mean and include all of the expenses incurred by the Association in maintaining the Area of Common Responsibility, including reserves for future expenses, and in paying for all of its other obligations and liabilities under the Act, Legal Requirements, and the Governing Documents, whether or not the particular Common Expense is specifically described herein. Common Expenses also include all expenses for which the Association is liable under any contract or agreement entered into by the Association or by the Declarant on behalf of the Association as allowed herein. Expenses related to Limited Common Area are Neighborhood Expenses, which is a subcategory of Common Expenses.

"Community Wide Standards" shall mean the standard of conduct, maintenance or other activity generally prevailing throughout the Property. Such standard shall initially be established by the Declarant and may be more specifically determined by the Board of Directors or the Architectural Control Committee. The Community Wide Standards may change at any time and from time to time as development of the Property progresses and/or as the needs and desires change within the Property. During the Development Period the Declarant has the right to establish all of the Community Wide Standards, including amending any Community Wide Standards established by the Board of Directors or Architectural Control Committee.

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

"Declarant" shall mean KCR Developers, LLC, a North Carolina Limited Liability Company and shall include any successor or assign who shall acquire any portion of the Property for the purpose of development and/or sale and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant; provided, however, that there shall be only one "Declarant" hereunder at any one time.

"Declarant Control Period" shall mean the period of time commencing on the date of recording of the Declaration and ending on the date on which the first of the following occurs:

(i) the date on which all of the Lots permitted by the Subdivision Plan (i) have dwellings thereon for which certificates of occupancy have been issued and (ii) have been conveyed to Class A Members other than Builders or ExperienceOne. Provided, until such time as the Declarant Control Period ends under any other subparagraph of this definition, without the possibility of any reinstatement, the Declarant Control Period shall be reinstated automatically from time to time as the Subdivision Plan is revised such that the foregoing requirements for termination of the Declarant Control Period no longer are met; or

(ii) voluntary termination of the Declarant Control Period by a written instrument executed by Declarant and recorded in the Registry; or

(iii) termination of the Declarant Control Period required by any Legal Requirement; or

(iv) 5:00 p.m. on December 31, 2031.

Declarant has the sole authority to resolve any issues or disputes regarding the date on which the Declarant Control Period ends or is reinstated.

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

"Development Period" shall mean the period of time from the date of recording of this Declaration through and including 5:00 p.m. on the last of the following dates to occur:

(a) the last day on which Declarant owns any portion of the Property; or

(b) the last day on which Declarant has the unilateral right to subject Additional Property to this Declaration pursuant to Article II; or

(c) the date that is five (5) years after the date of recording of the most recent Annexation Declaration subjecting Additional Property to the Declaration; or

(d) the date of release of the last bond (or letter of credit or other, similar financial guarantee) posted by Declarant with the City in connection with Declarant's development of the Property or any portion thereof; or

(e) the date on which a certificate of occupancy is issued for initial construction of a dwelling on the last Lot in the Properties remaining after certificates of occupancy have been issued for dwellings on all other Lots in the Properties and the last Improved Lot has been transferred to a Person other than a Builder or ExperienceOne. For example, if there are 500 total Lots in the Properties, this is the date on which a certificate of occupancy is issued for the initial dwelling on the 500th Lot and all 500 Improved Lots have been transferred to Persons other than Builders or ExperienceOne; or

(f) 5:00 p.m. on December 31, 2031.

Notwithstanding the foregoing, if Declarant is delayed in the development of any part or all of the Property as a result of a sanitary sewer, water or building permit moratorium, or as the result of some other cause or event beyond Declarant's control, then the foregoing applicable time period shall be extended by the amount of time of the delay. Provided, however, Declarant may terminate the Development Period at any time by recording a termination instrument in the Registry. Except in the case of voluntary termination by the Declarant, the Development Period also shall include any periods of time after the applicable termination event during which Declarant is conducting any activity within the Property that is required by Legal Requirements or for Declarant to fulfill any obligation to a Governmental Entity, the Association, or any

Owner with respect to any portion of the Property. In the event of an assignment of Declarant rights, with respect to the rights assigned the Development Period shall remain in full force and effect through the applicable periods of time as they relate to the assignee rather than the original Declarant hereunder. Declarant has the sole authority to resolve any issues or disputes regarding the date on which the Development Period ends.

"Development Plan" shall mean the most current land use or development plan approved by the applicable Governmental Entity for the Property or any part thereof, whether the approval is preliminary or final, and regardless of any name other than Development Plan under which it approved by the Governmental Entity (for example, site plan, subdivision plan, cluster unit development plan, or master plan for a planned unit development). Declarant reserves the right, in its sole discretion but subject to Legal Requirements, to modify any Development Plan in whole or in part, including the addition or deletion of real property and including the reconfiguration of Lots and Common Area. The fact that real property is included on the Development Plan does not obligate Declarant to subject it to the Declaration, nor shall Declarant be prohibited from subjecting to the Declaration any property that is not included on the Development Plan.

"Exempt Property" means all portions of the Property included within any of the following categories:

(1) Common Area (provided, however, a Lot on which Common Area is located – for example, a Lot on which there is an easement constituting Common Area, is not exempt from assessments);

(2) property owned by, or dedicated to and accepted by, the City or a utility, including property within the right-of-way of publicly-dedicated streets and roads, unless such property is a Lot that has a dwelling thereon (and provided, that a Lot is not exempt from assessments because it has an easement located on it that has been dedicated to the City or a public utility);

(3) property owned by a Neighborhood Association, other than Lots; and

(4) to the extent that such exemption is granted by the Declarant, during the Development Period, and thereafter by the Board, property owned by a Person qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code, as long as such Person owns and uses such property for one or more of the purposes listed in Section 501(c) of the Internal Revenue Code.

Exempt Property shall not be subject to the assessments provided for herein, and the Owner of such Exempt Property shall have no membership or voting rights in the Association associated with the ownership of such Exempt Property. Furthermore, unless and until such time, if any, as it loses its Exempt status, except as otherwise provided herein all Exempt Property owned by or subject to an easement in favor of the City or a utility provider, and all Exempt Property within publicly-dedicated street rights-of-way, is exempt from all of the

provisions of the Declaration, except for the provisions of the Declaration with respect to any easements over such Exempt Property reserved in the Declaration by or for the Declarant, the Association, the City or any other Person, and except for provisions of the Declaration requiring Approved Plans for dwellings and associated improvements.

Exempt Property that loses its status as Exempt Property (*e.g.*, property within a publicly-dedicated street right-of-way that has been closed as a public street, property formerly owned by the City or a Section 501(c) tax-exempt organization which has been conveyed to a Person whose status does not qualify for the exemption) shall be reclassified to another type of property under this Declaration, as appropriate, and shall be subject to all of the terms and provisions of the Declaration in the same manner and to the same extent as other portions of the Property having the same classification. All issues with respect to reclassification of Exempt Property shall be resolved by the Declarant, during the Development Period, and thereafter by the Board.

"Fiscal Year" shall mean the calendar year until such time as the Board, by appropriate resolution, establishes a different Fiscal Year for the Association.

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

"Governing Documents" shall mean and include all of the following: this Declaration; the Articles and Bylaws of the Association; architectural guidelines and bulletins and rules and regulations of the Association; resolutions adopted by the Board; conditions of approval for development of any part or all of the property required by any Governmental Entity; Annexation Declarations; Supplemental Declarations; other declarations of restrictive or protective covenants applicable to the Property; and all Neighborhood Association documents (with respect to those portions of the Property subject to such Neighborhood Association documents), as the same may be amended, restated or supplemented from time to time. Any approvals granted by the Declarant under the Governing Documents shall be binding upon all successors to Declarant's approval authority.

"Governmental Entity", "City", or "Town" shall mean and include any and all of the following that are applicable to the particular matter or matters addressed in the Governing Documents: the Town of Morrisville, North Carolina; the Counties of Wake and Durham, North Carolina; the State of North Carolina; the United States of America; and all other governmental entities and quasi-governmental entities that have jurisdiction over the Property or any part thereof, including all applicable departments and agencies of any of them.

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

"Improvement" shall mean any improvement of or on any Lot or other applicable portion of the Property, including any or all of the following: dwellings and other buildings and structures (specifically including exterior materials, colors, size, location and architectural style); decks; patios; car port; porches; driveways; playhouse; motor vehicle and other parking areas;

exterior storage areas; exterior recreational areas, equipment and facilities; mailboxes; exterior antennae, dishes and other apparatus to receive or transmit radio, television, or microwave or other signals; fences; exterior walls; hedges; other landscaping (including planted areas, grassed areas, natural areas and the plant and other materials therein); poles; flags; exterior decorative features and items; ponds; lakes; staking, clearing, grading, filling, change in grade or slope, and other site preparation; swimming pools; coverings for windows and other glass portions of a dwelling or other building or structure (for example, curtains, blinds, and shutters), which coverings are visible from anywhere off of the Lot or other applicable portion of the Property; exterior lights and signs; lights and signs visible inside a dwelling or other building or structure from anywhere off of the Lot or other applicable portion of the Property; and all other items used or maintained on a Lot or other applicable portion of the Property outside of a dwelling or building or other structure located thereon or on the exterior surfaces of a dwelling or other building or structure on the Lot or other applicable portion of the Property. The definition of improvements includes both initial improvements and all subsequent alterations, changes and additions to same. The term "initial improvements" is defined as all of the improvements constructed or placed or located on a Lot or other applicable portion of the Property, or approved for construction, placement, or location on a Lot or other applicable portion of the Property, in accordance with either Approved Plans or Architectural Guidelines not requiring Approved Plans existing at the time of issuance of a certificate of occupancy for the dwelling on such Lot or other applicable portion of the Property. The examples of improvements stated for the purposes of this definition are not inclusive of all types of improvements and do not imply that all improvements listed as examples will be allowed in the Properties, and all improvements are subject to the architectural approval provisions of the Declaration. For the purposes of this definition, the word "exterior" means located on a Lot or other applicable portion of the Property outside of the dwelling or other building or structure thereon, as well as attached to the outside of (such as on a wall or roof) a dwelling, building, or other structure on a Lot or other applicable portion of the Property.

"Include" or "including" shall mean inclusive of, but not limited to, the particular matter described, unless otherwise clearly obvious from the context.

"Legal Requirement" shall mean and include any duly adopted and applicable law, ordinance, regulation or requirement of any Governmental Entity or quasi-governmental entity or agency having jurisdiction over the Property or any portion thereof, including any branch, department or division of any of the foregoing Governmental Entities and quasi-governmental entities.

"Limited Common Area" shall mean, singularly or collectively, as applicable, all real and personal property, including easements, which the Association owns, leases, or otherwise holds possessory or use rights in for the exclusive or primary and common use and enjoyment of one or more, but less than all, of the Neighborhoods or Lots in the Property, and which are designated as such by the Declarant, during the Development Period, or by the Association. At any time during the Development Period portions of the Property shown as Common Area on any Plats of the Property may be designated by the Declarant as Limited Common Area.

"Lot" (or "Unit") shall mean each portion of the Property shown on any of the Plats which may be independently owned and conveyed and which is intended for development, use, and occupancy, or actually is used or occupied, as an attached or detached residence for a single family. In the case of a structure containing multiple dwellings, each dwelling shall be deemed to be a separate Lot.

"Maintain", "maintenance", "maintaining", or any similar term used herein shall mean and include any one or more of the following, as the context requires or allows: acquisition, purchase, construction, re-construction, installation, maintenance, inspection, examination, upkeep, cleaning, renewal, alteration, repair, replacement, repainting, remodeling, restoration, removal, improvement, administration, operation, use, planting, mowing, cutting, trimming, pruning, fertilizing, watering and preservation.

"Member" shall mean a Person subject to membership in the Association pursuant to Article V hereof.

"Mortgagee" shall mean the beneficiary or payee under any mortgage or deed of trust, and the terms mortgage and deed of trust are deemed to refer to both mortgages and deeds of trust.

"Neighborhood" shall mean a group of Lots designated as a separate Neighborhood pursuant to Article II for purposes of sharing one or more Limited Common Areas, and/or receiving other benefits or services from the Association which may be common to those Lots and not provided to all Lots, and/or for the purpose of electing Voting Members. A Neighborhood may be comprised of more than one housing type and may include noncontiguous parcels of property. Neighborhood boundaries may be established and modified as provided in Article II hereof. A Neighborhood may, but shall not be required to, have a Neighborhood Association. Any Common Areas or Limited Common Areas that are conveyed or transferred to a Neighborhood Association by the Declarant or the Association cease to be Common Areas or Limited Common Areas from and after the recording in the Registry of the instrument of conveyance or transfer (or delivery of such instrument if it is not an instrument to be recorded in the Registry).

"Neighborhood Assessments" shall mean assessments levied against Lots in a particular Neighborhood to fund Neighborhood Expenses, as described in Article VI.

"Neighborhood Association" (or "Sub-Association") shall mean a nonprofit corporation organized and operated under the laws of the State of North Carolina as the property owners association for a portion of, but not all of, the Property. The jurisdiction of any Neighborhood Association over a Neighborhood is concurrent with, but subject to, the jurisdiction of the Association over that Neighborhood. There may be one or more Neighborhood Associations with respect to the Property. An example of a Neighborhood Association is a property owners association for a townhouse development or a condominium within a portion of the Property. A Neighborhood Association may impose assessments on the Lots subject to its jurisdiction in addition to assessments imposed under this Declaration for Common Expenses and

Neighborhood Expenses. All references herein to an Association that is, in fact, a Neighborhood Association, are deemed corrected accordingly.

"Neighborhood Expenses" shall mean the actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood, including maintenance of Limited Common Areas assigned to such Neighborhood, which expenses may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may be authorized pursuant to this Declaration or in any Supplemental Declaration applicable to such Neighborhood.

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

"Patio Area" shall mean the poured concrete (or other material approved by Declarant) area extending from the rear of a home as part of the original construction of an Improved Lot.

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

"Plans" shall mean the complete plans and specifications for a proposed improvement showing (where applicable) the size, shape, dimensions, materials, exterior finishes and colors, location on the applicable portion of the Property, driveway, parking areas, provisions for handling stormwater, landscaping, floor plans and elevations, and other items, all as specified from time to time in any applicable Architectural Guidelines or required by the Reviewer. "Approved Plans" shall mean Plans that have been approved by the Reviewer.

"Plats" shall mean all plats for any portion of the Property recorded in the Registry, including any amendments to such Plats recorded in the Registry.

"Porch" shall mean the front porch that is constructed as part of the original construction of each Improved Lot.

"Property" (or "Properties") shall mean all real property subject to this Declaration. The Property initially subject to this Declaration is described on Exhibits A-1 and A-2.

"Recreational Amenities" shall mean all equipment and facilities owned or leased or possessed by the Association for the use and benefit of the Members for recreational purposes, whether active or passive recreation (or, if part of Limited Common Area, for the use and benefit of the Members benefited by the Limited Common Area). Recreational Amenities may include any or all of the following: swimming pool; clubhouse; tennis courts; walking trails; exercise or play equipment; and ponds.

"Registry" shall mean the office of the Register of Deeds (or any successor office under applicable law) for the North Carolina County or Counties in which deeds, plats, easements, mortgages and deeds of trust for the Property are recorded. All references herein to recording or to any requirement to record a document or plat refer to recording in the Registry of the County or Counties in which the applicable portion of the Property is situated.

"Reviewer" shall mean the Declarant, Board, Architectural Control Committee, or other Person who has the authority to review and approve Plans under the architectural control provisions of this Declaration.

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

"Supplemental Declaration" shall mean an instrument recorded in the Registry which designates a Neighborhood and/or imposes restrictions and/or obligations on the land described in such instrument in addition or different from (when this Declaration allows) to those imposed by this Declaration. An "Annexation Declaration" also may be a Supplemental Declaration and a Supplemental Declaration also may be an Annexation Declaration.

"Stormwater Agreement" is defined as any agreement recorded in the Registry among the Declarant, the Association, and a Governmental Entity, or between the Declarant and a Governmental Entity, or between the Association and a Governmental Entity, relating to Stormwater Control Measures for the Property or any part thereof, and includes all amendments and supplements to such agreements.

"Stormwater Control Measures" or "Stormwater Control Facilities", such terms being used interchangeably herein and in the Stormwater Agreement, is defined as one or more of the following devices and measures, together with associated private stormwater drainage easements (however identified on a plat or in a document) that serves any part or all of the Property: conduits, inlets, channels, pipes, level spreaders, ditches, grassed swales, sand filters, wetponds, dry detention basins, wetlands, permanently protected undisturbed open space areas, bio-retention areas, retention or detention ponds, and other devices and measures, necessary to collect, convey, store, and control stormwater runoff and pollutants for more than one (1) Lot in the Property, and which are located outside public street rights-of-way and public drainage easements. Private stormwater drainage easements that serve more than one (1) Lot in the Properties, however identified on a Plat or in a document recorded in the Registry, are deemed to be dedicated to the Association or a Neighborhood Association for the benefit of the Property or applicable portion thereof. All Stormwater Control Measures owned by or dedicated to the Association are Common Area or Limited Common Area, as applicable.

"Subdivision Plan" shall mean the most current land use or development plan or plans approved by the City for the Property (it being recognized that there may be two or more development plans approved by the City that together constitute the Subdivision Plan under this definition), whether the approval is preliminary or final, and regardless of any name other than Subdivision Plan under which it approved by the City (for example, site plan, cluster unit

development plan, or master plan for a planned unit development). Declarant reserves the right, in its sole discretion but subject to Legal Requirements, to modify any Subdivision Plan in whole or in part, including the addition or deletion of property and including the reconfiguration of Lots and Common Area. The fact that property is included on the Subdivision Plan does not obligate Declarant to subject it to the Declaration, nor shall Declarant be prohibited from subjecting to the Declaration any property described on **Exhibit B** that is not included on any Subdivision Plan.

ARTICLE II.
PROPERTY SUBMITTED TO THIS DECLARATION

Section 1. Property Hereby Subjected to this Declaration. The Declarant and ExperienceOne, for themselves and their respective successors and assigns, hereby submit the real property described on Exhibits A-1 and A-2 to this Declaration, and such real property constitutes the "Property" initially subjected to this Declaration. The Property shall hereafter be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration, including, but not limited to, the lien provisions set forth herein. All of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration as applicable to the Lots shall be a permanent charge thereon, and shall run with the Lots.

Section 2. Annexation of Additional Property. The Declarant may, at any time and from time to time during the Development Period, in its sole discretion annex all or part of the Additional Property to the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration by executing and recording in the Registry an Annexation Declaration describing the portion of the Additional Property being annexed. Declarant further has the right to convey to the Association additional Common Areas contained within such Additional Property, the maintenance of which may increase the Annual Assessment as provided elsewhere herein and may increase the amount of Annual Assessment which shall be levied against each Lot.

From and after such recording, the annexed Additional Property shall be part of the Property and shall be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration, including, without limitation, all lien and assessment provisions set forth in this Declaration, and all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration shall be a permanent charge on, and shall run with, such Additional Property.

No approval from any Member of the Association, or from anyone else whomsoever, shall be required for the Declarant to subject Additional Property to this Declaration.

Section 3. Withdrawal of Property. The Declarant may, at any time and from time to time during the Development Period, in its sole discretion withdraw any portion of the Property from the coverage of this Declaration, by recording a Supplemental Declaration describing the portion of the Property being withdrawn. Provided, however, if the property is part of the Common Areas and is owned or leased by the Association, the written consent of the Association shall be required to effect such withdrawal. From and after such recording, the withdrawn portion of the Property no longer shall be part of the Property and may be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered free and clear of any and all of the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration, including, without limitation, all lien and assessment provisions set forth in this Declaration.

Section 4. Order of Development and Annexation. Declarant contemplates that it may develop any portion of the Property it owns in accordance with a Development Plan, as modified from time to time. Provided, however, but subject to Legal Requirements that provide otherwise, no Development Plan shall obligate the Declarant to develop any particular portion of the Property now or in the future, whether for the purposes shown thereon or for any other purpose, the Declarant shall not be required to follow any particular sequence or order of development of the Property, and the Declarant may annex or consent to annex Additional Property to the Declaration, and/or withdraw portions of the Property from the Declaration, before completing development of all of the Property previously subjected to the Declaration.

Section 5. All Lots Bear the Burdens and Enjoy the Benefits of this Declaration. Every Owner, by taking record title to a Lot, agrees to accept title to such Lot, and to be bound by, all of the terms and provisions of this Declaration. Each Lot is subject to all burdens, and enjoys all benefits, made applicable hereunder.

Section 6. Neighborhoods. At the time of the recording of this Declaration, the Declarant hereby establishes one (1) Neighborhood within the Property. One Hundred Fifty-Nine (159) Lots, having been heretofore recorded in the Office of the Wake County Register of Deeds as shown on those plats prepared by Withers & Ravenel are designated as one Neighborhood called the Single Family Neighborhood. The Declarant, in its sole discretion, may establish additional Neighborhoods within the Property by Supplemental Declaration to the Declaration and/or Plats in order to subject such Lots to additional covenants and restrictions or to benefit said Lots differently from other Lots on the Property. During the Development Period, the Declarant, in its sole discretion and without the joinder of any other Person, may unilaterally assign portions of the Property to a specific Neighborhood, redesignate Neighborhood boundaries, or remove portions of the Property from a specific Neighborhood.

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

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

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

ARTICLE III.
ASSOCIATION PROPERTY

Section 1. Common Areas. The Declarant shall have the right to transfer and convey to the Association any portion of the Property, and the Association shall accept all such transfers and conveyances from the Declarant. All portions of the Property which the Declarant shall so transfer or convey to the Association shall thereafter constitute Common Areas or Limited Common Areas. Said right may be exercised by the Declarant any time, and from time to time, prior to the end of the Development Period.

Common Areas shall be conveyed to the Association by special warranty deed free of debt encumbrance, and subject to this Declaration and all applicable rights of way and easements, including the rights and easements set forth in this Article and shown on Plats, irrespective of whether the deed of conveyance shall make a specific reference to such rights and easements. Upon Declarant's written request at any time during the Development Period, the Association shall reconvey to Declarant any unimproved portions of the Common Area which Declarant originally conveyed to the Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

Section 2. Member's Rights in Common Area. Except in the case of Common Areas designated as Limited Common Areas, each Owner shall have a non-exclusive right and easement of enjoyment and use in and to the Common Areas and such right and easement shall be appurtenant to, and shall pass with, the title to the Lot owned by such Owner. Where Common Areas are designated as Limited Common Areas, except as otherwise provided herein

the Owners of Lots benefited by said Limited Common Areas shall have the exclusive or primary right and easement of enjoyment and use in and to said Limited Common Areas. The right and easement of enjoyment and use of the Common Areas and Limited Common Areas are and shall be subject to the easements which are described in this Article and to the following:

(a) The Governing Documents and any other applicable covenants;

(b) Any restrictions or limitations contained in any deed conveying such property to the Association;

(c) The Board's right to:

(i) adopt rules regulating use and enjoyment of the Common Area, including Recreational Amenities, and including rules limiting the number of guests who may use the Common Area;

(ii) suspend an Owner's right to use recreational facilities within the Common Area (i) for any period during which any charge against such Owner's Unit remains delinquent; and (ii) for a period not to exceed 30 days for a single violation, or for a longer period in the case of any continuing violation, of the Governing Documents after notice and a hearing as required by the Governing Documents or the Act. Provided, however, and notwithstanding anything to the contrary appearing in any Governing Documents, (i) if ingress and egress from a public street to and from any Lot is over any part of the Common Area as shown on any Plat or described in any instrument recorded in the Registry, or (ii) Stormwater Control Facilities, stormwater drainage, sanitary sewer, water or other utility services are provided to a Lot over or through an easement located on the Common Area as shown on any Plat or described in any instrument recorded in the Registry, any conveyance or encumbrance of the affected portion of the Common Area shall be subject to those easements for ingress and egress and/or utilities, and no suspension of the rights of the Owner of said Lot in and to the use and enjoyment of the Common Area as allowed herein shall include suspension of any such rights of such Owner to ingress and egress or utilities;

(iii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in the Governing Documents and/or the Act;

(iv) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any Recreational Amenity situated upon the Common Area;

(v) permit use of any Recreational Amenity by persons other than Owners, their families, lessees, and guests upon payment of use fees established by the Board and designate other areas and facilities within the Area of Common Responsibility as open for the use and enjoyment of the public; and

(vi) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to such approval requirements as may be set forth in the Governing Documents and/or the Act.

(d) The rights of certain Owners to the exclusive or primary use of those portions of the Common Area designated "Limited Common Areas," as described herein.

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

The Board of Directors may permit other persons who are not residents of any Lots to use the Common Areas upon such terms and conditions, and for the payment of such fees, as shall be determined by the Board of Directors.

Section 3. No Partition. The Common Areas shall remain undivided and no Owner shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the Property and without the written consent of all holders of all mortgages encumbering any portion of the Property.

Section 4. Condemnation. In the event that any part of the Common Areas shall be taken by any authority having the power of condemnation or eminent domain or conveyed in lieu of, and under threat of, condemnation by the Board acting on the written direction of at least 67% of the Class A votes and, during the Development Period, the written consent of Declarant, the Association shall restore or replace the improvements on the remaining land included in the Common Areas to the extent available unless, within sixty (60) days after such taking at least 67% of the Class A votes and Declarant (if during the Development Period) otherwise agree. The provisions of subsection 6 below regarding funds for the repair of damage or destruction shall apply. If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds may be used by the Association for such purposes as the Board shall determine.

Section 5. Insurance on Common Areas. The Association shall maintain and keep in good repair the Common Areas. Additionally, the Association shall obtain the insurance coverage necessary to satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U.S. Department of Veterans Affairs, and the U.S. Department of Housing and Urban Development, as applicable to the Common Areas. The Board shall obtain casualty insurance for all insurable improvements located on the Common Areas, which the Association is obligated to maintain. This insurance shall provide, at a minimum, fire and extended coverage and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. The Board of Directors shall obtain a public liability policy with a combined single limit of at least One Million ($1,000,000.00) Dollars applicable to the Common Areas covering

the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents, and, if reasonably available, directors' and officers' liability insurance. Policies may contain a reasonable deductible as determined by the Board of Directors. In addition, the Board of Directors shall obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirements of applicable laws, and a fidelity bond or bonds on all persons handling or responsible for the Association's funds, if reasonably available. If obtained, the amount of fidelity coverage shall at least equal three months' total assessments plus reserves on hand. Fidelity coverage shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation. All such insurance coverage shall be written in the name of the Association.

Section 6. Damage or Destruction. In the event that any improvements located on any Common Areas shall be damaged or destroyed on account of the occurrence of any casualty, the Board shall proceed with the filing and settlement of all claims arising under any policy of insurance maintained by the Association with respect to such improvements and shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed improvements.

Any such damage or destruction shall be repaired or reconstructed unless it shall be decided, within ninety (90) days after the occurrence of casualty, by at least 67% of the Class A votes, and by Declarant during the Development Period, not to so repair or reconstruct such damage. In the event that it shall be so decided not to repair or reconstruct some damage or destruction, the proceeds of any insurance as may become payable to the Association as a result of such damage or destruction shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot. If the insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Class A Members, levy Special Assessments to cover the shortfall.

Section 7. Actions Requiring Owner Approval. If the U.S. Department of Housing and Urban Development is insuring the Mortgage on any Lot or the U.S. Department of Veterans Affairs is guaranteeing the Mortgage on any Lot, then any conveyance or mortgaging of the Common Areas by the Association shall require the consent of at least 67% of the Class A votes held by Members other than the Declarant and, during the Development Period, the consent of Declarant. Notwithstanding anything to the contrary in this section, however, the Association, acting through the Board, may grant easements over the Common Areas for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the approval of the membership.

Section 8. Limited Common Area.

(a) Initially, any Limited Common Area shall be designated as such in the deed conveying such area to the Association, or on the Plat relating to such Limited Common Area, or by the recording by Declarant of another document containing the designation; provided, however, any such designation shall not preclude Declarant, at any time during the Development

Period, from assigning or reassigning use of the same Limited Common Area to additional Lots and/or Neighborhoods.

Following the end of the Development Period, portions of the Common Area may be designated as Limited Common Area and Limited Common Area may be reassigned upon approval of the Board and the vote of Voting Members representing a majority of the total Class "A" votes in the Association, including a majority of the Class "A" votes within the Neighborhood(s) affected by the proposed designation or reassignment.

(b) Upon approval of a majority of Owners of Lots within the Neighborhood or other portion of the Property to which any Limited Common Area is assigned, the Association may permit Owners of Lots in other Neighborhoods or portions of the Property, and/or may permit other Persons who are not Owners, to use all or a portion of such Limited Common Area upon payment of reasonable user fees, which fees shall be used to offset the Neighborhood Expenses attributable to such Limited Common Area.

Section 9. Stormwater Management. Except for maintenance responsibilities (i) placed on Owners by the Declaration or Legal Requirements, or (ii) assumed or undertaken by other Persons (for example, the City), the Association shall maintain the Stormwater Control Measures as part of the Common Expenses. As used in the immediately preceding sentence, the word "maintain" includes provision for maintenance of, which may include financial contributions toward maintenance of Stormwater Control Measures located on and/or shared with other properties not subject to the Declaration. Provided, however, such maintenance obligations shall cease and terminate, or be reduced proportionally, temporarily or permanently as applicable, at such time as the City or State, through a department of public works or some other agency or division, accepts responsibility to maintain, in whole or in part, the Stormwater Control Measures for the Properties, or some other Person is providing the necessary maintenance therefor (for example, pursuant to an agreement which requires monetary payments by the Association to the Person who is performing the maintenance). Following any such assumption of maintenance by the City, State or other Person, the Association may, without obligation, continue to provide maintenance to the extent that the City, State or other Person fails to provide adequate maintenance, in the opinion of the Board, and shall continue to provide maintenance for those portions of the Stormwater Control Measures with respect to which the City, State or such other Person has not assumed maintenance responsibility, or following termination of the City's, State's or such Person's maintenance responsibility. The Owner of any Lot on, over or through which any Stormwater Control Measures or portion thereof is located shall be responsible for the following with respect thereto: (i) mowing of grass with reasonable frequency, where applicable, unless the Association assumes such responsibility; and (ii) removal of debris and other materials to the best of the Owner's ability, where such debris or materials has impeded or threatens to impede the free flow of stormwater on, over or through the Stormwater Control Measures located on the Lot. Such Owner's responsibility shall include notification of the Association of any defects in any fencing surrounding or within any such Stormwater Control Measures, any debris or other matter which the Owner reasonably believes is beyond the Owner's ability to remove, and any excessive erosion within any such Stormwater Control Measures. The Owner of a Lot on which a Stormwater Control Measure is located shall not

obstruct it or interfere with its normal and intended operation. Notwithstanding anything to the contrary herein, each Owner of a Lot, and not the Association, shall be responsible for maintenance of all stormwater drainage easements and stormwater management facilities located on and used exclusively in connection with such Owner's Lot or the improvements thereon, including guttering, and pipes and drains for transportation of stormwater from such Lot into any other Stormwater Control Measures. All issues as to whether a stormwater drainage easement or stormwater management facility is part of the Stormwater Control Measures for which the Association is responsible or whether it is the responsibility of an Owner shall be determined by the Declarant during the Development Period (unless Declarant assigns such right to the Board), and thereafter by the Board.

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

With respect to its obligations under this Section, the Association shall pay, post, provide for or comply with all bonds and other financial obligations under Legal Requirements, Stormwater Agreements, and/or other agreements related to Stormwater Control Measures that are executed by the Association (or, during the Development Period, by the Declarant on behalf of the Association or for later assignment to the Association), and the Association (and, during the Development Period, the Declarant on behalf of the Association) may enter into Stormwater Agreements and/or other agreements and amend, add to, or supplement existing Stormwater Agreements and other agreements (and when Stormwater Agreements or other agreements are referred to in this Section, the reference includes amendments, additions, and supplements thereto), with the City, State another association that exists for purposes similar to those of the Association, or any other Person with respect to inspecting, monitoring, measuring, testing, collecting, controlling, transporting, conveying, handling, storing, discharging, operating and managing any part or all of the stormwater on, to, or from the Properties and/or any or all of the Stormwater Control Measures for the Properties, whether such Stormwater Control Measures are

located within or outside of the Properties. Such Stormwater Agreements and other agreements shall be binding on all Owners (or, with respect to Limited Common Property, all Owners to whose portion of the Properties such Limited Common Property is assigned), and may require payments from the Association or the Owners whose Lots are served by the applicable Stormwater Control Measures for the services provided by the City, State such other association or such other Person in inspecting, monitoring, measuring, testing, collecting, controlling, transporting, conveying, handling, storing, discharging, operating or managing any part or all of such stormwater and/or Stormwater Control Measures, and such Stormwater Agreements and other agreements may include all other terms and obligations required by Legal Requirements. In connection with the foregoing purposes expressed in this paragraph, the Association (and, during the Development Period, the Declarant on behalf of the Association) may grant rights over, in, under, upon and through any and all stormwater drainage easements in the Properties, and may grant rights over, in, under, upon and through all easements in the Properties that provide pedestrian and/or vehicular access from a publicly dedicated street right of way to and from stormwater drainage easements and/or Stormwater Control Measures. Provided, however, during the Development Period no such Stormwater Agreement or other agreement shall be valid unless the same shall have been consented to in writing by the Declarant.

In recognition of the fact that different Stormwater Control Measures may be necessary or desirable for different portions of the Properties (for example, different Neighborhoods or phases of the Properties as it is developed - for example, because of the topography of the Properties it may be desirable for a portion of the Properties to have Stormwater Control Measures separate from and/or in addition to, other Stormwater Control Measures in or serving other portions of the Properties and it may be desirable for other portions of the Properties to utilize Stormwater Control Measures located outside of the Properties), and in further recognition of the desire of the Declarant for the provisions of the Declaration to be as flexible as reasonably necessary in order to maximize the benefit to the Properties of having or using one or more Stormwater Control Measures in accordance with sound engineering practices and approvals by the City or State, in fulfilling its obligations under the Declaration the Association (or, during the Development Period, the Declarant on behalf of the Association or for later assignment to the Association) may enter into different Stormwater Agreements and other agreements for different portions of the Properties, and/or may amend, add to, or supplement existing Stormwater Agreements, subject to all of the other terms of the Declaration. It further is recognized and contemplated by the Declaration that if such multiple Stormwater Control Measures and/or Stormwater Agreements or other agreements are determined to be necessary or desirable: (i) the costs of maintaining such Stormwater Control Measures and/or funding such Stormwater Agreements or other agreements may be different for different portions of the Properties and annual assessments and/or stormwater assessments (as defined herein) may be different for Lots in different portions of the Properties (for example, there may be different portions of the Subdivision that have different Stormwater Control Measures or different portions of the Subdivision that share some of the same Stormwater Control Measures but also have one or more separate Stormwater Control Measures); and (ii) some Stormwater Control Measures may be classified as Limited Common Property (and during the Development Period Declarant has the right to designate Stormwater Control Measures as Limited Common Property,

including existing and new Stormwater Control Measures in the Properties as well as existing and new Stormwater Control Measures associated with Additional Property).

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

Declarant may assign to the Association, and the Association shall accept from Declarant the assignment of, all obligations of the Declarant under Stormwater Agreements and other agreements entered into by the Declarant with respect to Stormwater Control Measures for the Subdivision, provided the Declarant has performed, or made adequate provision for the performance of, all obligations, if any, specifically required of the Declarant under the Stormwater Agreement or other agreement being assigned to the Association. The provisions of this Section shall be construed liberally in order to allow the Declarant and the Association, on behalf of the Subdivision and all Owners, the necessary flexibility to comply with all Legal Requirements with respect to stormwater, including the execution of Stormwater Agreements or other agreements with the City, State or other Persons and the granting of easements to the City, State or other Persons.

ARTICLE IV.
EASEMENTS OVER THE PROPERTY

Section 1. Easements and Agreements Regarding Association Property. All Common Areas, including Limited Common Areas, shall be subject to, and Declarant and the Association do hereby reserve or grant, as applicable, the following easements:

(a) Use of Common Areas. An easement in favor of Declarant for the exclusive use of such portions of the Common Areas, including, but not limited to any recreational facilities on the Common Area, as may be reasonably desirable, convenient or incidental to the construction and installation of improvements on, and the marketing or sale of, any Lots, including, but not limited to, sales and business offices, storage areas, construction yards and signs. Such easements shall be exercisable by any and all Persons whom the Declarant shall authorize to exercise the same, including, without limitation, real estate sales agents and brokers and

Builders, and their subcontractors, of residences upon the Lots, irrespective of whether such persons are affiliated with the Declarant. Such easements shall exist notwithstanding any provision of this Declaration which might be construed to the contrary, but shall terminate two (2) years after the later of the end of the Development Period or the date that all of the Lots are Improved Lots. Such easements shall and do exist without affecting the obligation of the Owner of any Lot to pay assessments or charges coming due during such period of time as portions of the Common Areas shall be used by authorized persons pursuant to the exercise of the easements herein stated.

(b) Declarant Activities. Notwithstanding any provision contained in this Declaration, the Bylaws or the Articles of Incorporation to the contrary, or any amendments thereto, until the expiration of the Development Period, Declarant expressly reserves for itself and any Person authorized by Declarant, in the sole discretion of the Declarant and without payment of any fee or charge or compensation to any Person for doing so, the right to do any and all of the following, which right also includes the right of vehicular and pedestrian access, ingress, egress and regress over any portion of the Property reasonably necessary for the exercise of the right: the right to tie into any portion of the Property with driveways, parking, areas, and walkways; the right to tie into and/or maintain any device which provides utility or similar service including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under, or over the Property; the right to carry on sales, marketing, and promotional activities on the Property; the right to construct and operate business offices, signs, construction trailers, and model residences; and the right to maintain and carry on, upon such portion of the Property as Declarant may deem necessary, such facilities and activities as may reasonably be desired by the Declarant and such authorized Persons. The rights of Declarant and any Person approved by Declarant under this subsection shall further specifically include, without limitation, the right to keep entrances to the Property unlocked and open during the sales office hours.

Section 2. Easements Over All Lots. The Lots shall be subject to, and the Declarant does hereby grant, the following non-exclusive perpetual and temporary easements for the enjoyment of Declarant, the Association, any Builders and subcontractors authorized by Declarant, the Members, the Owners, and the successors-in-title of each:

(a) Easements Shown on Plats. Each portion of the Property shall be subject to all easements, borders, setbacks, buffers and other matters which are shown and depicted on the Plats as affecting and burdening such portion of the Property.

(b) Entrance Monuments. Any Lot on which an entrance monument, sign, or other improvement (including landscaping, walls, fences) related to such entrance monument or sign is located, or on which there is an easement reserved for any such entrance monument, sign, or other improvement, shall be subject to a perpetual easement in favor of the Association for maintenance of such entrance monument or sign and related improvements which are or will be located on said Lot. The Owners of these Lots shall not remove, camouflage, damage or otherwise alter in any way said entrance monuments or sign and related improvements. These same Lots shall also be subject to a temporary easement for real estate sales signs which shall be

exercisable by any and all persons who the Declarant shall authorize to exercise the same, including, without limitation, real estate sales agents and brokers and Builders of residences upon the Lots, irrespective of whether such persons are affiliated with the Declarant. Such temporary easement shall exist notwithstanding any provision of this Declaration which might be construed to the contrary, but shall terminate thirty (30) days after the date that the construction of residences on all of the Lots has been completed and all of the Lots have been conveyed to Owners other than Builders.

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

(d) Encroachments. Reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, are hereby established between each Lot and any adjacent Common Area and between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

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

(f) Private Streets. All Lots shall be subject to a perpetual easement in favor of the Association and all other Lot Owners for maintenance, management, repair, landscaping, and non-exclusive use and enjoyment, of the private streets, drives and alleyways which are located on the Property, as shown on the Plats, whether said streets and drives are located in the Common Areas or are located on Lots. This easement right includes the right of contractors engaged by the Association to enter upon the Lots from time to time as necessary in order to perform such repair and maintenance work. The Owners of the Lots shall not impair access to, or otherwise alter in any way, said street and drives. The Association shall also have the right, but not the obligation, to cut, remove and plant trees, shrubbery and flowers along said streets, drives and alleyways.

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

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

(i) Utilities. Each Lot shall be subject to a perpetual easement in favor of the Declarant, the Association, and authorized Builders and subcontractors, as well as any Governmental Entity or public utility company who installs, provides, or maintains such services, for the erection, installation, construction and maintenance of wires, lines, conduits, attachments, and other facilities and equipment, both above and below ground, in connection with the transmission of electricity, gas, water, telephone, community antennae or satellite dish, television cables, systems for sending and receiving data and/or other electronic signals, security and similar systems, and other utilities. The easement rights to which the Lots shall be subject shall include the right of employees, agents or contractors engaged by the Declarant, the Association, the City, or the applicable utility company, to enter upon said Lots from time to time as necessary in order to perform repair and maintenance work and to read utility meters. The Association shall be responsible for the maintenance and management of the private water and sewer facilities, if any, located on or under the Common Areas.

Section 3. Specific Easements. Declarant reserves for itself, during the Development Period, the non-exclusive right and power to grant and record such specific easements as may be necessary, in Declarant's sole discretion, in connection with the orderly development of any portion of the Property. The Association (with respect to Common Area) or the Owner of any Lot to be burdened by any easement granted pursuant to this subsection shall be given written notice in advance of the grant (except that no such notice shall be required during any period of Declarant control of the Association). The location of the easement shall be subject to the written approval of the Association or other Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

Section 4. Minimal Interference. All work associated with the exercise of the easements described in this Article shall be performed in such a manner as to minimize interference with the use and enjoyment of the portions of the Property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the affected portions of the Property, to the extent reasonably possible, to the same or better condition in which it was in immediately prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into any dwelling or other structure on any Lot or the Common Area, nor shall it unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

Section 5. Easements for Maintenance, Emergency, and Enforcement. Easements are hereby established for the Association over the Property as may be reasonably necessary to enable the Association to fulfill its maintenance responsibilities under the Declaration. The Association also shall have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. The Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

Section 6. Use Easements. A "Use Easement" shall be established upon all Lots shown and depicted on a Plat that contain a point on an interior lot line designated as a "Use Easement Point". Said Use Easement shall extend from said Use Easement Point along a line parallel with the right-of-way line or parallel with the chord bearing of the arc of the street upon which said Lot fronts to the foundation of the residence constructed nearer to said Use Easement Point, thence, with said foundation wall, and extending beyond said foundation wall to the rear lot line of the Lot, thence, with the near lot line to the interior lot line, thence with said interior lot line, back to the Use Easement Point.

The Use Easements established hereby shall be perpetual and shall be for the benefit of the Owner of the Lot adjacent to said easement for ingress, egress and regress over and upon said easement and for purposes of making landscape and hardscape improvements thereupon as may be approved by the ACC. Any improvements placed upon the Use Easement shall be upon the express condition that said improvements must not be attached to any structures on the servient Lot nor made in such a manner as to cause damage to the property of the Owner of the sevient Lot and must not be located in such a manner so as to prevent the Owner of the servient Lot from having unimpeded access to the structure(s) upon his Lot for purposes of maintenance and repair. Further, said improvements must be maintained by the party making said improvements. In the event the Owner of the dominant Lot fences in the Use Easement area, a gate must be erected along the side lot line of the Owner of the servient Lot for access purposes.

ARTICLE V.
THE ASSOCIATION

Section 1. The Association. Prior to the date this Declaration has been recorded in the Registry, Declarant has caused the Association to be formed, and the Association does now exist, under its Articles of Incorporation and Bylaws.

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

all rights and powers reasonably necessary to provide the services and perform the obligations and functions required of it by the Governing Documents.

Section 2. Membership. Every Owner is and shall be a Member of the Association. In no event shall such membership be severed from the Ownership of such Lot.

Section 3. Classes of Membership; Voting Rights. The Association initially shall have two classes of voting membership: Class A and Class B.

(a) Class A. The Class A Members shall be all those Persons holding an interest required for membership in the Association, as specified in this Article, except for those Persons who are Class B Members. Until such time as the Class A Members shall be entitled to full voting privileges, as hereinafter specified, the Class A Membership shall be a non-voting membership except as to such matters and in such events as are hereinafter specified.

The Class A Members shall be entitled to full voting privileges on the earlier of the following dates to occur: (i) the date which the Declarant may so designate by notice in a writing delivered to the Association, (ii) the end of the Development Period. Provided, however, prior to entitling Class A Members to full voting privileges, in any such notice delivered by Declarant to the Association, Declarant may entitle Class A Members to limited voting privileges, subject to such terms and conditions as Declarant, in its sole discretion, determines (provided, however if not sooner granted, the Class A Members shall have full voting privileges upon the expiration of the Development Period). Until the earlier of these dates occurs, the Class A Members shall be entitled to vote only on matters for which it is provided by law, that approval of each and every class of membership of the Association is required. When entitled to vote, Class A Members shall be entitled to cast one (1) vote for each Lot in which they hold an interest required for membership; in no event will more than one (1) vote be cast per Lot.

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

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

(c) In recognition of the different character and intended use of Additional Property that is annexed to this Declaration, or of portions of the Property previously subjected to this Declaration whose character and intended use changes subsequent to being subjected to this Declaration, during the Development Period Declarant, in its sole discretion, may, by Annexation Declaration or Supplemental Declaration, create additional classes of membership for the owners of Lots within any such Additional Property being annexed to this Declaration or within any such portion of the Property that previously has been subjected to this Declaration.

These classes of Members shall have such rights, privileges and obligations as specified in such Annexation Declaration or Supplemental Declaration, including votes in the Association that are different from votes allocated to previously existing classes of Members, and including liabilities for assessments that may be different from the liabilities of previously existing classes of Members.

Section 4. Suspension of Membership Rights. The membership rights of any Member of the Association, including the right to vote, may be suspended by the Board of Directors pursuant to the authority granted in the Bylaws. Any such suspension shall not affect such Member's obligation to pay assessments coming due during the period of such suspension and shall not affect the permanent charge and lien on the Member's Lot in favor of the Association for unpaid assessments or other obligations under the Governing Documents.

Section 5. Meetings of the Membership. All matters concerning the meetings of Members of the Association, including the time at which and the manner in which notice of any said meeting shall be given to Members, the quorum required for the transaction of business at any meeting, and the vote required on any matter, shall be as specified in the Governing Documents or Legal Requirements.

Section 6. Association Acts Through Its Board of Directors. Whenever approval of, or action or inaction by, the Association is referred to or called for in this Declaration, such action, inaction or approval shall be by the Board of Directors of the Association, unless it is specifically stated in this Declaration, the Articles of Incorporation or the Bylaws with respect to such action, inaction or approval that the Members of the Association must vote. No member of the Board of Directors of the Association or any officer of the Association (including, without limitation, any such individual who shall have been elected by a vote of the Class B Member) shall be personally liable to any Owner of any Lot for any mistake of judgment or for any other act or omission of any nature whatsoever while acting in the capacity of a member of the Board, officer of the Association, or member of a committee appointed by the Board, except for any acts or omissions found by a court of competent jurisdiction to constitute gross negligence or fraud. The foregoing shall not preclude such Person who also is the Owner of a Lot from being liable for matters in the same manner and to the same extent as Owners of other Lots with respect to matters not related to such Person's actions as a member of the Board, officer of the Association, or member of a committee appointed by the Board.

Section 7. Professional Management. The Association may, but shall not be obligated to, obtain and pay for the services of any Person to manage the affairs of the Association, or any part thereof, as the Board of Directors deems to be in the best interests of the Association. The Board may delegate such authority to such Person, and authorize such Person to act on behalf of the Association, as the Board determines in the exercise of its discretion.

ARTICLE VI.
ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation. Each Owner, by acceptance of a deed or other conveyance for a Lot, covenants and agrees to pay to the Association all assessments and charges which are levied by the Association against the Lot(s) owned by such Person in accordance with the terms and provisions of the Act or the Governing Documents. All assessments and charges shall be established and collected as hereinafter provided. All assessments and charges remaining unpaid for a period of thirty (30) days or longer, together with the costs of collection thereof, including reasonable attorneys' fees, shall constitute a lien on the Lot against which they are assessed or charged from the time of the filing of a lien in the office of the Clerk of Superior Court of Wake County, North Carolina, and shall be the personal and continuing obligation of the Person who was the Owner of such Lot at the time when the assessment or other charge first became due and payable. An Owner's personal obligation for payment of such assessments and other charges shall not become the personal obligation of a subsequent Owner unless expressly assumed by the subsequent Owner, although the lien shall continue against the Lot until the amounts due are paid, as the covenant to pay assessments herein stated is and shall be a covenant running with land.

No Owner shall be exempt from liability for any assessment provided for herein by reason of non-use of the Common Area or such Owner's Lot, or abandonment of a Lot, or temporary unavailability of the use or enjoyment of the Common Area. No Owner shall be relieved of, or released from, the obligation to pay assessments and other charges under the Governing Documents because of any resignation or attempted resignation by such Owner of membership in the Association while such Owner owns a Lot, or because of any suspension of such Owner's membership or membership rights in the Association as allowed under the Governing Documents.

If necessary to establish the right to collect reasonable attorneys' fees under the Declaration, any obligation of an Owner to pay assessments or other charges or monetary obligations under the Declaration shall constitute evidence of indebtedness for the purpose of establishing under Section 6-21.2 of the North Carolina General Statutes (or any successor statute) the right to collect reasonable attorneys' fees in any action or proceeding to enforce or collect payment of such obligation. Provided, however, the foregoing sentence specifically is intended to supplement, and not to interfere, limit, invalidate or be in conflict with, any provisions of the Act with respect to reasonable attorneys' fees.

Section 2. Purposes of Assessments. The assessments levied by the Association pursuant to this Article shall be used to pay the Common Expenses. Without limiting the generality of the foregoing, the Common Expenses shall include the costs of: payment of all costs and expenses incurred by the Association in connection with the maintenance of the Area of Common Responsibility and the Association's other operations; payment of the premiums for all fidelity bonds which shall be obtained by the Association; the payment of the fees of such management firms as the Board of Directors shall employ; payment of fees for the provision of

such professional services as the Board of Directors shall determine to be required by the Association, including but not limited to legal, accounting and architectural services; and such other purposes as the Board of Directors shall deem necessary or desirable to promote the health, safety and welfare of the Association and its Members.

All assessments and other charges collected by the Association shall be the separate property of the Association. As assessments and other charges are paid to the Association by Owners, such funds may be commingled with assessments and other charges paid to the Association by other Owners. No Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer, such Member's interest in the assets of the Association, except as an appurtenance to the Lot owned by such Member. When any Owner ceases to be a Member of the Association, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association or any portion thereof which may have been paid to the Association by such Owner or acquired with any funds paid to the Association by such Owner.

Section 3. Commencement and Liability for Payment. The assessments provided for herein shall commence as to a Lot on the date that a Lot becomes an Improved Lot and is owned by a Person who is not the Declarant, a Builder or ExperienceOne with all Improved Lots owned by the same class of Members of the Association being assessed equally, except for any additional assessments that may be required to pay Neighborhood Expenses associated with a Lot. The Annual Assessment for any Lot that first commences with respect to such Lot on any day other than the first day of the applicable fiscal year of the Association is determined for that first fiscal year by multiplying the applicable Annual Assessment amount by a fraction whose numerator is the number of days remaining in that fiscal year from and after the day on which it becomes a Lot and whose denominator is the total number of days in that fiscal year.

Section 4. Operating Budget and Annual Assessment. For the fiscal year beginning on January 1, 2007 and for subsequent fiscal years, the Board shall adopt for each fiscal year a proposed "annual operating budget", also referred to herein as the "budget", containing an estimate of the total amount believed to be necessary to pay all of the Common Expenses for that fiscal year (including, at the Board's discretion, estimated amounts for unexpected or contingency items). Based on such proposed budget, the Board shall determine the amount to be assessed against each Lot for that fiscal year to fully fund the proposed budget, such amount being referred to herein as the "annual assessment". In adopting a proposed budget and annual assessment, the Board may consider any assessment income expected to be generated from any additional Lots reasonably anticipated to become subject to assessment during the applicable fiscal year. In the Board's discretion, a proposed budget may include a provision that allows the Board to assess and collect from the Owners during the applicable fiscal year, without the necessity of revising the budget and holding a meeting of the membership of the Association to vote on ratification of the revised budget, one or more additional annual assessments, not to exceed a total amount as specified by the Board, as necessary to pay for Common Expenses that exceed the budgeted amount and/or new or unexpected additional Common Expenses incurred during the applicable fiscal year.

Within thirty (30) days after adoption of the proposed budget, the Board shall provide a copy or summary of the proposed budget and annual assessment to all Members (a copy or summary provided to any one (1) of multiple Owners of a Lot is deemed to be provided to all Owners of such Lot), together with a notice of the annual or special meeting of the Association at which ratification of such proposed budget will be considered, including a statement that the proposed budget may be ratified without a quorum for the meeting. The annual or special meeting at which ratification of the proposed budget is to be considered shall be held not less than ten (10) days nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting at which ratification of the proposed budget is to be considered (although if other matters are to be considered at such meeting applicable quorum requirements are in effect with respect to those other matters). The budget is ratified unless rejected at that meeting as follows: (i) if the proposed annual assessment does not exceed the annual assessment for the immediately preceding fiscal year by more than 50%, the budget is ratified unless Members possessing ninety percent (90%) or more of the total number of votes in the Association reject it; (ii) if the proposed annual assessment per Lot exceeds the actual annual assessment per Lot for the immediately preceding fiscal year by more than 50%, the budget is ratified unless Members possessing sixty-seven percent (67%) or more of the total number of votes in the Association reject it. In the event that the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board or adopted by the Members.

Beginning with the annual assessment for fiscal year 2007, the Association shall send written notice of each annual assessment to the Members of the Association (for purposes of notice of all assessments under the Declaration, notice sent to any one (1) of multiple Owners of a Lot is deemed to be notice sent to all of such Owners) not less than thirty (30) days in advance of the payment due date specified in the notice (which shall not be earlier than the first day of the applicable fiscal year), which written notice may be in the form of an invoice for the annual assessment, or which written notice may be included in the notice of the meeting to vote on the proposed budget. The failure of the Board to establish the amount of any annual assessment or send timely notice as required herein shall not constitute a violation, waiver or modification of the provisions of the Declaration, or a waiver of the Board's right to establish and collect the annual assessment at any time during the fiscal year to which it is applicable, or a release of any Member from the obligation to pay the assessment or any installment thereof for that or any subsequent fiscal year. Until the Board has established an annual assessment for a fiscal year, the annual assessment for the immediately preceding fiscal year shall continue in effect, but when the new annual assessment is established, it shall be retroactive to the first day of the applicable fiscal year, and notice of same shall be sent to the Members not less than thirty (30) days in advance of the payment due date specified in the notice. If the annual assessment for any fiscal year has not been established by last day of the immediately preceding fiscal year, the Board may send a notice of assessment to the Members for the amount of the immediately preceding fiscal year's annual assessment, together with notice that a new assessment may be established for that fiscal year that may require an additional payment. Once the new annual assessment is established, any additional amount owed is due and payable by the payment due date specified in a supplemental notice to the Members sent not less than thirty (30) days in advance of the payment due date specified in the supplemental notice.

During any fiscal year, the Board may revise the budget and adjust the annual assessment (including the maximum amount of any additional annual assessment), subject to the same notice and ratification requirements as those applicable to the initial budget for that fiscal year. Upon ratification of a revised budget, it shall replace all previously ratified budgets for the applicable fiscal year.

Section 5. Special Assessments. In addition to other authorized assessments, the Association may levy "special assessments" during any fiscal year to pay for any or all of the following: (i) unbudgeted Common Expenses; (ii) Common Expenses in excess of those budgeted; or (iii) the costs of any capital improvements or capital repairs. No special assessment shall be imposed unless approved by the affirmative vote of fifty percent (50%) or more of the votes cast by the Members present at a meeting of the Association and, during the Development Period, the written consent of the Declarant. Notices for all meetings of the Association at which there is to be a vote on a special assessment shall include notice of the purpose and amount of the proposed special assessment. A special assessment is effective on the later of the date it is approved by the Members or Declarant (if such approval is required), or such later date adopted by the Members in the vote approving the special assessment, and is due and payable as established by the vote of the Members approving the special assessment, or, if not established by such vote of the Members, as established by the Board. Each Lot shall be liable for the payment of an equal share of every special assessment which shall be levied by the Association pursuant to the provisions of this section.

Section 6. Specific Assessments. The Board may levy specific assessments against individual Owners (i) for the purpose of paying for the costs of any construction, reconstruction, repair or replacement of any damaged component of the Area of Common Responsibility, or of any monument, landscaping, detention pond or other thing maintained by the Association, which is occasioned by the acts of individual Owners(s) and not the result of ordinary wear and tear or (ii) for the payment of fines, penalties or other charges imposed against an individual Owner relative to such Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws, or any rules or regulations promulgated hereunder; provided that Declarant shall not be obligated to pay any specific assessments. Failure of the Board to exercise its authority under this section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this section in the future with respect to any expenses.

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

Section 7. Neighborhood Assessments. The Board may specifically assess Owners of Lots within Neighborhoods for Neighborhood Expenses as follows: (a) expenses of the Association which benefit all of the Lots in a Neighborhood but not the Lots in other Neighborhoods may be specifically assessed equitably among all of the Lots in such Neighborhood according to the benefit received; and (b) expenses of the Association which benefit all Lots in a Neighborhood, but which do not provide an equal benefit to all such Lots, may be assessed equitably among all Lots in the Neighborhood according to the benefit received.

Neighborhood Expenses shall be budgeted and Neighborhood Assessments shall be determined subject to the same procedures in this Declaration for establishing budgets for Common Expenses and determining annual assessments and special assessments to pay for Common Expenses.

Section 8. Special Assessment for Working Capital Reserve. Upon the first transfer of title to an Improved Lot , there shall be levied against such Improved Lot and paid to the Association by the transferee of said Improved Lot a special assessment equaling $1/6^{th}$ of the Annual Assessment against such Improved Lot. The Association shall use all special assessment payments which shall be so received by it pursuant to this section to establish a working capital reserve fund for use in connection with capital repairs and capital improvements.

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

(a) Assessments may be collected on a monthly, quarterly, annual or other basis, as determined from time to time by the Board, with the payment due date to be specified in the notice of the applicable assessment. The billing schedule and payment due date shall be the same for all Owners. Provided, however, the Board has the power, in its sole discretion and upon such terms as the Board deems appropriate, to allow percentage discounts to Owners who pay assessments earlier than the payment due date therefor; provided, however, all such discounts shall be made available and applied uniformly to all Owners.

(b) Subject to any limitations contained in the Declaration, other Governing Documents, or any Legal Requirement, the Board has the authority to establish the payment due dates, interest rate on unpaid amounts, and penalties for late payment of assessments and other charges. Assessments and other charges not paid by the payment due date shall bear interest at a rate equal to the lesser of (i) eighteen percent (18%) per annum, or (ii) the highest lawful rate under Legal Requirements, or (iii) the amount, if any, established by the Board (or, in the absence of any amount being established by the Board, the lesser amount otherwise established by this subsection). In addition to the obligation to pay the assessment and other charges and interest charges thereon, the defaulting Owner also shall pay all of the Association's costs and expenses of collection thereof, including reasonable attorneys' fees.

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

Section 10. Certification of Assessments Paid. The Association, or any property manager or agent authorized by the Association, upon written request, shall furnish to any Owner or such Owner's authorized agents, a certificate signed by an officer of the Association or other Person authorized by the Board to give such certificate setting forth whether or not and through what date the assessments and other charges against that Owner's Lot have been paid, and the amount of any unpaid assessments or charges. The certificate shall be furnished within ten (10)

business days after receipt of the request therefor and is binding on the Association, the Board and every Owner. The Association or property manager or agent authorized to furnish the certificate may charge a reasonable fee for furnishing the certificate as established or approved by the Board.

Section 11. Assessment Lien and Foreclosure. The assessments and other charges provided for herein shall be the personal and individual debt of each Person who, at the time of the assessment or other charge, is an Owner of the Lot against which they are assessed or charged. Any assessment or other charge not paid on or before the payment due date and remaining unpaid for a period of thirty (30) days or longer, together with the fines, penalty and interest charges as provided in the Declaration, plus the costs of collection (including reasonable attorneys' fees), shall be a charge and continuing lien on the Lot against which they are assessed or charged from and after the date on which a claim of lien is filed by the Association in the office of the Clerk of Court of the County in which the Lot is located. Except as otherwise provided in the Declaration or by Legal Requirements, such lien shall be superior to all other liens and charges against the Lot. The Board shall have the power, in its sole discretion, to subordinate the Association's lien to any other lien. The claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Lot at the time the claim of lien is filed, a description of the Lot, and the amount of the lien claimed. In addition to the claim of lien, the Association may execute, issue or record such other evidence of the lien as the Board deems necessary. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under a power of sale or in any other manner allowed or required by Legal Requirements, and/or the Association may institute suit against the Owner personally obligated to pay the assessment or charge, and/or the Association may seek any other available remedy or relief. In any foreclosure proceeding, the Association shall have the right to appoint a trustee or commissioner (or other appropriately named Person) to implement the foreclosure, and the defaulting Owner shall be required to pay the costs, expenses, trustee's (or commissioner or other) fees, and reasonable attorneys' fees incurred by the Association. The Association shall have the power to bid on and purchase the Lot at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal therewith. 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 12. Lien Priority. The lien for unpaid assessments and other charges provided for herein is prior to all liens and encumbrances on a Lot except (i) liens for ad valorem taxes on the Lot; (2) the lien of any first priority mortgage covering the Lot and the lien of any mortgage recorded prior to the recording of this Declaration; (3) the lien of any secondary purchase money mortgage covering the Lot, provided that neither the grantee nor any successor grantee on the mortgage is the seller of the Lot; and (4) the lien of any mortgage given by any Builder or other Person to secure payment of any sum owed to the Declarant, whether or not Declarant is the seller of the Lot liens and encumbrances. Provided, however, this Section does not affect the priority of mechanic's or materialmen's liens. A lien for unpaid assessments and other charges is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the docketing of the claim of lien in the office of the County Clerk of Court of the County in which

the Lot is located. Where the holder of a first mortgage or first deed of trust of record, or other purchaser of a Lot obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust or deed or other proceeding in lieu of foreclosure, such purchaser and its heirs, successors, and assigns, shall not be liable for the assessments against such Lot which became due prior to the acquisition of title to such Lot by such purchaser. Such unpaid assessments shall be deemed to be Common Expenses collectible from all the Owners, including such purchaser, its heirs, successors, and assigns in the event that the Association is unable to collect, or chooses not to pursue collection, from the Person who was the Owner of the Lot during the time the assessments were assessed against the Lot.

Section 13. Exempt Property. All Exempt Property is exempt from the assessments, charges and liens established pursuant to the Declaration.

Section 14. Declarant's Obligation to Fund Budget Deficits.

(a) During the existence of the Class B membership, Declarant may satisfy its obligation for payment of annual assessments on Lots which it owns either by paying annual assessments in the amount per Lot assessed for that fiscal year or by paying the difference between the total amount of the actual annual assessments levied on all other Lots subject to assessment and the amount of actual expenditures by the Association during the fiscal year for items contained in the budget (paying the difference being referred to herein as the "deficit funding obligation" or "funding the deficit"). Unless Declarant otherwise notifies the Board prior to the Board's adoption of a proposed annual operating budget for the next fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the current fiscal year. Declarant has elected to fund the deficit for fiscal year 2006. The deficit funding obligation does not include any expenses that the Association is unable to meet because of nonpayment of any assessment by Owners other than the Declarant, or because of unusual or extraordinary or unanticipated expenses not included in the annual operating budget (for example, a judgment obtained against the Association, or a Common Expense obligation caused by the negligence or misconduct of any Owner or occupant. The deficit funding obligation of the Declarant may be enforced against the Declarant and collected by the Association in the same manner as enforcement and collection of assessments applicable to other Owners.

Regardless of Declarant's election as to payment of annual assessments or funding the deficit, Declarant's obligations with respect to annual assessments may be satisfied by Declarant by any combination of the provision of services or materials toward satisfaction of Common Expenses (including payment for such services or materials directly to the providers thereof), or payment of money to the Association. Beginning with the first fiscal year after the end of the Class B membership, Declarant shall pay annual assessments on its Lots in the same manner as any other Owner.

Declarant may advance funds to the Association sufficient to satisfy the deficit, if any, in any fiscal year between the actual operating expenses of the Association (exclusive of any allocation for capital reserves) and the annual and special assessments for such fiscal year. Such advances shall be evidenced by promissory notes from the Association in favor of the Declarant

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

ARTICLE VII.
ARCHITECTURAL CONTROL

Section 1. Architectural Control.

(a) Except for ordinary and routine maintenance to an existing improvement, and excluding planting and maintenance of flowers, bushes, grass and trees that do not result in any material change in the landscaping approved as part of the Approved Plans ("material" being as determined from time to time by the Reviewer) or allowed by Architectural Guidelines without the necessity of obtaining Approved Plans, and except as otherwise provided herein (for example, portions of the Property exempt from architectural review): no improvement, and no alteration, addition to, or changes to any existing improvement on a Lot or other portion of the Property (including any conversion of a garage or carport into living space) shall be commenced, nor shall any of the same be placed, altered or allowed to remain, until the Reviewer has approved in writing the Plans therefore, or the Architectural Guidelines allow the improvement without the necessity of obtaining Approved Plans.

(b) No structure other than a fence or driveway shall be constructed, placed or installed upon any Lot in a location which encroaches beyond any front, side, or rear building setback line which is depicted on the Plats. No fence shall be constructed or erected upon any Lot in any location without the prior written approval of the ACC. No chain link fences shall be erected or maintained on any Lot or other portion of the Property.

Section 2. Combination of Lots. Contiguous Lots may not be combined together without prior written consent of the Declarant, during the Development Period, and thereafter by the Board of Directors. In the event that the Declarant or Board of Directors, as applicable approves such a combination, such combination shall thereafter be deemed to be a single Lot for all purposes of this Declaration, except that notwithstanding the foregoing, the amount of assessments for which such single Lot shall be thereafter liable shall be equal to the total assessments for which all of the Lots which were so combined would have been liable had such combination not taken place.

Section 3. Architectural Review.

(a) Until the later of the end of the Development Period or the date on which one hundred (100%) percent of the Lots are Improved Lots and are owned by Persons other than the Declarant (such period of time being referred to herein as the "Declarant Review Period"), the Declarant has the sole right under the Declaration to serve as the Reviewer with respect to all improvements. In reviewing and acting upon any request for approval of Plans for

improvements, Declarant or its designee shall be acting solely in Declarant's interest and shall owe no duty to any other Person. Declarant, in its sole discretion, may designate one or more Persons to act on its behalf in reviewing Plans. Declarant may, at any time and from time to time, temporarily or permanently, but without any obligation to do so, delegate all or any portion of its rights reserved under this Article to an ACC. Prior to the end of the Declarant Review Period, Declarant may modify or terminate any or all its rights reserved under this Article in whole or in part, at any time and from time to time, temporarily or permanently, by recording an instrument in the Registry describing the action taken by Declarant.

(b) Upon delegation by Declarant during the Declarant Review Period, and upon the end of the Declarant Review Period, the Association, acting through an ACC appointed by the Board, shall assume jurisdiction and responsibility for architectural review under this Article. The members of any ACC need not be Members of the Association or representatives of Members, and may, but need not, include architects, landscape architects, engineers or similar professionals, The number, qualifications, composition, jurisdiction, procedures (including appeal of its decisions to the Declarant or Board), and compensation of the members, if any, of the ACC shall be established from time to time by the Declarant or Board, as applicable.

(c) The Declarant or the Board, as applicable, may establish and charge reasonable fees for review of applications and Plans hereunder and may require such fees to be paid in full prior to review thereof. Such fees may include the reasonable costs incurred in having any Plans reviewed by architects, engineers or other professionals. If any such fees are required in connection with any review, no Plans submitted for review shall be complete until such fees are paid.

Section 4. Review Procedures.

When Approved Plans are required for commencement of any improvement, the required number of sets of Plans for the proposed improvement (not to exceed 3 sets of Plans, as determined by the Reviewer), together with any application or request for approval and review fees required by the Reviewer, shall be submitted to the Reviewer by the Person requesting the approval or such Person's authorized representative. The Architectural Guidelines and the Reviewer may require the submission of such additional information as may be reasonably necessary to consider any application. All of the foregoing together constitutes a "complete application", and no time period within which any Reviewer under this Declaration is required to complete the review shall commence until the Reviewer has received a complete application.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations shall not be subject to review (except with respect to appeals

to the Declarant or Board as may be authorized by the Declarant or Board) so long as made in good faith and in accordance with the procedures set forth herein.

The Reviewer shall make a determination on each application within 30 days after receipt by the Reviewer of a complete application. The Reviewer may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application. The Reviewer shall notify the applicant in writing of the final determination on any application within five days after making the determination. In the case of disapproval, the Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

In the event that the Reviewer fails to respond in a timely manner to a complete application, approval shall be deemed to have been given. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Architectural Guidelines unless a written variance has been granted. Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the U.S. Postal Service and addressed to the applicant at the mailing or residence address indicated on the application for review. However, personal delivery of such written notice shall be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

If construction does not commence on a project within one year after the date of approval, such approval shall be deemed withdrawn and it shall be necessary for the Owner to reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, Declarant or any aggrieved Owner.

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

Section 5. Architectural Guidelines. Declarant may prepare the initial Architectural Guidelines, which may contain general provisions applicable to all of the Property as well as specific provisions which vary from Neighborhood to Neighborhood. The Architectural Guidelines are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Reviewer in considering applications. The Architectural Guidelines are not the exclusive basis for decisions of the Reviewer and compliance with the Architectural Guidelines does not guarantee approval of any application.

Declarant shall have sole and full authority to amend the Architectural Guidelines during the Development Period, notwithstanding a delegation of reviewing authority to the ACC or any other Person, unless Declarant also delegates the power to amend the Architectural Guidelines to the ACC. Upon termination or delegation of Declarant's right to amend, the ACC shall have the authority to amend the Architectural Guidelines with the consent of the Board, and the Board

shall have the authority to amend the Architectural Guidelines following the end of the Development Period.

Any amendments to the Architectural Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Architectural Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Architectural Guidelines less restrictive.

Upon request, the Reviewer shall make the Architectural Guidelines available to Owners and Builders who seek to engage in development or construction within the Property. In Declarant's discretion, such Architectural Guidelines may be recorded, in which event the recorded version, as it may be amended from time to time, shall control in the event of any dispute as to which version of the Architectural Guidelines was in effect at any particular time.

Section 6. No Waiver of Future Approvals.

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

Section 7. Legal Requirements.

Approval by the Architectural Review Committee of any Plans shall not relieve the Owner, Builder, or applicant from any obligation to obtain all required City approvals and permits, and shall not relieve the Owner, Builder, or applicant of the obligation and responsibility to comply with all Legal Requirements with respect to such improvements.

Section 8. Variances. The Reviewer may authorize variances from compliance with any of the applicable Architectural Guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall: (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) preclude the Reviewer from denying a variance in any other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

Section 9. Limitation of Liability

The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Property; they do not create any duty to any Person. Review and approval or denial of approval or conditioning of approval of any application pursuant to this Article may be made on the basis of aesthetic considerations only, and the Reviewer shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners.

Declarant, the Association, the Board, the ACC, or member of any of the foregoing shall not be held liable for any of the following: soil conditions, drainage or other general site work; any defects in plans revised or approved hereunder or their failure to comply with Legal Requirements; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not Declarant has approved or featured such contractor as a builder in the Property or anywhere else; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any improvement. In all matters, the Association shall indemnify the Board, the ACC, and the members of each as provided in the Governing Documents.

Section 10. Certificate of Compliance. Any Owner may request that the Reviewer issue a certificate of architectural compliance certifying that there are no known violations of this Article or the Architectural Guidelines. The Reviewer shall either grant or deny such request within 30 days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall preclude the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

Section 11. Violation. When Approved Plans are required under this Article prior to the commencement of the construction, installation, alteration, addition, removal, or maintenance of any improvement, in the event that any such construction, installation, alteration, addition, removal, or maintenance commences, or is undertaken or performed in the absence of Approved Plans or in violation of Approved Plans, the Person upon whose portion of the Property such activity was undertaken or performed may be required by the Declarant (during the Development Period) or by the Board to restore to its original condition, at such Person's sole expense, the portion of the Property upon which the activity was undertaken or performed. Upon the failure or refusal of any Person to perform the restoration required herein, the Declarant or Board, as applicable, or their authorized agents or employees, may, after fourteen (14) days' prior notice to such person, enter upon such portion of the Property and make such restoration as the Declarant or Board, as applicable, in the exercise of its discretion, may deem necessary or advisable. The Owner of the portion of the Property upon which such restoration work shall have been performed shall be personally liable to the Declarant or Association, as applicable, for all direct and indirect costs which the Declarant or Association incurs in the performance of such

restoration work, including without limitation attorneys fees and court costs related to the collection of such costs from the Owner, and the liability for such costs shall be secured by all the liens, and shall be subject to the same means of collection, as the assessments provided for in this Declaration.

Section 12. Declarant and Association Exemption. Notwithstanding anything stated to the contrary herein, nothing contained in this Article shall be construed as prohibiting any construction, installation, alteration, addition, removal, or maintenance of any improvement by the Declarant or the Association upon any portion of the Property while it is owned by the Declarant or Association. Any construction, alteration, addition or removal performed by the Declarant or the Association upon any portion of the Property while it is owned by the Declarant or Association is exempt from the all of the provisions of this Article.

ARTICLE VIII.
RESTRICTIONS

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

Section 1. Residential Use. All of the Lots, attached or detached, shall be restricted exclusively to single-family residential use. The term "single-family" shall include one or more related or unrelated adults, as well as the children of any such adults. No Lot shall at any time be used for any commercial, business or professional purpose. Notwithstanding the foregoing, however, nothing set forth in this section shall prohibit: (a) during the Development Period, the Declarant, and any Person authorized by the Declarant, from conducting such sales, leasing and promotional activities on any Lot or any part of the Common Area, including any Recreational Amenities, as the Declarant shall determine in its sole discretion; or (b) the Owner of any Lot from using a portion of a building located on such Lot as an office, provided that such use does not create regular customer, client or employee traffic to and from such Lot and no sign, logo, symbol or nameplate identifying such business is displayed anywhere on such Lot.

Section 2. Prohibited Activities. No noxious, offensive, unsightly or unkempt activity shall be conducted on any Lot. Each owner of any Lot, and such Owner's family members, tenants, guests and invitees, shall refrain from any act or use of the Lot which could reasonably cause embarrassment, discomfort, annoyance or nuisance to any other resident or residents of any other Lot. Storage or placement of furniture, potted plants, fixtures, appliances, machinery, bicycles, towels, equipment, signs or other goods or chattels on any Lot which is visible from outside of the Lot, (including but not limited to Stoops, Driveways, Decks and Patio Areas) is prohibited except as specifically permitted in this Declaration.

Section 3. Nuisances. No nuisance shall be permitted to exist upon any Lot. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells, or other

sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any Lot, or any portion thereof.

Section 4. Animals. No Owner may keep any pets other than a reasonable number of generally recognized household pets, as determined by the Board, on any portion of the Property. No Owner or occupant of any Lot may keep, breed or maintain any pet for any commercial purpose. Animals must be kept on a leash and be under the physical control of a responsible Person at all times while off of the Owner's Lot. Any feces left upon the Common Areas by an animal must be removed by the owner of the animal or the Person responsible for the animal.

No animal determined to be dangerous, in the Board's sole and absolute discretion, may be brought onto or kept on the Property at any time. The Board may remove without notice any animal that presents an immediate danger to the health, safety or property of any Owner or occupant of the Property.

Each Owner who keeps an animal on the Property agrees to indemnify and hold the Declarant (and its members, managers and agents) and the Association (and its directors, officers, committee members, and agents) harmless from any loss, claim or liability of any kind whatsoever arising by reason of such animal, including court costs and reasonable attorney's fees incurred in defending against any claim or cause of action.

Section 5. Antennas; Aerials; Satellite Dishes. The Owner of each Lot shall have the right to install, maintain and use on such Lot one antenna, aerial, or satellite dish to receive video programming that is (i) not larger than one meter in diameter, (ii) blends with the color of the roof or wall where it is installed, and (iii) is installed on the rear roof or wall of the residence constructed on the Lot. No other exterior antennas, aerials, satellite dishes or other reception device shall be constructed, installed, placed or affixed unless approved in accordance with the architectural approval procedures contained in this Declaration. Installation of an antenna deviating from the above provision shall be approved pursuant to the architectural control provisions if reasonably necessary to permit the reception of an acceptable quality signal. HAM radios, two way radios and other hobby or professional radio communication transmission equipment are prohibited.

Declarant or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus of any size for a master antenna, cable, or other communication system for the benefit of all or a portion of the Property.

Section 6. Clotheslines. No exterior clothesline of any type shall be permitted on any portion of any Lot.

Section 7. Lighting. Exterior lighting visible from the street shall not be permitted except for: (1) lighting allowed by Approved Plans; (2) street lights in conformity with an established street lighting program for the Property; (3) seasonal decorative lights; or (4) front house illumination of model homes.

Section 8. Mailboxes. A mailbox conforming to requirements contained in Architectural Guidelines shall be installed for each Lot. No changes or additions shall be made to the original mailbox or its design, materials or location without obtaining prior written approval from the Reviewer.

Section 9. Play Equipment. Recreational and playground equipment shall not be placed on the front or side yard of any Lot nor in the rear of any Lot adjacent to the Common Areas without prior written consent of the Reviewer. Materials, colors and other specifications shall be as provided in the Architectural Guidelines and otherwise approved by the Reviewer.

Section 10. Signs. No sign of any kind or character shall be placed or erected on any portion of any Lot, or displayed to the public on any portion of any Lot, without the prior written consent of the Reviewer, except for customary name and address signs, one customary "for sale" sign advertising a Lot for sale and any sign required by Legal Requirements, and allowable signs shall conform to applicable requirements in the Architectural Guidelines or as imposed by the Reviewer. The sign restrictions herein stated include signs within a building located on any Lot in a location from which the same shall be visible from outside the Lot and signs in or upon any motor vehicle in the Property.

Section 11. Stoops, Driveways, Decks, Porches, Patio Areas and Storage Sheds. Grills, patio furniture and potted plants may be permitted on Patio Areas and Decks, subject to local ordinances and any rules promulgated by the Association with respect thereto; provided such grills, patio furniture or potted plants are not visible outside the Lot, and any grills, patio furniture or potted plants which are visible outside the Lot must receive the prior approval of the ACC. In addition, any items placed on Stoops, Porches and Driveways must comply with any rules promulgated by the Association with respect thereto. Detached storage buildings, sheds or animal pens are prohibited.

Section 12. Swimming Pools. No swimming pool shall be constructed, erected or maintained on any Lot without prior approval of the ACC. In no event shall above ground swimming pools be allowed on any Lot. No spa, Jacuzzi or whirlpool tub shall be constructed, erected or maintained on any Lot without prior approval of the ACC.

Section 13. Flags. Flags may not be flown on any Lot, except that an American Flag, in good repair and no larger than three (3) feet by five (5) feet, may be flown, in the customary manner for flying such flag, during daylight hours on the following national holidays: Presidents Day; Memorial Day; Flag Day; Independence Day; Veterans Day; and such additional and similar federal holidays as may be recognized hereafter.

Section 14. Trash Containers and Collection. No garbage or trash shall be placed or kept on the Property except in screened, enclosed, or covered containers of a type, size and style which are approved by the Board of Directors or as required by Legal Requirements, and subject to rules promulgated by the Association. No person shall burn rubbish, garbage or any other form of solid waste on any Lot or on Common Areas or within the right of way of any street in the Property.

Section 15. Trees. No healthy living trees having a diameter of six (6) inches or more measured from a point two (2) feet above the ground, and no flowering tree, shrub, evergreen, or natural ground cover, shall be removed after the Lot is an Improved Lot, unless such removal is approved by the ACC.

Section 16. Vehicles and Parking. The term "vehicles" as used in this section shall include without limitation automobiles, trucks, boats, trailers, motorcycles, campers, vans, and recreational vehicles. No vehicle may be left upon any portion of the Property except upon a driveway, a designated parking space or within a garage. No person shall park any commercial vehicles (including but not limited to any type of vehicle with advertising or lettering), recreational vehicles, mobile homes, trailers, campers, boats or other watercraft, or other oversized vehicles, stored vehicles or unlicensed or inoperable vehicles within the Property, with the exception of emergency vehicle repairs, commercial vehicles, construction vehicles or delivery vehicles which are temporarily parked for the purpose of servicing a Lot or the Property. Only two-axle automobiles and two-axle trucks may be parked on driveways and any such vehicles parked on driveways shall not remain thereupon for more than seventy-two (72) consecutive hours.

All Owner and occupant vehicles must be kept and stored when not in use within the Lot's garage space or driveway. Garage doors must remain closed at all times except for entry and exit by vehicles and except for periods not to exceed two (2) consecutive hours for Owner related maintenance activities.

The Association may promulgate rules regarding parking in the Property. Provided, however, no parking of any vehicle shall be permitted on or along either side of Kit Creek Road within the Property.

Section 17. Window Air-Conditioners. No air-conditioner shall be installed in any window of any building located on any Lot, nor shall any air-conditioner be installed on any building located on any Lot so that the same protrudes through any exterior wall of such building.

Section 18. Window Treatments. Except as may be otherwise approved in accordance with the Architectural Control provisions contained in the previous Article, all window treatments (which include curtains and other window coverings) visible from the outside of a Lot shall be white or off-white in color. No bed sheets, towels, newspaper, tin foil or similar materials may be used as window treatments.

Section 19. No Subdivision of Lots. No Lot may be further subdivided into any smaller Lot.

Section 20. Interpretation. In all cases, the covenants and restrictions herein contained shall be construed and interpreted in a manner which, in the opinion of the Board of Directors, will best effect the intent of the general Development Plan and maintenance herein set forth.

Section 21. Wetlands; Neuse River Buffers. Portions of the Property may have been determined to meet Legal Requirements for designation as a regulatory wetland. Notwithstanding anything to the contrary that may appear herein or in any other restrictive covenants applicable to such portions of the Properties, and whether or not the Approved Plans for any improvements on the portion of the Properties on which such wetlands are located are in compliance with applicable wetlands rules, any subsequent fill or alteration of any portion of the Property that has been determined to be a regulatory wetland under Legal Requirements shall conform to the requirements thereof in force at the time of the proposed alteration. The intent of this Section is to prevent additional wetland fill or alteration except as allowed under Legal Requirements, so the Owner of any such portion of the Property should not assume that any application for fill or alteration of a wetland will be approved. The Owner of any portion of the Properties subject to any such future application shall report the name of the subdivision, together with the name of the particular phase, section or subdivision within the Property, if any, in any application pertaining to wetland rules. The provisions of this Section are intended to ensure continued compliance with wetland rules under Legal Requirements and this Section may be enforced by the United States, State of North Carolina or any other governmental entity having jurisdiction over the subject wetlands.

Portions of the Properties also may be subject to Neuse River buffer (or other applicable river or stream) requirements in connection with the Neuse River (or other river or stream) and its tributaries. Owners of all portions of the Properties subject to such buffer requirements shall at all times comply with same, whether or not the Approved Plans for any improvements are in compliance therewith. The provisions of this Section shall run with the Property and be binding on all Owners of any part or all of the Property and all Persons claiming under them.

Section 22. Rules and Regulations. Subject to the terms of the Governing Documents and the Board's duty to exercise business judgment and reasonableness, the Board may modify, cancel, limit, create exceptions to, or expand the restrictions contained herein and may create, modify and enforce reasonable rules and regulations governing the use of the Property consistent with Legal Requirements and the Governing Documents. The Board shall send notice to all Owners concerning any proposed action on restrictions or rules and regulations at least ten business days prior to the Board meeting at which such action is to be considered. For this purpose, notice may be sent to each Owner by U.S. mail, electronic telecommunication with confirmation of receipt, or publication in the community newsletter delivered or mailed to each Owner provided that such notice is clearly identified under a separate headline in the newsletter. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

ARTICLE IX.
MAINTENANCE OF LOTS

Section 1. Association's Maintenance Responsibility. The Association shall keep in good condition, order and repair the Area of Common Responsibility, including but not limited

to the Common Areas, Limited Common Areas, the private streets, drives and alleyways as shown on the Plats, sidewalks and rights of way, curbing, detention/retention ponds, all entry features and entry landscaping, whether or not such features and landscaping are on a Lot, privately owned property or in the right of way and all street signage and street lights. Provided, however, the Association shall not be responsible for maintenance of any of the foregoing that are owned by, or are the maintenance responsibility of, a Neighborhood Association. Additionally, the Association has the right, but not the obligation, to maintain the front, rear and side yards of Lots (or such portion thereof as the Association may desire at any time, and from time to time, to maintain in its sole discretion). The Association may be relieved of all or any portion of its maintenance responsibilities to the extent that such property is dedicated to any local, state or federal government or quasi-governmental entity and said entity accepts the responsibility for maintenance. In the event of any such assumption, assignment or dedication, however, the Association may reserve or assume the right or obligation to continue to perform all or any portion of its maintenance responsibilities, if the Board determines that such maintenance is desirable or necessary to maintain the Community Wide Standards. In the event that the Association determines that any maintenance which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, or the occupant, family member, guest, invitee or lessee of an Owner, then the Association may perform such maintenance and all costs thereof may be assessed against the Owner as a specific assessment.

The Board of Directors, in its sole discretion, may leave portions of the Area of Common Responsibility as undisturbed natural areas and may change the landscaping on the Area of Common Responsibility at any time and from time to time, including the adding or modifying of landscaping improvements, such as the planting of seasonal flowers. Any common irrigation system installed by the Declarant or the Association for the use by the Association shall be operated, maintained, repaired and replaced by the Association.

If and to the extent the following portions of the Areas of Common Responsibility are not maintained adequately (in the opinion of the Board) by a governmental entity, the Association shall also maintain the following Areas of Common Responsibility (whether or not constituting Common Areas), including: (a) entry features to the Property; (b) streets, parking areas and sidewalks; (c) perimeter fencing; and (d) landscaping within public street rights-of-way abutting the Property; (e) Stormwater Control Measures; and (f) Recreational Amenities. Additionally, the Association has the right, but not the obligation, to maintain the front, rear and side yards of Lots and to provide for trash and debris removal.

In the event that the Association determines that any maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the occupant, family member, guest, invitee or lessee of an Owner, then the Association may perform such maintenance, repair or replacement and all costs thereof not paid for by insurance shall be assessed against the Owner as a specific assessment.

Section 2. Owner Responsibility. Each Owner shall maintain and keep in good repair all landscaping and yard maintenance not otherwise the responsibility of the Association, as well as all other exterior portions of the Lot, including windows, exterior lighting, painting, roofing,

stoops, patios, porches, decks and all structures, driveways, parking areas, and any other improvements comprising the Lot in a manner consistent with the CommunityWide Standards and all Governing Documents, unless such responsibility is otherwise assumed by or assigned to the Association or a Neighborhood Association. Owner shall keep the Lot free from all litter, trash and refuse. In the event the Board of Directors determines that any Owner has failed or refused to discharge properly any of such Owner's obligations with regard to the maintenance, repair or replacement of items for which such Owner is responsible, the Association shall, except in emergency situations give the Owner written notice of the Association's intent to provide such necessary maintenance, repair or replacement at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair or replacement deemed necessary. The Owner shall have ten (10) days after receipt of such notice within which to complete such maintenance, repair or replacement, or in the event that such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions herein, the Association may provide such maintenance, repair or replacement and all costs thereof shall be assessed against the Owner as a specific assessment. In an emergency situation, the Association may perform the necessary maintenance, repair or replacement without any prior notice to the Owner responsible for such maintenance, repair or replacement, and such Owner shall be liable for the costs thereof.

Section 3. Individual Insurance. Each Owner, by virtue of taking title to a Lot subject to this Declaration, acknowledges that the Association has no obligation to provide any insurance for any portion of individual Lots and each Owner covenants and agrees with all other Owners and with the Association that each Owner will carry at all times all-risk casualty insurance on the Lot and all structures constructed thereon and a liability policy covering damage or injury occurring on a Lot. The casualty insurance shall cover loss or damage by fire and other hazards commonly insured under an all-risk policy, if reasonably available, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard.

ARTICLE X.
MORTGAGEE PROVISIONS

Section 1. Notice of Action. An institutional holder, insurer, or guarantor of a first mortgage, who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number as shown on the applicable Plat, and the street address of the Lot, therefore becoming an "eligible holder"), will be entitled to timely written notice of: (a) any condemnation loss or any casualty loss which affects a material portion of any Lot on which there is a first mortgage held, insured, or guaranteed by such eligible holder; (b) any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the mortgage of such eligible holder where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first mortgage, upon request, is entitled to written notice from the Association of any default in the performance by the Owner of the encumbered Lot of any obligation under the Declaration or

Bylaws of the Association which is not cured within sixty (60) days; any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

Section 2. Audit. Upon written request of any institutional holder of a first mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of audited financial statements of the Association within 90 days of the date of the request.

Section 3. No Priority. No provision of this Declaration or the Bylaws gives any Owner or other party priority over any rights of a Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or taking of the Common Areas.

Section 4. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

Section 5. Mortgagees Not Obligated to Collect Assessments. No Mortgagee shall have any obligation to collect any assessment under the Declaration.

ARTICLE XI
AMENDMENT

Section 1. Amendment by Declarant. In addition to specific amendment rights, if any, granted or reserved elsewhere in the Declaration, during the Declarant Control Period, Declarant may unilaterally, and in its sole discretion, without the joinder or approval of the Association, any Member, or any other Person and without the necessity of a meeting of the Association, amend the Declaration for any purpose, and may record any such amendment or may record an amended and restated version of the Declaration that incorporates any such amendment. Following the end of the Declarant Control Period, during the existence of the Development Period, Declarant may unilaterally, and in its sole discretion, without the approval or joinder of the Association, any Member, or any other Person and without the necessity of a meeting of the Association, amend any provision of the Declaration or any Subdivision Declaration or Supplemental Declaration to: (i) make non-material, clarifying or corrective changes not materially affecting any Owner's rights or obligations hereunder; or (ii) satisfy the requirements of FHA, VA, FNMA, FHLMC, OILSR or other governmental agency, Secondary Mortgage Market Agency or Institutional Lender; or (iii) establish or maintain the tax exempt status of the Association under the laws of the United States or the State of North Carolina; or (iv) amend the Declaration as may be necessary to prevent it from being declared invalid under any Legal Requirement or by any court of competent jurisdiction, or to add or delete provisions to or from the Declaration as may be necessary to prevent it from being declared invalid under any Legal Requirement or by any court of competent jurisdiction. Any amendment to the Declaration

adopted by the Declarant shall be effective upon the later of the effective date contained therein or the date of its recording in the Registry.

Section 2. Amendment by the Members. Unless amended as allowed under Section 1 of this Article, the Declaration may be amended only as follows:

(a) Unless a higher percentage or different voting requirement is specified herein or by Legal Requirements, the Declaration may be amended only by (i) the written agreement or consent of those Members, or the affirmative vote at a meeting of the Association of those Members, who hold sixty-seven percent (67%) or more of the total number of votes in the Association, and (ii) during the Development Period, with the written consent of Declarant.

(b) Written notice of an annual or special meeting of the Association at which any proposed amendment to the Declaration is to be voted on, together with at least a summary description of the proposed amendment, shall be given to all Members not less than ten (10) days nor more than sixty (60) days in advance of the date of such meeting.

(c) When any amendment to the Declaration is approved by Members of the Association (and Declarant, when applicable) as provided in this Section, the appropriate officers of the Association (and Declarant, when applicable) shall execute in the same manner as a deed and record in the Registry, a document setting forth the following: the amendment; the effective date of the amendment (if no effective date is stated the amendment shall be effective upon the recording of same in the Registry); and if applicable, the date of the meeting of the Association at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes required to constitute a quorum at such meeting, the total number of votes present at such meeting, the total number of votes necessary to adopt the amendment, the total number of votes cast in favor of such amendment and the total number of votes cast against the amendment. The document shall be recorded in the Registry within thirty (30) days following the date of the meeting at which the amendment was adopted or the written agreement for the amendment is completed. Provided, however, and notwithstanding the foregoing or anything to the contrary appearing herein, no amendment to the Declaration duly adopted by the Members of the Association shall be void or invalid solely because the document describing the amendment is not recorded in the Registry within said thirty (30) day period, and any such duly adopted amendment to the Declaration recorded following the end of said thirty (30) day period shall become effective on the later of the effective date specified therein, if any, or on the date it is recorded in the Registry.

(d) Amendment of Subdivision Declarations and Supplemental Declarations shall be governed by the provisions for amendment contained therein, if any; otherwise, the provisions regarding amendment of the Declaration shall apply to amendment of those documents.

Section 3. Consent of Mortgagees. No consent of any Mortgagee to any amendment of the Declaration is required unless (i) the amendment adversely affects the rights of Mortgagees under the Declaration, or (ii) a Legal Requirement requires the consent of Mortgagees or a

percentage of Mortgagees, or (iii) the mortgage held by such Mortgagee specifically requires the Mortgagee's consent with respect to the portion of the Properties subject to the mortgage, and if either (ii) or (iii) is applicable, the Mortgagee has notified the Association of its rights regarding consent to amendments in the same manner required for an Mortgagee to notify the Association in the Article of the Declaration dealing with Mortgagee Provisions. If the amendment is adopted by the required percentage of Members exclusive of the Member or Members who own portions of the Properties for which consent of a Mortgagee is required under this Section, then the amendment is valid whether or not the necessary Mortgagees have consented to the amendment.

Section 4. Prohibited Effects of Amendment. Notwithstanding the provisions of Sections 1, 2 and 3 of this Article allowing amendments to the Declaration, no amendment to the Declaration, whether adopted by the Declarant, by the Association, or by the Members or any applicable group of Members of the Association, shall do or result in any of the following:

(a) without the written consent of Declarant, diminish, impair, or in any way affect the rights of Declarant, including Declarant's rights to develop any part or all of the Property in accordance with a Subdivision Plan;

(b) without the written consent of Declarant, impose additional obligations upon Declarant;

(c) diminish or impair the express rights of Mortgagees under the Declaration without the prior written approval of a majority of the Mortgagees who have requested the exercise of such rights as provided herein.

(d) terminate or revise any easement established by the Declaration, without the written consent of the Person benefitted by the easement or by the Owner of the portion of the Properties benefitted (and/or, with respect to a revision, burdened) by the easement, whichever is applicable.

(e) without the consent of the City, terminate, reduce, amend, revise, or alter any obligation of the Association or the Members of the Association under the Code or under any Stormwater Agreement, encroachment agreement, or other agreement entered into with the City by the Association or, as allowed by the Declaration, by the Declarant on behalf of the Association.

(g) alter or remove or attempt to alter or remove any other applicable Legal Requirement.

ARTICLE XII
DURATION OF DECLARATION; DISSOLUTION OF ASSOCIATION

Section 1. Duration. Unless sooner terminated as required by Legal Requirements, the Declaration shall run with and bind the Property and each Owner, and shall inure to the benefit of the Association, and each other Owner of any portion of the Property, and their respective heirs, successors, and assigns, from and after the recording of the Declaration in the Registry until such time as it is terminated by a written termination agreement, executed or ratified in the same manner as a deed, by those Members who hold eighty percent (80%) or more of the total number of votes in the Association, and also with the written consent of Declarant during the Development Period. Execution or ratification by any one of multiple Owners of a Lot is sufficient for that Lot unless, prior to the time the termination agreement is recorded in the Registry, any other Owner of that Lot files with the Association a written objection to the termination of the Declaration (in which event the vote allocated to that Lot shall be considered as not having been exercised). The termination agreement shall specify a date after which it will be void unless it is recorded in the Registry before that date. The termination agreement may not be recorded in the Registry unless and until the requisite number of signatures have been obtained as provided herein, and it shall be effective only upon recording. If, pursuant to the termination agreement, any real estate in the Property is to be sold following termination of the Declaration, the minimum terms of the sale shall be set forth therein.

Section 2. Dissolution of the Association. The Association shall be dissolved upon the termination of the Declaration. Provided, however, until any sale of the Common Property authorized by the termination agreement or approved by the Owners in the same manner as required for approval of the termination agreement is completed and the sale proceeds distributed, the Association shall continue in existence with all of the powers it had before termination. The Association, on behalf of the Owners, may contract for the sale of the Common Property, but the contract is not binding unless such sale has been authorized in the termination agreement or it has been approved by the Owners in the same manner as required for approval of the termination agreement. Proceeds of the sale of Common Property shall be distributed to the Owners and lienholders as their interests may appear, as provided in the termination agreement or other agreement approved by the Owners in the same manner as required for approval of the termination agreement. If the Common Property is not to be sold following termination of the Declaration, title to the Common Property vests in the Owners upon termination, as tenants in common in proportion to their respective interests as provided in the termination agreement.

Upon dissolution of the Association or upon loss of ownership of all of the Common Property by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Property as allowed by the Declaration, or by reason of merger and/or consolidation with any other association as allowed by the Declaration), except as otherwise provided in the termination agreement, other agreement approved by the Owners in the same manner as required for approval of the termination agreement, or Legal Requirements (in particular, Section 47F-2-118 of the Act, or any successor Section of the Act), any portion of the Common Property not under the jurisdiction of and being maintained by

another association substantially similar to the Association, together with all other assets of the Association, first shall be offered to the Town of Morrisville (or, if the Town or Morrisville refuses such offer, then to some other appropriate Governmental Entity or public agency as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Property and such assets were required to be devoted by the Association. If the Town of Morrisville or such other appropriate Governmental Entity or public agency accepts the offer of dedication, such portion of the Common Property and assets shall be conveyed by the Association to the Town of Morrisville or such other appropriate Governmental Entity or public agency, subject to the superior right of an Owner to an easement (if necessary) for reasonable ingress and egress to and from such Owner's Lot and the public or private street(s) on which that Lot is located, subject to all other applicable rights of way and easements, and subject to ad valorem property taxes subsequent to the date of such conveyance.

If the Town of Morrisville or such other appropriate Governmental Entity or public agency refuses the offer of dedication and conveyance, the Association may transfer and convey such Common Property and assets to any nonprofit corporation, association, trust or other entity which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Property was required to be devoted by the Declaration, such transfer and conveyance to be made subject to the rights of Owners and the other matters set forth in the immediately preceding paragraph of this Section. If there is no nonprofit corporation, association, trust or other entity who will accept such transfer and conveyance of the Common Property and assets of the Association, then such Common Property and assets shall be distributed as provided in the plan of termination/dissolution adopted by the Association.

ARTICLE XIII
DISCLOSURES AND WAIVERS

The following are in addition to any other disclosures and waivers in the Declaration.

Section 1. Construction Activities. All Owners and other Persons who use the Property hereby are placed on notice that Declarant and/or its agents, contractors, subcontractors, licensees, and other designees, successors, or assigns, may, from time to time, conduct blasting, excavation, construction, and other activities within the Property. By the acceptance of a deed or other conveyance or mortgage, leasehold, license, or other interest, and by using any portion of a Lot or the Property generally, such Owners and such other Persons acknowledge, stipulate, and agree: (i) such activities shall not be deemed nuisances, or noxious or offensive activities, under any applicable covenants or at law generally; (ii) not to enter upon, or allow their children or other Persons under their control or direction to enter upon (regardless of whether such entry is a trespass or otherwise) any property within or in proximity to the portion of the Property where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours); (iii) that Declarant and its agents, contractors, subcontractors, licensees, and other designees, successors, and assigns, shareholders, directors, officers, partners, members, managers, agents and employees shall not be liable but, rather, shall be held harmless for any and all losses, damages (compensatory, consequential, punitive, or otherwise), injuries, or deaths arising from or relating to the aforesaid activities; (iv)

that any purchase or use of any portion of the Property has been and will be made with full knowledge of the foregoing; and (v) this acknowledgment and agreement is a material inducement to Declarant to sell, convey, lease, and/or allow the use of the Property.

Section 2. Conveyance of Common Property. Declarant may convey or transfer all Common Property, including all improvements thereon, to the Association in an "AS IS, WHERE IS" condition. Declarant hereby disclaims and makes no representations, warranties or other agreements, express or implied, by law or fact, with respect to the Common Property and improvements thereon, including, without limitation, representations or warranties of merchantability regarding the condition, construction, accuracy, completeness, design, adequacy of size or capacity thereof in relation to the utilization, date of completion, or the future economic performance or operations of, or the materials, furniture, or equipment used therein. Neither the Association nor any Owner or any other Person shall make any claim against Declarant, its successors and assigns, relating to the condition, operation, use, accuracy or completeness of the Common Property, or for incidental or consequential damages arising therefrom.

Declarant shall transfer and assign to the Association, without recourse, all warranties received from manufacturers and suppliers relating to any of the Common Property or improvements thereon, or relating to any personal property transferred by Declarant to the Association, which exist at the time of transfer and are assignable, but Declarant's failure to do so shall not constitute any grounds for any claim, cause of action or other legal recourse against Declarant for failing to do so, other than to compel Declarant to transfer or assign same.

Section 3. Liability for Association Operations. The Association shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless Declarant, its successors and assigns, and its shareholders, directors, officers, partners, members, managers, agents and employees from and against any and all losses, claims, demands, damages, costs, and expenses of whatever kind or nature (including, without limitation, reasonable attorneys' fees and costs at all tribunal levels and whether or not suit is instituted, including those incurred in establishing the right to be indemnified, defended, and held harmless pursuant hereto), which relate to or arise out of Association management and operations, including, without limitation, improvement, maintenance, and operation of Common Property and the collection of assessments.

Section 4. Public Facilities and Services. Certain facilities and areas within and adjoining the Properties may be open for use and enjoyment of the public. Such facilities and areas may include, by way of example: greenways, trails and paths, parks, and other neighborhood spots conducive to gathering and interaction, roads, sidewalks, and medians. In addition to any such facilities and areas that are open for use and enjoyment of the public pursuant to Legal Requirements, Declarant may designate facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Common Property or the Board may so designate at any time thereafter.

Section 5. Safety and Security. Each Owner and occupant of a dwelling, and their respective guests and invitees, shall be responsible for their own personal safety and the security

of their property in the Property. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to enhance the level of safety or security which each Person provides for himself or herself and his or her property. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within the Property, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Property, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing such Owner's tenants and all occupants of its dwelling that the Association, its Board and committees, and Declarant are not insurers or guarantors of security or safety and that each Person within Property assumes all risks of personal injury and loss or damage to property, including dwellings and the contents of dwellings, resulting from acts of third parties.

Section 6. View Impairment. Neither Declarant nor the Association guarantee or represent that any view from, over, or across any portion of the Property will be preserved without impairment. Neither Declarant nor the Association shall be obligated to relocate, prune, or thin trees or other landscaping except as otherwise required under a separate covenant or agreement, if any. The Association (with respect to the Common Property) has the right to add or remove trees and other landscaping to and from the Common Property, subject to Legal Requirements. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

Section 7. Water Management. Each Owner and any other Person who uses any portion of the Property acknowledges and agrees that any or all bodies of water (including lakes, ponds, creeks, streams, and wetlands in the Property), together with any dams or other facilities or devices that contain, control, or direct such waters, may be designed as water management areas (including designation as Stormwater Measures) and not designed solely as aesthetic features, and that, with respect to those that are water management areas, due to fluctuations in ground water elevations within the immediate area and/or the receipt or discharge of stormwater, the water level of such lakes, ponds, and wetlands may rise and fall. Each Owner and other such Person further acknowledges and agrees that Declarant has no control over such elevations. Therefore, each Owner and other such Person releases and discharges Declarant, and its successors, assigns, contractors, subcontractors, shareholders, directors, officers, partners, members, managers, agents and employees from and against any and all losses, claims, demands, damages, costs, and expenses of whatever nature or kind, including reasonable attorneys' fees and costs at all tribunal levels, related to or arising out of any claim relating to such fluctuations in water elevations.

Declarant reserves for itself, the Association, and their successors, assigns, and designees, the perpetual, non-exclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within or adjoining the Property to do any or all of the following:

(i) install, operate, maintain, and replace pumps to supply irrigation water to the Common Areas; (ii) construct, maintain, and repair structures and equipment used for retaining water; and (iii) maintain such areas in a manner consistent with the Community Wide Standard.

Declarant further reserves for itself, the Association, and their successors, assigns, and designees, a perpetual, non-exclusive right and easement of access and encroachment over the Common Area and Lots (but not the dwellings thereon) adjacent to or within 50 feet of bodies of water within or adjoining the Property, in order to do any or all of the following: (i) temporarily flood and back water upon and maintain water over such portions of the Property; (ii) alter in any manner and generally maintain the bodies of water within and adjoining the Property; and (iii) maintain and landscape the slopes and banks pertaining to such areas. All Persons entitled to exercise these easements shall use reasonable care in and repair any damage to a Lot resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to hurricanes, heavy rainfall, or other natural occurrences.

Owners and other Persons who use any portions of the Properties shall not alter, modify, expand, or fill any lakes, ponds, or wetlands located in the Properties without the prior written approval of the local permitting authority, the City, the Association, the Declarant, the U.S. Army Corps of Engineers (to the extent it has authority), and such other governmental entities as may have relevant jurisdiction over such matters.

ARTICLE XIIII.
MISCELLANEOUS

Section 1. Enforcement. The Declarant, the Association, each Owner, and, when enforcement rights are granted by the Declaration, a Mortgagee, shall have the right, but not the obligation, to enforce the Declaration by any proceeding at law or in equity (or otherwise, as provided in the Declaration) against any Person who has violated, is violating, or is attempting to violate, any part of the Declaration, either to restrain the violation, recover damages, or seek other available legal or equitable remedies. Any failure by the Declarant, the Association, an Owner, or any other Person to enforce the Declaration or seek any applicable remedy with respect to any specific violation or lien shall not constitute a waiver of the right to do so thereafter, nor shall it constitute a waiver of the right to enforce the Declaration at any other time with respect to the same or substantially similar matter. All rights, remedies and privileges granted to the Declarant, the Association, any Owner, or any other Person herein are cumulative, and the exercise of any one or more of such rights, remedies or privileges shall not constitute an election of remedies or preclude subsequent exercise of other rights, remedies and privileges.

Section 2. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of the Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent and final jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses and phrases of the Declaration shall continue in full force and effect and shall not be affected thereby. To the extent that any provision of the Governing Documents is determined to be overly broad or unenforceable and a narrower or partially enforceable construction may be given to such provision without destroying its intent, then the narrower or partially enforceable provision shall be applied and, to the extent lawful, shall be enforced. It is hereby declared that said remaining paragraphs, sections, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses or phrases shall become or be illegal, null or void.

Section 3. Notice. Except as otherwise provided herein, whenever written notice to any Person (including Owners and Members) is required hereunder, such notice may be hand delivered to such Person, or given by first class United States mail, postage prepaid, or given in such other manner specifically allowed or required by Legal Requirements, or given in such other manner determined by the Board to be proper and which does not violate any Legal Requirements, addressed to the address of such Person appearing on the records of the Association or to the address for such Person appearing in the records of the Wake County Revenue Department. Properly addressed notice shall be deemed to have been given by the Association as follows: (i) in the absence of any delays in delivery by the United States Postal Service resulting from acts of war or terrorism, on the third day following the date the notice was deposited in the United States mail, first class postage prepaid; or (ii) on the date of personal delivery to the Person or an adult residing with the Person, as evidenced by a receipt signed by the Person or such other Person; or (iii) on the delivery date indicated on a return certified or registered mail receipt, or (iv) on the date indicated by the records of a national, regional or local same day or overnight courier service, or (v) on the date acknowledged in writing by the recipient Person or other adult residing with such Person, or (vi) upon execution of a written waiver of such notice by the Person. Notice to the Association may be given and shall be deemed to have been given in the same manner as notice to a Person, when addressed to the principal business office of the Association or the property manager employed by the Association. It shall be the duty of each Owner and Member to keep the Association informed of such Owner's or Member's current mailing address and telephone number. If an Owner or Member has not provided the Association with such current mailing address the Association may use as the mailing address the street address of the Lot owned by such Owner or Member or the address for such Owner or Member in the records of the Wake County Revenue Department. If no address for an Owner or Member is reasonably available to the Association, the Association shall not be required to give notice to such Owner or Member. Notice given to any one of multiple Owners of any portion of the Properties shall be deemed to have been given to all of such Owners.

Section 4. Titles. The titles, headings and captions which have been used throughout the Declaration are for convenience only and are not to be used in construing the Declaration or

any part thereof, except as necessary with respect to any cross-referencing of any provisions of the Declaration.

Section 5. Number and Gender. Whenever the context of the Declaration requires, the singular shall include the plural and one gender shall include all.

Section 6. No Exemption. No Owner may become exempt from any obligations imposed hereby by non-use or abandonment of the Common Property or any Lot owned by such Owner.

Section 7. Consent. Except as otherwise may be specifically required by the Governing Documents or Legal Requirements, where the consent of the Owner of a Lot is necessary, and such Lot is owned by more than one Person, the consent of any one of such Owners is sufficient.

Whenever the written consent of Declarant is required for the effectiveness of some action under the Declaration in addition to any required vote of the Members of the Association, the votes in the Association allocated to Declarant shall be counted in determining the vote of the Members, the written consent requirement being in addition to the voting requirement, whether or not Declarant actually participates in the voting.

Section 8. Subdivision, Combination of Lots; Plat Re-recording. A Lot may be subdivided, and the boundaries of a Lot may be altered, only with the written consent of the Owner thereof and the Declarant, (during the Development Period and, thereafter, the Board), and with any prior approval required of the City. Provided, however, and notwithstanding the foregoing sentence, such written consent of the Declarant is not required for leases, deeds of correction, deeds to resolve boundary line disputes or similar corrective instruments, or deeds or other instruments granting any easement, right-of-way or license to Declarant, the Association, the City or a public utility provider, provided that the number of then existing Lots in the Property is not changed by any such action.

One or more Lots may be combined into a single Lot, and a Lot may be subdivided into two or more Lots, only with the written consent of the Owner thereof and the Declarant (during the Development Period and, thereafter, the Board). When two or more Lots are combined into one Lot, the resulting Lot shall continue to be assessed and have voting rights in the Association based on the number of Lots that were combined into one Lot. When one Lot is subdivided into two or more Lots, the resulting Lots each shall be considered as a separate Lot and each shall be subject to assessments and have voting rights in the Association in accordance with the assessments and voting rights then applicable to a Lot. When the boundaries of two or more such Lots are changed but the resulting number of Lots is the same as the original number of Lots, the assessments and voting rights in the Association for those resulting Lots shall continue as they were immediately prior to the change. When two or more such Lots are combined into one Lot, the easements reserved by the Declaration or a Plat around the boundaries of the former Lots shall continue in effect, except that any such easements reserved along the former common boundary line(s) between the combined parcels and not actually being exercised or used by any Person shall terminate. Provided, however, it shall be the responsibility of the Owner of such

resulting Lot to obtain any documentation that is necessary or required to confirm such termination and to obtain termination or relocation of any such easements that are actually being exercised or used at the time of the combination of Lots. When a Lot is subdivided into two or more Lots, the easements established herein adjacent to the boundaries of a Lot shall apply to all of the resulting Lots.

Nothing contained herein shall prohibit or restrict the right of Declarant, during the Development Period to (i) subdivide, combine, re-subdivide or recombine, or to record or re-record Plats relating to, any portion of the Property owned by Declarant, or (ii) to approve or disapprove such activities with respect to portions of the Property owned by other Owners. The provisions of the immediately preceding paragraph with respect to the effects of subdivision or combination of Lots are applicable to subdivision or combination of Lots owned by the Declarant unless the Declarant otherwise indicates on the plat of such subdivision or combination recorded in the Registry or in an instrument recorded in the Registry prior to the end of the Development Period.

Section 9. No Timesharing. No dwelling in the Property shall be used for operation of a timesharing, fraction-sharing, or similar program whereby the right to use or occupancy of the dwelling rotates among participants in the program on a fixed or floating time schedule over any period of time.

Section 10. Exclusive Rights to Use Name of Subdivision. During the Development Period, no Person shall use the name "Kitts Creek" or any derivative of such name in any logo or depiction in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Kitts Creek" in printed or promotional matter where such term is used solely to specify that a particular Lot is located within the Property and the Association shall be entitled to use the words "Kitts Creek" in its name and printed materials.

Section 11. Association Contracts and Leases During Declarant Control Period. All Association contracts and leases which affect or relate to the Property or any part thereof and which (i) are entered into prior to the time that the first Board elected by the Members takes office, and (ii) are not bona fide or were unconscionable to the Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the first Board elected by the Members takes office, upon not less than ninety (90) days written notice to the other parties to the contract or lease (or any different minimum time period provided for in the Act), and all such contracts and leases are terminable as provided in this Section, whether or not the right of the Association to terminate is stated therein.

Section 12. Conflicts. Whenever there exists a conflict among the Governing Documents of the Association, the provisions of the Declaration and thereafter, any applicable Supplemental Declaration or Subdivision Declaration shall control, except as to matters of compliance with the Nonprofit Corporation Act, in which event the Articles shall control. Whenever there is a conflict between the provisions of the Articles and Bylaws, the provisions of the Articles shall control. The provisions of the Bylaws shall control over any conflicting provision of any rules and regulations, Board resolutions, or Architectural Guidelines. With respect to the foregoing,

specific provisions shall control general provisions, except that a construction consistent with the Act, the Nonprofit Corporation Act and the Code shall in all cases control over any construction inconsistent therewith.

The provisions of the Code control over any conflicting provisions of the Declaration and any other Governing Documents. As applicable provisions of the Code are amended, modified, revised, deleted, or moved to different sections, the Declaration is deemed to be amended so as to conform to the provisions of the Code as they exist from time to time and are applicable to the Properties or any part thereof.

Whenever the Act, the Nonprofit Corporation Act, or the Code provides for limitations on any amount of assessments, fines, late payment fees, charges, or attorney fees that may be assessed, fined, charged, imposed, or collected by the Association, and the amount of any such assessment, fine, late payment fee, charge, or attorney fee allowed or authorized by the Declaration or other Governing Documents (including any assessment, fine, late payment fee, charge, or attorney fee amount established by the Board as allowed by the Declaration or other Governing Documents) exceeds the applicable limitation of the Act, the Nonprofit Corporation Act, or the Code, unless the applicable limitation specified by the Act, the Nonprofit Corporation Act, or the Code is a mandatory limitation that cannot be exceeded by provisions in the Declaration or other Governing Documents allowing or providing for the possibility of a greater amount than the applicable limitation otherwise allows, the provisions of the Declaration or other Governing Documents control and are deemed to constitute an express provision contrary to the limitation contained in the Act, the Nonprofit Corporation Act, or the Code. The provisions of the Act and Nonprofit Corporation Act shall in all cases control over any conflicting provisions of the Code. The Governing Documents shall be construed together with the construction that avoids, insofar as possible, conflicts among them.

For the purposes of this Article and any other references in the Declaration to similar conflicts, a 'conflict' is a situation in which the provisions in question cannot be reconciled or where enforcement of one provision necessarily would prohibit enforcement of another provision - for example, where one provision allows a certain action and the other provision prohibits the same action. Two provisions that are different, but not mutually exclusive or prohibitive of each other do not constitute a conflict for the purposes of this Article - for example, where Legal Requirements or the Declaration requires a certain minimum Dwelling setback distance and the Subdivision Declaration requires a greater distance for the same Dwelling setback distance. In this different Dwelling setback distance example, there is no conflict and the Subdivision Declaration would control.

Section 13. Assignment. Declarant specifically reserves the right, in Declarant's sole discretion, to assign temporarily or permanently any or all of its rights, privileges, powers and/or obligations under the Declaration or under any Supplemental Declaration or Subdivision Declaration, including assignment of any or all of same as security for any obligation of Declarant to any Person. Except as otherwise provided in this Section, no such assignment shall be effective unless (i) it is in writing, (ii) it is executed by the assignee, (iii) it is recorded in the Registry or other governmental entity office required under Legal Requirements, with the date of

recording or such later effective date stated in the assignment being the effective date thereof (and the terms of the recorded assignment shall be conclusive and binding as to the matters assigned), and (iv) if it purports to assign any obligations of the Declarant to complete initial capital improvements within the Subdivision required by the Subdivision Plan or other Legal Requirements, it describes the specific obligations assigned.

Upon Declarant's request, the Association shall execute any such assignment by Declarant to the Association, but Declarant may not assign to the Association any obligation to complete initial capital improvements within the Property required by the Subdivision Plan or other Legal Requirements. With respect to assignments described in any instrument under which Declarant rights specifically or impliedly are given as security for an obligation of Declarant, the terms of such instrument shall control over the provisions of this Section, including execution and recording requirements and the matters assigned thereby. Upon any completed foreclosure sale pursuant to any instrument under which the Declarant rights become security for an obligation, or the recording or filing of a deed or other instrument in lieu of foreclosure, the purchaser at the foreclosure sale, or the grantee under any deed or other instrument in lieu of foreclosure, shall receive the rights, privileges, powers and/or obligations that were assigned as security for the Declarant's obligation, unless the foreclosure documents or conveying document specifically exclude such rights, privileges, powers and/or obligations.

Notwithstanding anything to the contrary in this Section, with respect to the Area of Common Responsibility (including Common Property and Stormwater Control Measures) and utilities in the Property, Declarant may assign to the Association, and the Association shall accept assignment of and execute the assignment document with respect to, any or all of the following in whole or in part, including the costs thereof: all rights, duties, liabilities, obligations and indemnities of the Declarant under all permits issued by the City or any provider of utilities to any part or all of the Property, and/or under all agreements between the Declarant and the City or any provider of utilities to any part or all of the Property, with respect to maintenance of the Areas of Common Responsibility and/or utilities in the Property. Provided, however, and notwithstanding the foregoing, Declarant may not assign to the Association any of its obligations or liabilities or indemnities directly related to the improvements for the initial installation of Common Property, Stormwater Control Measures and/or utilities and/or publicly dedicated street in the Subdivision as required by the City or a utility provider for development of the Properties in accordance with a Subdivision Plan, including warranties for construction of such improvements, if any, required by any governmental entity or utility provider prior to its acceptance of maintenance responsibility, if any, for such improvements (it being recognized that one or more of such improvements may not be of a type that are accepted for maintenance by a governmental entity or utility provider). Declarant shall have the authority to resolve any dispute as to what rights, duties, liabilities, obligations and/or indemnities can be assigned to the Association pursuant to this paragraph.

Section 14. Costs and Reasonable Attorneys' Fees. In any action to enforce the provisions of any Governing Documents, the court may award reasonable attorneys' fees to the prevailing party, even if such action is settled prior to any trial, judgment or appeal. It also is the

specific intent of this Section that it constitute the allowance of the award of reasonable attorneys' fees as required under Section 47F-3-120 of the Act.

Section 15. Actions Against Declarant. The affirmative vote or consent of the Members that is equal to or greater than sixty-seven percent (67%) of the total number of votes in the Association first shall be required prior to the Association doing any or all of the following with respect to the Declarant or any successor Declarant, regardless of whether such Person is the Declarant at the time the Association takes the action or obtains the necessary vote or consent required to take such action: (i) file a complaint, on account of any act or omission of Declarant, with any governmental entity which has regulatory or judicial authority over the Properties or any part thereof; or (ii) assert a claim against Declarant or sue Declarant in any court of law or equity or before any administrative or other board or committee or branch of any Governmental Entity, or request legal or equitable relief against Declarant.

Section 16. Rule Against Perpetuities. As provided in Section 47F-2-103(b) of the Act, the rule against perpetuities may not be applied to defeat any provision of the Declaration, or the Bylaws, rules, or regulations adopted pursuant to Section 47F-3-102(1) of the Act. In the event of the absence of the protection of Section 47F-2-103(b) of the Act, if the Declaration or any provision thereof violates any applicable Rule Against Perpetuities, the Declaration or such provisions shall be deemed reformed to continue in effect for the maximum period of time that the Declaration or such provision could exist without violating such applicable Rule Against Perpetuities.

Section 17. Reserved Rights. Whenever the Declaration reserves a right for, or requires or authorizes a consent, approval, variance or waiver by, Declarant during the Declarant Control Period or Development Period, and thereafter confers such right upon, or requires or authorizes such approval or waiver by, the Association or Board, the applicable right may be exercised, or the applicable approval or variance or waiver may be given, only by Declarant (or its assigns, which may include the Board) during the applicable period, and, thereafter, only by the Board or its authorized designee (unless a vote or consent of the Members of the Association also is required or alone is required).

Section 18. Legal Requirements. All Governing Documents shall be subject to and construed in accordance with all Legal Requirements, including all applicable provisions of the Code. It shall be the responsibility of each Owner to comply with all Legal Requirements, whether or not any approval, disapproval, waiver or variance of the terms of any Governing

Documents has been given by Declarant, the Association or the ACC. It is the express intention of the Governing Documents to comply with the Act, and any provisions of the Governing Documents that are not in compliance with the Act shall be deemed reformed from time to time to comply therewith. Provided, however, it also is the intention of the Governing Documents that, unless its provisions violate the Act, such provisions shall control, and, insofar as reasonably possible, the provisions of the Governing Documents shall be construed in such manner as to be consistent with, and not in violation of, the Act.

Section 19. Marketable Title Act. It is the intention of the Declarant that the Declaration exist and continue until terminated as provided herein, and that it constitute an exception to any automatic termination or expiration provision that might be applicable under the Real Property Marketable Title Act as contained in Chapter 47B of the North Carolina General Statutes, or under any successor or replacement statute or any other Legal Requirement that would or could terminate the Declaration other than in the manner provided for termination herein. Accordingly, the Association, in its discretion, may re-record in the Registry the Declaration or some memorandum or other notice hereof in order to continue the Declaration in full force and effect and/or to qualify the Declaration as an exception to any such automatic termination or expiration provision of the Real Property Marketable Title Act or any other Legal Requirement.

IN WITNESS WHEREOF, Declarant, ExperienceOne, Trustee and SunTrust have caused this Declaration to be executed by their duly authorized officers on this, the 7TH day of MARCH, 2006.

KCR Developers LLC
a North Carolina limited liability company

BY: _____
Manager/Member

ExperienceOne Homes, LLC,
a North Carolina limited liability company

BY: _____
Manager/Member

Southland Associates, Inc., Trustee,
a North Carolina corporation

BY: _____
VICE PRESIDENT
Title

SunTrust Bank,
a Georgia corporation

BY: _____
S.V.P.
Title

STATE OF NORTH CAROLINA
COUNTY OF Wake

I, Vanessa T. Jenkins, a Notary Public for said County and State, do hereby certify that Tim Smith personally appeared before me this day and acknowledged that (s)he is a Manager of KCR Developers LLC, a North Carolina limited liability company, and that (s)he, as a Manager, being authorized to do so, voluntarily executed the foregoing on behalf of the limited liability company for the purposes therein stated.

WITNESS my hand and notarial stamp/seal, this 7 day of March, 2006.

Vanessa T. Jenkins
Notary Public

My Commission Expires: 1-21-2008

STATE OF NORTH CAROLINA
COUNTY OF Wake

I, Vanessa T. Jenkins a Notary Public for said County and State, do hereby certify that L.W. Caldwell personally appeared before me this day and acknowledged that (s)he is a Manager of ExperienceOne Homes, LLC, a North Carolina limited liability company, and that (s)he, as a Manager, being authorized to do so, voluntarily executed the foregoing on behalf of the limited liability company for the purposes therein stated.

WITNESS my hand and notarial stamp/seal, this 7 day of March, 2006.

Vanessa T. Jenkins
Notary Public

My Commission Expires: June 12th 2008

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, Wendy J. Gallovitch, a Notary Public for said County and State, do hereby certify that John F. Spink, II personally appeared before me and acknowledged that (s)he is the Sr. Vice President of SunTrust Bank, a Georgia corporation, and that (s)he as Sr. Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and notarial stamp/seal, this 7th day of March, 2006.

Wendy J. Gallovitch
Notary Public

My commission expires: 3-5-08

STATE OF NORTH CAROLINA
COUNTY OF Wake

I, Wendy J. Gallovitch, a Notary Public for said County and State, do hereby certify that Cynthia Vogler personally appeared before me and acknowledged that (s)he is the Vice President of Southland Associates, Inc., a North Carolina corporation, and that (s)he as Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and notarial stamp/seal this 7th day of March, 2006.

Wendy J. Gallovitch
Notary Public



My commission expires: 3-5-10

Exhibit "A-1" KCR Developers, LLC Lots

Being all of Lots 61-77, inclusive; 84 and 85, 88-94, inclusive; 100; 143; 255-261, inclusive; 263 and 265 as shown on plat entitled " KITTS CREEK SUBDIVISION PHASE 1A REVISED" recorded in Book of maps 2006, Pages 0076 through 0079. The lots shown hereon were previously recorded in Map Book 2005, pages 1307-1310, Wake County Registry.

Being all of Lots 131-137, inclusive; 144-165, inclusive; 167, 170-185, inclusive; 193-202, inclusive; 206-211, inclusive; 213-215, inclusive; 223-237, inclusive; as shown on plat entitled " KITTS CREEK SUBDIVISION PHASE 1B (100 LOTS)" recorded in Book of Maps 2006 Pages 0080-0083. The lots shown hereon were previously recorded in Map Book 2005, Pages 2347-2350, Wake County Registry.

Exhibit "A-2" ExperienceOne Homes, LLC Lots

Being all of Lots 78-83, inclusive; 96-99, inclusive; 101-105, inclusive; 139-142, inclusive; 262, 264 and 266 as shown on plat entitled " KITTS CREEK SUBDIVISION PHASE 1A REVISED" recorded in Book of Maps 2006, Pages 0076 through 0079. The lots shown hereon were previously recorded in Map Book 2005, Pages 1307-1310, Wake County Registry.

Being all of Lots 166, 168, 169, 186-192, inclusive; 203 and 204; 222-216, inclusive; and, 212 as shown on plat entitled " KITTS CREEK SUBDIVISION PHASE 1 B (100 LOTS)" recorded in Book of Maps 2006 Pages 0080-0083. The lots shown hereon were previously recorded in Map Book 2005, Pages 2347-2350, Wake County Registry.

BOOK:011849 PAGE:02069 - 02139

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

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

North Carolina – Wake County

The foregoing certificate___ of _____

_____

_____

_____

_____

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

Laura M. Riddick, Register of Deeds

By: _____
Assistant/Deputy Register of Deeds

This Customer Group
_____ # of Time Stamps Needed

This Document
_____ New Time Stamp
_____ # of Pages

22.004–7/11/03