

**DECLARATION FOR
RAVEN RIDGE PLACE TOWNHOMES**

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR STATE OF NORTH CAROLINA. THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS. N.C. GEN. STAT. § 47F-3-121.

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Submitted electronically by "Williams Mullen"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Wake County Register of Deeds.

STATE OF NORTH CAROLINA

DECLARATION FOR

RAVEN RIDGE PLACE TOWNHOMES

COUNTY OF WAKE

THIS DECLARATION RAVEN RIDGE PLACE TOWNHOMES (herein “*Declaration*”) is made this 20th day of November 2024, by **Stanley Martin Homes, LLC**, a Delaware limited liability company (“*Declarant*”).

RECITALS

A. Declarant owns certain real property located in Wake County, North Carolina more particularly described in **Exhibit A-1** attached hereto (as more particularly defined in **Article II** below, the “*Property*”), which is intended to comprise a townhome community known as Raven Ridge Place Townhomes (the Property and the development, collectively, “*Townhome Community*”) within the larger master-planned community known as Raven Ridge Place Townhomes; and

B. Declarant desires to subject the Property to the terms, conditions, covenants, restrictions, liens and charges hereinafter set forth in order to protect and enhance the value, attractiveness and desirability of the Property and ensure that the Townhome Community will be developed in an orderly and high-quality manner.

NOW, THEREFORE, Declarant hereby declares that the Property is and will be held, transferred, sold, conveyed, leased, used and occupied subject to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, which will run with title to the Property and which will bind and inure to the benefit of all parties having any right, title or interest in the Property or any portion thereof, and their respective heirs, successors and assigns.

ARTICLE I

GENERAL

1.1 Declaration. This Declaration creates a planned community under the North Carolina Planned Community Act. Declarant hereby establishes, adopts and declares that the Property is and will be subject to, and that all land and Improvements within the Property will be acquired, held, owned, encumbered, used, managed, leased, occupied, enjoyed and transferred subject to, the covenants, conditions, restrictions, easements, uses, privileges, charges, assessments, liens, terms and provisions hereinafter set forth, all of which will be covenants running with the title to land within the Property, and will be personal covenants and obligations of and will inure to the benefit of each Owner. Each contract of sale, option, deed, Mortgage, lease, sublease, concession, franchise, license, easement or other instrument which may hereafter be executed with respect to any land and Improvements within the Property will be deemed to have been executed, delivered and accepted subject to this Declaration and to have incorporated this Declaration by reference therein, regardless of whether any such instrument specifically incorporates this Declaration by reference therein. This Declaration constitutes a Sub-Association Declaration and a Townhome Declaration, as those terms are more particularly defined in the Master Declaration (hereinafter defined).

1.2 Additions and Deletions. Declarant (during the Declarant Control Period) and the Association (following the Declarant Control Period) will have, and Declarant for itself and the Association

hereby reserves, the exclusive unrestricted and unconditional right to add property to or delete property from this Declaration. Property so added must be subject to the Master Declaration (hereinafter defined) and must be contiguous to property subject to this Declaration. For purposes of determining contiguity of property, the rights-of-way of public or private roads and utilities, as well as rivers and streams, will be deemed not to separate otherwise contiguous property. Property that may be added to this Declaration includes, but is not limited to, the Property described on Exhibit A-2 attached hereto. Such addition or deletion will be accomplished by the execution of a “**Supplemental Declaration**” identifying the property to be added or deleted and the recordation of such Supplemental Declaration in the appropriate public records. More than one Supplemental Declaration may be executed and recorded. Such Supplemental Declaration will require the consent of the owner of such property that is intended to be added to or deleted from this Declaration. Upon the recordation of a Supplemental Declaration adding property to, or deleting property from, this Declaration, the property so added or deleted will (except to the extent expressly provided otherwise in such Supplemental Declaration) become or cease to be (as the case may be) acquired, held, owned, encumbered, used, managed, leased, occupied, enjoyed and transferred subject to the covenants, conditions, restrictions, easements, uses, privileges, charges, assessments, liens, terms and provisions herein set forth and a part of the Property for all purposes hereunder. Any Supplemental Declaration will incorporate by reference this Declaration and will revise the allocation of Assessments among the existing Property and, if applicable, new Property. In addition, as to any Supplemental Declaration which adds property to this Declaration, Declarant or the Association may include such additional or different covenants, conditions, restrictions, easements, uses, privileges, charges, assessments, liens, options, rights, terms and provisions as Declarant or the Association, in its sole discretion, may determine.

ARTICLE II

DEFINITIONS

2.1 Definitions. The terms in this Declaration and the exhibits to this Declaration will generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms will be defined as set forth below or as otherwise provided herein. Capitalized terms that are used but not defined herein will have the meaning ascribed by the Master Declaration or, if not defined therein, the meaning ascribed by the Act.

“**Act**” means the North Carolina Planned Community Act (currently codified in Chapter 47F of the North Carolina General Statutes) as amended, modified and recodified from time to time during the term hereof so long as the same is applicable to the Property. Any specific references to the Act or separate provisions of the Act expressly include any modifications or amendments to, or recodifications of, the provisions of the Act properly enacted by the North Carolina General Assembly.

“**Articles**” means the articles of incorporation of the Association filed with the North Carolina Office of the Secretary of State, as amended from time to time in accordance with their terms.

“**Approving Authority**” means: (a) during the Declarant Control Period, Declarant, which approval may be given or withheld in the sole discretion of Declarant, and (b) following the Declarant Control Period, the Association, which approval may be given or withheld in the reasonable discretion of the Board.

“**Association**” means Raven Ridge Place Townhome Association, Inc., a North Carolina nonprofit corporation, and its successors and assigns. The Association constitutes a Sub-Association and a Townhome Association, as those terms are defined in the Master Declaration.

“Assessments” means the Regular Assessments, Special Assessments and Specific Owner Assessments levied from time to time by the Association in accordance with, and as more fully described in Article VI hereof.

“Board” means the duly constituted Board of Directors of the Association.

“Business Day” means normal working business days, *i.e.*, Monday through Friday of each calendar week, exclusive of federal holidays and exclusive of days on which national banks in the Municipality are not open for business.

“Bylaws” means the bylaws of the Association, as amended from time to time in accordance with their terms.

“Common Areas” means (a) real property owned by the Association (whether in fee or by way of license or easement) or leased by the Association, other than a Lot, and (b) those portions of the Property lying within (i) private streets and private roads; (ii) signage, landscaping and entryway easements reserved by Declarant for the construction, installation and maintenance of signage, monuments, landscaping and lighting improvements; (iii) stormwater and Drainage facilities and easements; (iv) designated parking areas not located on a Lot; or (v) any other facilities and areas of the Property designated Declarant or the Association to be a Common Area; but excluding Lots.

“Common Expenses” means the actual and estimated expenses incurred, or anticipated to be incurred, by the Association, including any reasonable reserve that may be budgeted by the Board, in its sole discretion, all as may be found to be necessary or appropriate by the Board pursuant to this Declaration, the Bylaws, or the Articles, and include, without limitation, reasonable administrative expenses, expenses incurred by the Association in maintaining, repairing and replacing the Common Areas and Common Facilities, the cost of maintaining insurance as herein required, and other matters described in Section 6.1, Section 6.4 and Section 6.5 below. Common Expenses may include Assessments under the Master Declaration that are allocated to the Property.

“Common Facilities” means (a) all Landscaping (as hereinafter defined) planted or installed within the Common Areas; (b) lighting equipment, signage, Drainage facilities, lakes, ponds, storm water detention and control devices, retaining walls, structures and appurtenances for use by two or more separate Lots within the Property; (c) any courtyard, seating area, green or similar open space within the Common Areas; (d) surface parking within the Common Areas; (e) other Improvements to or within the Common Areas; and (f) utilities installed within easement areas for the benefit of more than one Lot, but excluding utilities which are maintained by the Municipality or a public or private utility company pursuant to a recorded easement or other binding legal agreement.

“Declarant” means the entity designated as Declarant in the preamble to this Declaration, its successors or assigns, and include any person or entity who assumes, or to which Declarant may expressly assign, Declarant’s development rights and/or special declarant rights (as defined in the Act) hereunder in a recorded instrument pursuant to Section 3-104 of the Act. No person or entity merely purchasing, leasing or licensing one or more Lots from Declarant will be considered as Declarant merely by virtue of such purchase, lease or license.

“Declarant Control Period” means the period commencing on the date of recording of this Declaration and expiring on the earlier of (a) the date Declarant, in its sole and absolute discretion, records a supplement or amendment to this Declaration resigning as Declarant or (b) the later of (i)

January 1, 2049 or (ii) one year after the date on which neither Declarant nor any affiliate of Declarant owns any interest in the Property.

“Drainage” means the removal of surface water or ground water from land by drains, grading or other means, and includes control of runoff to mitigate erosion and sedimentation during and after construction or development and likewise includes undertaking those measures necessary for water supply preservation and for prevention or alleviation of flooding.

“Eligible Holder” has the meaning given in Section 11.2 below.

“Fiscal Year” has the meaning given in Section 6.4 below.

“Governmental Authority” means any court, tribunal, legislature, executive, board, agency, commission, department, office or other authority or delegee of any governmental unit (federal, state, county, district, municipal or otherwise) having jurisdiction over the property or matter at issue, whether now or hereafter in existence.

“Improvement” means any structure or other improvement of any kind, whether below, at or above grade, located anywhere in the Property, from initial construction through later construction and maintenance, which are intended to be temporary or permanent in nature (other than changes made during a period of construction which will be removed when the construction period is complete) including but not limited to dwelling units, condominium buildings and structures, garages and other parking facilities, refuse collection containers or facilities, utility installations, cables, conduits, wiring, towers, masts, antenna, microwave dishes, walkways, driveways, fences, berms, landscaping, sculptures and other works of art, fountains, lighting standards and fixtures, recreational facilities, site grading and other artificial earth movement.

“Landscaping” means any of the following: plants, including, but not limited to, grass, vines, ground cover, trees, shrubs, flowers, mulch and bulbs; rocks, stones and gravel; landscape edging; water features; berms; landscape irrigation systems and related improvements and related materials.

“Legal Requirements” means any and all (a) judicial decisions, orders, injunctions, writs, statutes, rulings, rules, regulations, promulgations, directives, requirements, permits, certificates or ordinances of any Governmental Authority, insurance underwriter or utility company in any way applicable to any Owner or such Owner’s Lot, or the Common Areas, including but not limited to any of the aforesaid pertaining to maintenance, operation, use, insurance, zoning, environmental and utility matters, (b) the Townhome Documents; and (c) all applicable easements, covenants, conditions and restrictions of record, including without limitation the Master Declaration.

“Lot” means any portion of the Townhome Community constituting a separate lawfully subdivided lot under the Legal Requirements and which is shown as such upon any Record Plat or otherwise described and defined by appropriate Recorded Documents, together with any improvements thereon. Notwithstanding the foregoing, none of the following will constitute a Lot: (a) Common Areas owned in fee by Declarant, the Association or the Master Association, including without limitation any parcels principally devoted to stormwater control; (b) public spaces, open spaces, greenways, park lands or other like parcels of land owned or dedicated to (and accepted by) a Governmental Authority; or (c) dedicated public rights of way.

“Master Association” means Raven Ridge Place Master Association, Inc., a North Carolina nonprofit corporation, and its successors and assigns.

“Master Declaration” means the Master Declaration for Raven Ridge Place recorded in Book 019768, Page 00476 of the Registry, as the same may be supplemented and amended from time to time in accordance with its terms.

“Mortgage” means a deed of trust or mortgage recorded in the Registry that is a lien against any Lot. ***“Mortgagee”*** means a beneficiary or holder of a Mortgage. A ***“First Mortgage”*** is a Mortgage having priority over all other Mortgages encumbering a Lot. ***“First Mortgagee”*** means a beneficiary or holder of a First Mortgage.

“Municipality” means the City of Raleigh, North Carolina.

“Occupant” means any natural person(s) in possession of a Lot, including Owners, and the family members, lessees, guests and invitees of such natural person(s).

“Owner” means each and every person or entity who is record owner of a fee simple interest in a Lot, except, however, that the term Owner does not include any person or entity who holds only a lien or security interest in any such Lot as security for the performance of any obligation, including, but not limited to, any Mortgagee or trustee or beneficiary under a Mortgage unless and until such Mortgagee has acquired record legal title through foreclosure or any proceeding or conveyance in lieu thereof.

“Property” means the real property more particularly described in **Exhibit A-1** attached hereto and incorporated herein, improvements constructed thereon, and any additions hereto or deletions therefrom as permitted under **Section 1.2** hereof; provided that any portion of such real property that is subsequently dedicated to (and such dedication is accepted by) either the public, the Municipality, or any other governmental agency will be excluded from the ***“Property”*** definition from and after the date of acceptance of such dedication regardless of whether such dedication conveyance document so provides, for so long as such dedicated property remains in use for public purposes.

“Recorded Document” means any document, including any map or plat of survey, recorded at the Registry, including without limitation any Recorded Plat, that is recorded pursuant to this Declaration.

“Recorded Plat” means any plat of all or any portion of Property recorded in the Registry pursuant to this Declaration.

“Registry” means the Office of the Register of Deeds of Wake County, North Carolina.

“Regular Assessments” has the meaning given in **Section 6.4** below.

“Released Parties” has the meaning given in **Section 12.1** below.

“Reviewing Authority” has the meaning given in **Subsection 4.8(a)** below.

“Rules and Regulations” mean the rules and regulations promulgated from time to time by the Board pursuant to **Section 4.3** below.

“Special Assessment” has the meaning given in **Section 6.5** below.

“Specific Owner Assessment” has the meaning given in **Section 6.6** below.

“Supplemental Declaration” has the meaning given in **Section 1.2** above.

“Townhome Community” has the meaning given in the Recitals of this Declaration.

“Townhome Documents” means: (a) this Declaration, any applicable Supplemental Declaration, the Articles and the Bylaws; and (b) as applicable, the Rules and Regulations.

“Utility Easement” has the meaning given in Subsection 8.2(b) below.

“Variance” means any approval granted by the Approving Authority or Reviewing Authority to any Owner for a deviation or noncompliance with this Declaration, the Rules and Regulations or design guidelines adopted by the Reviewing Authority.

ARTICLE III

ASSOCIATION

3.1 General. The Association has been formed for the benefit of the Property and will be operated in accordance with this Declaration and the Act. The Association will have all of the rights and powers as are conferred upon it by the Articles, Bylaws, Declaration and the Act. Without limiting the foregoing, but subject to the provisions of this Declaration, the Association will have all powers provided by the Act. The Association will have such additional rights and powers as are both (a) reserved unto Declarant in this Declaration, or are otherwise possessed by Declarant, and (b) subsequently expressly assigned by Declarant to the Association in writing, which Declarant may do at any time or times. The Association will be managed by the Board in accordance with the Bylaws and the Act.

3.2 Purposes. The purposes of the Association are:

- (a) To maintain and preserve, or cause to be maintained and preserved, all Common Areas and Common Facilities;
- (b) To enforce the provisions of the Townhome Documents;
- (c) To perform all duties and functions allotted to the Association under this Declaration or otherwise applicable to owners' associations pursuant to Article 3 of the Act;
- (d) To promote and to protect the enjoyment and beneficial use and ownership of the Property in general and each Owner's Lot; and
- (e) To promulgate and enforce the Rules and Regulations for use of the Property, the Common Areas and the Common Facilities and for activities on any Lot.

3.3 Membership; Voting Generally. The Association constitutes an owners' association as defined in the Act and as provided in Section 3-101 of the Act and will exercise its powers for the benefit of the Property. Declarant and each Owner will have a membership in and will be a Member of the Association. Each Member will be entitled to one (1) vote for each Lot owned, except that, during the Declarant Control Period, Declarant will have a majority of the votes of the Association equivalent to the total number of votes held by all Owners (other than Declarant), plus one vote.

3.4 Board. The Association will be managed by the Board, which will have the sole and exclusive authority to exercise all powers and rights of and to act in all instances on behalf of the Association, and the Members will have no authority to exercise such powers or rights by exercise of their votes, except as expressly provided by this Declaration, the other Townhome Documents or the Act. All votes, written consents and other decisions of the Association will be by a vote, written consent or other decision made by the Board, unless the vote, consent or approval of the Members is expressly required by

this Declaration, the other Townhome Documents or the Act. During the Declarant Control Period, Declarant will have the exclusive right to appoint and remove any member or members of the Board and any officer or officers of the Association, and the Owners (other than Declarant) will have no rights to nominate, elect, or remove, or exercise any vote to nominate, elect or remove the Board. Following the Declarant Control Period, all members of the Board will be elected by the Owners (including Declarant if an Owner) in accordance with the provisions of the Articles and Bylaws. Each Owner, by acceptance of a deed to or other conveyance of a Lot, vests in Declarant such authority to appoint and remove Board members and officers of the Association. The Board members selected by Declarant need not be Owners or residents in the Townhome Community.

3.5 Articles and Bylaws. The Articles and Bylaws of the Association are incorporated by reference into this Declaration. Accordingly, the Articles and Bylaws will have the same force, effect and dignity as the provisions of this Declaration. Every reasonable effort will be made to construe the Articles, the Bylaws and this Declaration consistently and so as to give effect to Section 1.1 hereof. However, to the extent any irreconcilable conflict arises among such documents, to the extent permitted by law the provisions of this Declaration will control.

3.6 Committees. The Association will have the authority to establish, from time to time and on such terms as the Board in its sole discretion may adopt, such committees as the Board may desire to carry out the purposes of this Declaration. Each committee established by the Board will have such membership, rights, powers duties, authorities and limitations, and will perform such functions and services and will exist for such period of time, as the Board in its discretion may determine consistent with the Act.

3.7 Liability Limitations. No Owner, director, officer or representative of the Association will be personally liable for debts or liabilities of the Association. The directors and officers of the Association will not be liable for any mistake of judgment, whether negligent or otherwise, except for their own individual bad faith, gross negligence, intentional misconduct or criminal conduct. Such directors and officers will have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association, and the Association will indemnify and hold such directors and officers free and harmless from any and all expense, loss or liability to others on account of any such contract or commitment (to the extent not covered by insurance proceeds). In addition, each director and each officer of the Association will be indemnified and held harmless by the Association from any expense, loss or liability to others (to the extent not covered by insurance proceeds) by reason of having served as such director or as such officer and against all expenses, losses and liabilities, including, but not limited to, court costs and reasonable attorneys' fees, incurred by or imposed upon such director or officer in connection with any proceeding in which he, she or it may be a party or have become involved by reason of being such director or officer at the time such expenses are incurred; provided, however, in cases where the expenses, losses and liabilities arise from a proceeding in which such director or such officer is adjudicated guilty of bad faith, intentional misconduct or criminal conduct, the indemnification provided hereby will apply only when the Board approves such settlement and reimbursement as being in the best interests of the Association. Any right to indemnification provided for herein is not exclusive of any other rights to which a director or officer, or former director or officer, may be entitled.

3.8 Contracts. The Association will have the right, power and authority to execute, deliver, perform and enforce any and all contracts (written or oral, with any person or entity), which the Board authorizes and which are necessary or reasonably appropriate to carry out the duties and responsibilities of the Association under the Townhome Documents.

3.9 Reserve Fund. The Board, in establishing the annual budget for operation, management and maintenance of the Townhome Community, may designate therein an amount to be reserved for the periodic maintenance, repair and replacement of any part of the Townhome Community for which the

Association is responsible. The Board may, but expressly is not required to, budget for reserves that will cover all projected costs of the repair and replacement of all portions of the Townhome Community for which the Association is responsible and may rely on the funding of part or all of such costs at the time they are incurred through the then current budget. In addition, reserve funds may, in the reasonable discretion of the Board, be used to meet the current obligations of the Association.

3.10 Master Declaration. This Declaration and the Townhome Documents are subject to the terms and conditions of the Master Declaration and other “*Governing Documents*” (as defined therein). To the extent permitted by the Act and other applicable law, to the extent of a conflict between the terms of the Master Declaration and the terms of the Townhome Documents, the Master Declaration will control; provided, however, this provision may not be construed to prevent the enforcement of additional covenants, conditions, restrictions and easements in the Townhome Documents that do not contravene the provisions of the Governing Documents. Each Owner, by its acceptance of title to a Lot, is deemed to have irrevocably assigned to the Association, and the association is deemed to have assumed:

- (a) The right to attend Member meetings of the Master Association; and
- (b) The right to receive any notice, the right to cast any vote, and the right to give or withhold any approval, both as a Member of the Master Association and as an Owner, provided for in the Master Declaration, including without limitation membership votes regarding the annual budget of the Master Association and membership votes relating to amendments of the Master Declaration.

The Association will have the right, but not the obligation, to delegate to the Board the right to grant any consent or approval that may be given, and any vote that may be made, pursuant to the terms of the Master Declaration by the Owner(s) of Lots of the Property.

The Townhome Representative will be selected, removed and hold office in the same manner as Board members of the Association.

Unless otherwise directed in writing by the Master Association, the Association will be responsible for using reasonable efforts to collect and remit to the Master Association all assessments levied by the Master Association pursuant to the Master Declaration against the Property subject to this Declaration.

ARTICLE IV

SUBDIVISIONS, USE AND RESTRICTIVE COVENANTS

4.1 Subdivision. No Lot may be split, divided or subdivided nor may the size, dimensions or boundaries of any Lot be otherwise changed or altered except with the written approval of the Approving Authority. If the Approving Authority approves a subdivision, the Owner(s) of the Lot(s) to be subdivided will cause to be recorded a Recorded Plat or revised Recorded Plat for the affected Lot(s). The Approving Authority’s approval of the subdivision or reconfiguration must be evidenced by their execution of the Recorded Plat or by another instrument recorded in the Registry. Upon the recording of any such Recorded Plat, each Lot shown on a prior Recorded Plat, the boundaries of which are revised by the new Recorded Plat, will cease to be a “Lot” as defined in this Declaration and each newly configured lot shown on the revised Recorded Plat will be a “Lot” as defined in this Declaration. Except pursuant to a condemnation, no portion of any Lot may be dedicated for public use except with the approval of the Approving Authority. Except as is permitted in this Declaration or amendments hereto, there will be no judicial partition, and no Owner may seek judicial partition, of the Common Areas or any part thereof.

4.2 Use Generally. No use is permitted on the Property which violates any Legal Requirements, and each Owner, Occupant or other user of any portion of the Property, will at all times comply with this Declaration and with any and all Legal Requirements. All Lots will be developed in accordance with this Declaration, including without limitation Section 4.1 hereof, as it may be amended and modified from time to time in the manner expressly provided in this Declaration. The provisions of this Article IV set forth certain requirements which, in addition to the other provisions of this Declaration, will apply with respect to the development and use of the Property.

(a) **Residential Use.** Except as otherwise herein provided with respect to (x) the use of portions of the Property as sales offices, construction offices and/or model homes and (y) the maintenance of offices or home businesses, all Lots will be used for single-family residential purposes exclusively, and no portion of the Property will be used except for single-family residential purposes and uses ancillary thereto, including recreational, park and street purposes. An Owner may maintain an office or home business on such Owner's Lot or in any dwelling or other improvement located on the Lot only if: (i) such office or home business is operated by the Owner or a member of the Owner's household residing on the Lot, or by Owner's tenant residing on the Lot; (ii) there are no displays or signs indicating that the Lot or improvement is being used other than as a residence; (iii) such office or business does not generate significant traffic or parking usage (as determined from time to time in the sole discretion of the Board) by clients, customers or other persons; (iv) no equipment or other items related to the office or business are stored, parked or otherwise kept on such Owner's Lot outside of the dwelling or other enclosure approved by the Approving Authority; (v) such Owner has obtained from all applicable local governmental authorities, and maintains in effect, all required approvals for such use; (vi) the activity is consistent with the residential nature of the Property and complies with all applicable federal, state and local laws and ordinances; and (vii) no person is employed in such office or home business except for the Owner or the members of the Owner's household residing on the Lot or the Owner's tenant residing on the Lot. As a condition to such use, the Board may require the Owner to pay any increase in the rate of insurance, trash removal, utilities or other costs for the Association or other Owners which result from such use. Garage sales, yard sales and similar activities will be conducted only in accordance with all applicable federal, state and local laws and ordinances and the rules and regulations, if any, adopted by the Board.

(b) **Nuisances Prohibited.** It will be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his, her or its property. No property within the Townhome Community may be used, in whole or in part, for the storage of any property or thing that will cause such Lot to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor may any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the owners or occupants of surrounding property. No noxious or offensive activity or use may be carried on within the Townhome Community, nor may anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any property within the Townhome Community. There may not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Townhome Community. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier, or other sound device, except such devices as may be used exclusively for security purposes and approved by the Approving Authority, will be located, installed, or maintained upon the exterior of any Lot unless required by law.

(c) **Leasing.** Every lease for any Lot will be deemed to be, and will provide that, any lease will be subject in all respects to the provisions of the Declaration, the other Townhome

Documents, and the Master Declaration, and that each lessee will comply with the terms of such documents. Nothing in this Declaration may be construed to prohibit the leasing of a Lot or dwelling, but any such lease must have a term of least six (6) months.

(d) Signs. No sign of any kind, including political signs, may be displayed to the public view on any portion of the Property except for signs which are approved by the Reviewing Authority. Except as the Reviewing Authority, as the case may be, otherwise expressly permits, only one sign advertising a Lot for sale or rent may be displayed with respect to a given Lot that is for sale or rent. All signs maintained on any portion of the Property must comply with all applicable federal, state and local laws and ordinances.

(e) Animals. No animals, livestock, or poultry of any kind may be raised, bred, or kept on any portion of the Property, except that dogs, cats, or other usual and common household pets, may be kept by the Owner(s) or Occupants of Lots, so long as such pets are kept in compliance with requirement of law applicable to such animal and any rules and regulations promulgated in accordance with the authority herein conferred on Declarant or the Association. No pets may be kept, bred or maintained for any commercial purpose. All pet animals must be secured by a leash or lead and under the control of a responsible person and obedient to that person's command at any time they are permitted outside a residence on the Lot or Common Areas. Pet feces must be collected and removed from the Common Areas and others' Lots by the pet owner or other person responsible for the pet at that time. The Approving Authority will have the power to adopt, publish, amend and enforce rules and regulations governing the keeping of pets on the Property and to establish penalties for the infraction thereof; provided that any such rules and regulations adopted without Declarant's approval do not conflict with this paragraph. Such rules and regulations may place reasonable limits on the number, size and/or nature of pets that may be kept by the Owner(s) and Occupants of each Lot, including without limitation, prohibiting dangerous animals.

(f) Dishes and Antennae. No satellite dishes, antennas, and similar devices for the transmission of television, radio, satellite, or other signals of any kind may be placed, allowed, or maintained within the Townhome Community, except that Declarant and the Association will have the right, without the obligation, to erect or install and maintain any such apparatus for the benefit of all or a portion of the Townhome Community, and except that (i) satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; (ii) satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; or (iii) antennas designed to receive television broadcast signals ((i), (ii), and (iii), collectively herein referred to as "**Permitted Devices**") may be permitted, *provided that* Permitted Devices will be placed in the least conspicuous location on the Lot (generally being the rear of the Lot) at which an acceptable quality signal can be received and is not visible from the street, Common Areas, or neighboring property or is screened from the view of adjacent Lots in a manner consistent with any design guidelines established by the Reviewing Authority.

(g) Garbage, Woodpiles and Refuse. All garbage cans, woodpiles, and other similar items will be stored completely enclosed within the garage that is a part of the residence located on the Lot or located in the rear of the Lot and screened so as to be concealed from view of neighboring streets and property.

(h) Guns. The use of firearms in the Townhome Community is prohibited. The term "firearms" includes rifles, pistols, shotguns, "BB" guns, pellet guns, small firearms of all types, bows, crossbows, blowguns and other ranged and projectile weapons.

(i) Solar Panels. The installation of solar panels or other “green energy” improvements (“***Green Energy Improvements***”) to the roof or exterior of a dwelling located on a Lot will be permitted in accordance with N.C. Gen. Stat. § 22B-20 after approval by the Association. To the maximum extent permitted by applicable law, the Association will have the right to approve the nature, design, size, appearance, configuration, manner of attachment and location of Green Energy Improvements. Upon any such approval for the installation of Green Energy Improvements, the Owner of such Lot, its successors and assigns, will thereafter be responsible for the installation, maintenance and repair of the Green Energy Improvements and any and all damage caused to the dwelling on the Lot or to adjacent dwellings, if applicable, during the installation, maintenance or repair of such Green Energy Improvements, and, as a condition to such approval, Declarant and/or the Association may require the Owner of the subject Lot to enter into a license or other agreement relative to same. The Association will not be responsible for the installation, maintenance or repair of Green Energy Improvements installed by an Owner.

4.3 Rules and Regulations. The Association will have, and Declarant hereby reserves on behalf of the Association, the right, power and authority to establish, adopt, revise and restate from time to time such Rules and Regulations regarding the Property as the Association deems appropriate. Such Rules and Regulations may (by illustration and not by limitation) address any and all aspects of the maintenance, repair, replacement, and repainting of Improvements; pedestrian and vehicular traffic; parking; security; Landscaping; utility usage; trash removal and recycling; pest control; exterior signage (or interior signage which is visible from the exterior of an Improvement); exterior lighting; telecommunications, including antennas and dishes; restrictions relating to pets and other animals; architectural standards, controls and approvals; operation of the Association and any other activities affecting the general purposes set forth in Section 1.1 hereof. Without limiting the generality of the foregoing, to the maximum extent permitted by applicable law, Rules and Regulations may restrict and regulate the nature, manner, design and location of solar panels and related or similar equipment. Upon adoption, such Rules and Regulations will become a Townhome Document and binding on all Owners, Occupants (and their respective contractors, guests and invitees) of the property to which they are made applicable by the Association. After adoption, the Association will furnish or otherwise make available to each Owner a copy of such Rules and Regulations. Enforcement of the Rules and Regulations will be subject to the discretion of the Approving Authority. Owners are responsible for violations of Rules and Regulations by the Occupants of their Lot.

4.4 Declarant Uses Permitted. Declarant and its designees may conduct its sales and marketing program for the Property and portions thereof from any permanent buildings owned or leased by it or the Association or from temporary sales buildings or trailers and may conduct work relating to the installation, maintenance, repair, replacement and reconfiguration of roads, utilities and related facilities, stormwater and Drainage facilities, grading, streets, paths, walkways, common parking areas, and other similar site work and activities on the Property and do all things reasonably necessary or convenient as required to expeditiously commence, continue and complete such work and improvements, including the provision of a temporary building or buildings (including trailers), temporary storage of construction materials and equipment on the Property, and the erection of temporary signage of such types and in such sizes and at such locations as Declarant deems appropriate. Without limiting Declarant’s rights generally, Declarant will have the right, but not the obligation, to extend the privileges granted by this Section 4.4 to third party builders who have acquired title to one or more Lots for the purpose of constructing Improvements and selling to an Owner/Occupant.

4.5 Construction Uses. Any architect, engineer, contractor or subcontractor employed by Declarant, the Board or the Association to assist in the design, construction, maintenance, repair, replacement, repainting or alteration of Improvements to the Property may use the portion of the Property on which the Improvements are (or are to be) situated for such purpose and, in connection therewith, may erect and use temporary facilities for administrative and storage purposes.

4.6 Construction Activities. The Owner of the Property or Lot on which construction (including alteration, rebuilding and reconstruction) activities are being conducted will at all times:

- (a) cause the applicable portion of the Property or the Lot to be maintained in a safe and reasonably clean condition during the course of the construction activity;
- (b) assure that no construction materials or equipment are stored or deposited outside of the applicable portion of the Property or the Lot;
- (c) take reasonable steps to assure that no construction debris associated with its construction activity is deposited or allowed to remain anywhere within the Property;
- (d) take care not to damage, and assure that its contractors and subcontractors do not damage, any street, sidewalk, easement, utility facility, landscaped area or other Improvement;
- (e) immediately repair any damage caused by the construction activity; and
- (f) remove all mud, debris and other materials which may have been deposited on any street within the Property by vehicles used in connection with the construction or by "run off" from their Lot. Declarant will use reasonable efforts to comply with the requirements of this Section 4.6 but will have no liability for violations of this Section 4.6.

4.7 Vehicles. The term "vehicles," as used herein, includes, without limitation, motorhomes, boats, trailers, motorcycles, minibikes, scooters, go-carts, trucks, campers, buses, vans, and automobiles.

(a) Parking. Vehicles owned, leased or operated by an Owner, Occupant or other invitee of an Owner or Occupant may be parked only in the garage or driveway serving the Lot (excluding alleys), or in such other paved areas as have been designated by the Board for parking vehicles. The number of vehicles that may be parked outside the garage on any paved area of the Lot may not exceed the number of vehicles that the garage is designed to accommodate (*i.e.*, 1 or 2, as applicable). On-street parking in the Townhome Community will be as determined by the Board in accordance with this Declaration and will be subject to such conditions as may be imposed by the Board.

(b) Commercial and Inoperable Vehicles. Commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and boat trailers are prohibited on the Property, unless completely enclosed in a garage and not visible from adjacent Lots or Common Areas. Stored vehicles which are either obviously inoperable or do not have current operating licenses, license plates or permits, will not be permitted on the Property except within enclosed garages. Vehicles that become inoperable while on the Property must be removed from the Property or stored completely enclosed in a garage within seventy-two (72) hours of becoming inoperable. For purposes of this Section 4.7, a vehicle will be considered "stored" if it is put up on blocks or covered with a tarpaulin and remains on blocks or so covered for seventy-two (72) consecutive hours without the prior approval of the Board. Notwithstanding the foregoing, service and delivery vehicles may be parked in the Property during daylight hours for such periods of time as is reasonably necessary to provide service or to make a delivery to a Lot or the Common Areas.

(c) Towing. Any vehicle parked in violation of this Section 4.7 or parking rules promulgated by the Board may be towed in accordance with the Bylaws or Rules and Regulations adopted by the Board.

(d) Garage. Garage doors will be kept closed at all times, except during times of ingress and egress from the garage. No garage will be enclosed, modified or otherwise used so as to reduce its capacity for parking vehicles below the capacity existing at the time of completion of construction of the initial improvements on the Lot.

(e) Areas of Use. No motorized vehicles will be permitted on pathways or unpaved Common Areas except for public safety vehicles and vehicles authorized by the Board.

4.8 Architectural Review. No improvements, alteration, repair, change in paint color, excavation, change in grade, elevation, planting, landscaping, plants and vegetation, exterior decoration, or interior decoration visible from the exterior (including, without limitation, yard ornaments, figurines, statues, bird baths, houses and feeders, flags, decals, window treatments and similar items) or other work which in any way alters the exterior of any Lot or the Improvements located thereon from their natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant to an Owner other than Declarant may be commenced, erected or maintained upon any Lot and no building, fence, wall, residence or other structure may be commenced, erected, maintained, improved, altered or removed, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same has been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Reviewing Authority. The Reviewing Authority may approve or disapprove matters in its discretion, including without limitation subject and/or aesthetic considerations and may be granted subject to the satisfaction of reasonable conditions, including but not limited to those set forth herein. Notwithstanding the foregoing, nothing herein contained will prevent or interfere with the right of Declarant to improve and develop the Property, including the Lots, as Declarant deems appropriate. Accordingly, Declarant need not seek or obtain the approval of the Reviewing Authority for improvements or improvements or any kind made on or for the Property by or at the direction of Declarant.

(a) Reviewing Authority. The term “*Reviewing Authority*” means the Approving Authority or, at the Approving Authority’s option, a committee of not less than three (3) people established by the Association in accordance with the Bylaws, provided that members of such committee need not be members of the Association.

(b) Design Guidelines. The Reviewing Authority may, in its discretion and without obligation to do so, from time to time adopt and revise architectural and/or design guidelines for alterations or improvements to the Property, which guidelines will have the same force and effect as the Rules and Regulations. Such guidelines may establish the procedures (including reimbursement of reasonable fees and costs) for the submission and approval of plans or other matters requiring the Reviewing Authority’s approval. Such guidelines may also permit certain minor, temporary or seasonal exterior decorations or plantings will not require the prior approval of the Reviewing Authority during time limitations specified in the guidelines, but if any such decorations or plantings are determined, in the sole discretion of the Reviewing Authority, to be distasteful or otherwise disruptive of the aesthetics or visual harmony of the Townhome Community, the Reviewing Authority may require that such decorations or plantings, as the case may be, promptly and permanently be removed. In the event that an Owner neglects or fails to remove such decorations or plantings at the request of the Reviewing Authority, the Association may perform such removal. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times for such purpose and the cost of such removal will be assessed exclusively against such Lot as a Specific Owner Assessment. Nothing herein limits the right of the Reviewing Authority to grant Variances from adopted guidelines.

(c) Approved Alterations. Upon approval by the Reviewing Authority of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specifications, as approved, will be filed with the records of the Association and a copy of such plans and specification bearing such approval, in writing, will be returned to the applicant submitting the same. Each Owner, not the Reviewing Authority, is responsible for obtaining and maintaining all other license, permits and approvals required in connection with his, her or its alterations and for compliance with applicable laws, regulations, ordinances, codes and requirements. Approval for use in connection with any Lot of any plans and specification will not be deemed a waiver of the Reviewing Authority's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot. Approval of any such plans and specifications relating to any Lot, however, will be final as to that Lot and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specification, as approved, and any conditions attached to any such approval; provided, however, that approval may be granted subject to expressly specified deadlines for commencement and completion. As a condition to the granting of approval of any request made under this Article, the Association may require that the Owner(s) requesting such change be liable for any cost of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Owner(s) will evidence consent thereto by a written document in recordable form satisfactory to the Association. Thereafter, the Owner(s), and any subsequent Owner(s) of the Lot, by acceptance of a deed therefor, whether or not it is so expressed in such deed, are deemed to covenant and agree that the cost of maintaining, repairing and insuring such alteration will be an individual assessment, and subject to the lien rights described herein.

(d) Disapproval. For matters where a committee (and not Declarant or the Board itself) is serving as the Reviewing Authority, an applicant Owner who disagrees with any decision of the Reviewing Authority may appeal the decision to the Approving Authority by giving written notice of appeal within fifteen (15) days following receipt of notice of disapproval or of approval with conditions not agreeable to the applicant Owner. The Approving Authority will then review the Plans and any additional information requested by the Board and give the applicant Owner and the Reviewing Authority a reasonable opportunity, at one or more meetings of the Board, to present evidence and arguments as to why the decision should be affirmed or overruled. Following the last such meeting the Board, by majority vote, will either affirm or overrule, in whole or in part, the decision of the Reviewing Authority, and will notify the Reviewing Authority and the applicant Owner of its decision within thirty (30) days following its decision.

(e) Limitation of Liability. The Reviewing Authority will not be responsible or liable in any way for any defects in any plans or specifications approved by them, nor for any structural defects in any work done according to such plans and specifications. Further, no Reviewing Authority will be liable in damages to anyone by reason of mistake in judgment, negligence, misfeasance, malfeasance or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications or the exercise of any other power or right provided for in this Declaration.

4.9 Breach. Without limiting the foregoing provisions of this Article IV, no Owner or Occupant may construct, alter, commit or permit anything on its Lot which would violate Legal Requirements, or which might result in cancellation of, or increase in the premiums for, any insurance carried by the Association, or which would be in violation of any policy, rule or regulation duly adopted by the Board.

ARTICLE V

COMMON AREAS

5.1 General. During the Declarant Control Period, Declarant will have exclusive control of the establishment of Common Areas pursuant to a Recorded Document, including but not limited to a Supplemental Declaration and/or Recorded Plat. Common Areas, unless expressly provided otherwise in a Recorded Document, are expressly not dedicated to the public, but are intended to serve as Common Areas in accordance with this Declaration. Declarant reserves the right to withdraw or reconfigure all or any portion of the Common Areas at any time prior to Declarant's conveyance of such property to the Master Association or the Association pursuant to a Recorded Document. The Common Areas will be used solely for recreational, infrastructure, general welfare purposes and such other uses as the Approving Authority from time to time determines to be necessary or appropriate.

5.2 Maintenance.

(a) Maintenance by the Association. Except to the extent such maintenance is performed by the Master Association in accordance with the provisions of the Master Declaration or, the Association will maintain the Common Areas and as reasonably appropriate, repairing, replacing, reconstructing, renewing and repainting any and all Common Facilities constructed within the Common Areas, such as lighting facilities, signs, entrance monuments, retaining walls, markers, traffic control signals, trails, pedestrian walkways, restrooms; removing all litter, trash, garbage and waste; and Landscaping for the Common Areas. The Association may also maintain areas within public utility easements and repair public streets within or adjacent to the Common Areas prior to acceptance by the public utility or Governmental Authority. In addition, the Association will maintain the grounds of each Lot which is subject to assessments hereunder as follows: mow, seed and fertilize all grassed areas, mulch, remove dead or diseased trees or shrubs if such trees or shrubs existed at the time Declarant initially conveyed the Common Areas or the Lot on which the tree or shrub is located, replace dead or diseased trees or shrubs planted by Declarant or the Association and prune all trees or shrubs planted by Declarant or the Association; provided, however, notwithstanding the foregoing, the care and maintenance of all grounds contained within any privacy fences (including any hedges or similar vegetation) located on each Lot will be the sole responsibility of the Owner(s) of such Lot. In addition to maintaining the drives and walkways that are a part of the Common Areas, the Association will maintain all drives and walkways located on any Lot that is subject to assessments hereunder. The Association will also maintain the exterior of the dwelling located on each Lot as follows: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces (including doors, garage doors, windows, steps, patios, decks and porches, but excluding, however, glass surfaces, window and door screens, garage door openers and storm doors, if any, all of which will be maintained by the Owner(s) thereof in accordance with the provisions of Section 5.2(b) below). In addition, the Association, upon a determination by the Board, in its sole discretion, that such maintenance will benefit the Property, the Owners, the Lots or the Occupants, may elect to provide maintenance or to provide enhanced maintenance for any property that serves, is adjacent to or otherwise impacts on the Property, including, without limitation, any landscaped rights of way or medians or other areas located within the public rights of way adjacent to the Property. All costs incurred by the Association in connection with the maintenance contemplated herein will constitute Common Expenses and the Association need not perform any maintenance otherwise required under this Section 5.2 if and to the extent that same is performed by the Master Association or a Governmental Authority.

(i) Changes in Services. The Association will have the right, but not the obligation, from time to time, as determined by the Board in its sole discretion, to make reasonable modifications to the scope of the services to be provided by the Association, and provided any such modifications are equitably imposed, in so doing shift certain maintenance obligations to the Owners.

(ii) Limitation of Liability. The Association will not be liable to any Owner, Occupant or any Owner's guest or invitee for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities. No diminution or abatement of Assessments will be claimed or allowed by reason of an alleged failure of the Association to take some action or perform some function required to be taken or discomfort arising from the making of repairs or improvements which are the responsibility of the Association. The Association will repair incidental damage to any Lot resulting from performance of work which is the responsibility of the Association.

(b) Maintenance by Owners. Except to the extent such maintenance is required to be performed by the Master Association or the Association, each Owner will be liable and responsible for maintenance, repair and replacement, as the case may be, of such Owner's Lot and the dwelling constructed thereon in a good and sightly condition, including, without limitation, as follows: repair, replacement and care of structural elements, glass surfaces, window and door screens, storm doors, air conditioning and heating equipment and all other equipment required to provide water, light, power, telephone, sewage and sanitary service to the Lot which are not publicly maintained and serve only that Lot whether located on the Lot or the Common Areas. In the event that an Owner neglects or fails to maintain his, her or its Lot and/or his, her or its dwelling, the Association may provide such exterior maintenance and all costs incurred by the Association in providing such maintenance will be assessed as an Specific Owner Assessment; provided, however, that the Association will first give written notice to the Owner of the specific items of exterior maintenance or repair the Associations intends to perform and the Owner will have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance himself or herself. The determination as to whether an Owner has neglected or failed to maintain his or her Lot and/or dwelling in a good and sightly condition as required hereunder will be made by the Board, in its sole discretion.

(c) Damage by Occupants. In the event that the Association determines that the need for maintenance, repair, or replacement of property that is to be maintained, repaired or replaced by the Association in accordance with the terms of this Declaration is caused through the willful or negligent act of an Owner, Occupant or their invitees, then the Association may perform such maintenance, repair, or replacement at such Owner's sole cost and expense, and assess all costs thereof as Specific Owner Assessment against such Owner and such Owner's Lot (excluding costs covered by insurance maintained by or on behalf of the Association); provided, however, during the Declarant Control Period, any such action by the Association will require Declarant's prior written consent. Such Owner may request a hearing by the Board, or an adjudicatory panel appointed by the Board, to determine responsibility for the damages if the monetary amounts involved are less than or equal to the jurisdictional amount established for small claims under North Carolina law. The hearing will afford notice of the charge to the Owner, an opportunity for the Owner to be heard and to present evidence, and a notice of decision by the Board. The Board of Directors or its appointees may not adjudicate liability in an amount in excess of the jurisdictional amount established for small claims under North Carolina law.

5.3 Street Regulation. Subject to Legal Requirements, and without limiting Section 4.3 or Section 4.7 hereof, the Association may promulgate Rules and Regulations concerning driving and parking

within the Townhome Community, and may construct speed bumps and other traffic control facilities, post traffic signs, including no parking signs, and take any other reasonable measures to encourage safe driving and regulate parking. The amount of any fines will be set by the Master Association, subject to notice and opportunity to be heard to the extent required by the Act, and subject to any maximum amount permitted under the Act. Failure by any Owner to pay any fines in accordance with the Rules and Regulations may result in liens being filed against such Owner's Lot. Neither Declarant, the Board nor the Association will be held liable for any loss or injury resulting from any such enforcement or failure to enforce. Notwithstanding anything to the contrary contained herein, but subject to Legal Requirements, Declarant will have the right, in its sole discretion, to restrict or prohibit parking in any Common Area, public or private street, right of way or any other part of the Property that is not a Lot for any purposes, including but not limited to maintenance, events, or activities.

5.4 Easements. Declarant hereby declares, establishes, creates and reserves, for itself and for the Association, perpetual nonexclusive easements for ingress and egress under, across, over, in and upon all Common Areas and such additional portions of the Property as may be reasonably necessary for the purpose of performing in the Common Areas functions which the Association is required or permitted to perform in accordance with this Declaration.

5.5 Transfer and Dedication. Declarant may, at any time and from time to time, convey to the Association (and the Association will accept) or the Master Association (subject to the Master Association's written approval) any or all of Declarant's right, title and interest in and to any portion of the Property designated as a Common Area. Additionally, Declarant may, at any time and from time to time while Declarant owns such portion of the Property, dedicate, grant easements in or otherwise convey easements for utilities and infrastructure (including but limited to water, sanitary sewer, storm water, Drainage, irrigation, rights of way, electricity, cable, telephone, data, telecommunication and gas) to utility providers, Governmental Authorities and other persons and/or entities. After the transfer of Common Area to the Association, the Board may, subject to the requirements of the Act, and subject to approval of Declarant if during the Declarant Control Period, at any time and from time to time, dedicate, grant easements in or otherwise convey easements for utilities and infrastructure (including but limited to water, sanitary sewer, storm water, Drainage, irrigation, rights of way, electricity, cable, telephone, data, telecommunication and gas) to utility providers, Governmental Authorities and other persons and/or entities. Neither the dedication, grant of an easement or conveyance, nor acceptance thereof will, in and of itself, relieve the applicable Association from the obligation to maintain such Common Areas and Common Facilities located therein, or relieve the responsible Owners from the obligation to participate in the cost thereof. Subject to the foregoing, title to the Common Areas will be held exclusively by either Declarant, the Association, or the Master Association.

5.6 Use of Common Areas by Owners. Each Owner will have a nonexclusive right to use the Common Areas for their intended purposes, subject to compliance with the Townhome Documents and Legal Requirements.

5.7 Damage or Destruction of Common Areas by Owner. If any Owner or Occupant or their respective licensees or contractors damages any of the Common Areas as a result of negligence or misuse, the Owner hereby authorizes the Master Association to repair the damage. The cost of repair will be the responsibility of that Owner and will become a Specific Owner Assessment payable by the responsible Owner. The Master Association may, but is not required to, seek compensation for damage from the Occupant, licensee or contractor who caused the damage, in which case the Owner will be jointly and severally liable with the party who caused the damage.

5.8 Disclaimer. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, DECLARANT, THE BOARD, AND THE ASSOCIATION DISCLAIM ANY LIABILITY FOR ANY

LOSS OF PROPERTY OR INJURY TO PERSONS CAUSED BY SUCH PARTY'S MAINTENANCE OF (OR FAILURE TO MAINTAIN OR DELAY IN MAINTAIN) THE COMMON AREAS AND COMMON FACILITIES.

ARTICLE VI

ASSESSMENTS

6.1 General. The Association will have full right, power and authority to assess the Owners for, collect and expend all sums which the Board determines to be necessary or reasonably appropriate for the general enjoyment, health, safety, welfare and protection of the Owners with respect to the Property, to pay Common Expenses and, in general, to achieve the purposes of this Declaration.

Without in any way limiting the generality of the foregoing, the Association may assess, collect and expend sums for the following (each of which will constitute Common Expenses):

- (a) The installation, maintenance, repair or replacement of any and all Common Areas and Common Facilities, including, but not limited to, the cost of any associated management or supervisory services, fees, labor, equipment and materials;
- (b) The design, purchase and installation of any Common Facilities;
- (c) The purchase of insurance coverage as contemplated herein;
- (d) The maintenance, repair and replacement of stormwater facilities as required pursuant to the Municipality's requirements;
- (e) The carrying out of duties of the Board as provided herein and the Articles and Bylaws;
- (f) The carrying out of the duties, responsibilities and purposes of the Association as contemplated herein and in the Articles and Bylaws; and
- (g) Any other lawful expenditures made by, or financial liabilities of, the Association defined as Common Expenses in Article II of this Declaration.

6.2 Allocation of Common Expenses. Common Expenses will be allocated pro-rata to each Lot, such that a Lot's share of Common Expenses, expressed as a percentage, will equal 100 divided by the total number of Lots within the Property, rounded to two decimal places. Regular Assessments for any Lot that is not a Lot on the first day of the applicable Fiscal Year and becomes a Lot on any other day during that Fiscal Year will be prorated 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. Notwithstanding the foregoing, the Board may, in its discretion, impose non-uniform assessments against the Lots by taking into account factors such as (but not limited to) building size, configuration, garage style, and other characteristics that impact the maintenance costs to be incurred by the Association.

6.3 Covenants for Assessments. Each Owner of a Lot or other parcel within the Property, by acceptance of a deed or other conveyance therefor, whether or not it is expressed in any such deed or other conveyance, will be deemed to covenant (and such covenant will be deemed to constitute a portion of the purchase money consideration for acquisition of such Lot or parcel), to pay to the Association, or to such designee which may be designated by the Association to receive such monies, the following Assessments:

- (a) Regular Assessments as provided for in Section 6.4 hereof;
- (b) Special Assessments as provided for in Section 6.5 hereof; and
- (c) Specific Owner Assessments, as provided for in Section 6.6 hereof.

Each and every type of assessment as heretofore stated will be fixed as to amount and collected from time to time as hereinafter provided.

6.4 Regular Assessments. “*Regular Assessments*” will be determined, assessed and expended on a fiscal year basis beginning on January 1 and ending on December 31 of each year, which will be the “*Fiscal Year*” of the Association, except that in the year of operation of the Association, the Fiscal Year will commence with the closing of the first sale of a Lot).

(a) Usage. Regular Assessments will be used for Common Expenses, including without limitation:

- (i) the payment of costs incurred in connection with the installation, maintenance, repair and replacement of the Common Facilities;
- (ii) any matters described in Section 6.1 hereof;
- (iii) the payment of costs incurred in connection with the performance by the Board of the functions described in this Declaration and for the carrying out of the purposes of this Declaration;
- (iv) the establishment of the reserve fund as provided in Section 3.9 of this Declaration; and
- (v) any other lawful use consistent with this Declaration and the Act.

(b) Budgeting. The Board will adopt a proposed budget for Common Expenses for each Fiscal Year of the Association. The Board will endeavor to adopt the proposed budget prior to January 15 of the applicable year. This proposed budget will include all anticipated revenues (including the amount of Regular Assessments), the anticipated Common Expenses, and any surplus or deficit in the budget from the prior years. Within thirty (30) days after adoption of any proposed budget, the Board will send each Owner a summary of that proposed budget along with notice of a scheduled meeting of the Association to consider ratification of the budget. The date of that meeting will be not less than ten (10) nor more than sixty (60) days after the notice of the meeting. The proposed budget will be deemed ratified unless a majority of the votes of the Association reject the budget. A quorum need not be present at the ratification meeting. The budget as ratified will be the basis for calculating the Owners’ liability for Common Expenses during the Fiscal Year. Concurrently with, or promptly following, ratification of the budget, the Board will calculate the amount of each Owner’s allocated share of Common Expenses and will send a notice of that amount to each Owner. The failure or delay of the Board to prepare or adopt a budget or to determine the Common Expenses or Regular Assessments for any Fiscal Year will not be deemed a waiver, modification or release of the Owners’ obligation to pay Regular Assessments or other assessments or charges due hereunder. In such event, the Regular Assessments for the prior Fiscal Year will continue to be payable until a new budget is adopted and ratified.

6.5 Special Assessments. In addition to the Regular Assessments, the Board, may levy at any time and from time to time a “*Special Assessment*” for the purpose of:

- (a) Defraying in whole or in part, the cost of any new construction, reconstruction or unexpected repair or replacement of any of the Common Facilities;
- (b) Defraying the cost of repairs or replacements of any of the Common Facilities resulting from an uninsured loss or damage or insured loss or damage where there are insufficient insurance proceeds to pay the full cost of the repair or replacement thereof;
- (c) Responding to unusual or emergency needs of the Association as may occur from time to time;
- (d) Maintaining or restoring the reserve fund as provided in Section 3.9 hereof;
- (e) Paying the cost of any unanticipated expenses intended to be paid by Regular Assessments, including funding unbudgeted or unforeseen Common Expenses; and
- (f) Any other lawful purpose consistent with this Declaration and the Act.

Special Assessments will be allocated and prorated among the Owners at the date each such Special Assessment is levied in the same manner as Regular Assessments are allocated and prorated among the Owners pursuant to Section 6.3 hereof.

6.6 Specific Owner Assessments. In addition to the Regular Assessments and Special Assessments, the Board may from time to time levy a “*Specific Owner Assessment*” on any Owner for the purpose of defraying, in whole or in part, the cost of any unexpected damage or loss requiring maintenance, repairs or replacement of any Common Facilities, to the extent not otherwise covered by the insurance otherwise maintained by the Association, which damage or loss has been determined by the Board to have been caused, either directly or indirectly, by the willful or negligent acts of such Owner, Occupant or such Owner’s or Occupant’s employee, agent, or other person or entity acting or failing to act with such Owner’s or Occupant’s authorization or approval; provided, however, in reaching a decision to levy such Specific Owner Assessment upon any Owner, the Board will first determine that reasonable evidence exists to support a determination that said damage or loss was caused, directly or indirectly, by the willful or negligent act of such Owner or Occupant or such Owner’s or Occupant’s employee or agent or other person or entity whose actions were authorized or approved by such Owner or Occupant. Declarant is exempt from paying any Specific Owner Assessment. Specific Owner Assessments may include a reasonable administrative fee not to exceed the greater of \$250 or 15% of the cost of work performed and may be in addition to, not in lieu of, fines levied by the Association in accordance with the Townhome Documents.

6.7 Payment of Regular Assessments. The Regular Assessments provided for herein will commence on a date fixed by the Board and thereafter will be due and payable on January 1 of each year and will be delinquent if not paid by January 31 of such year; provided, however, the Board will have the right, in its sole discretion, to require payment of Regular Assessments more frequently than annually (but not more frequently than monthly). Regular Assessments for any Lot that is not a Lot on the first day of the applicable Fiscal Year and becomes a Lot on any other day during that Fiscal Year will be due and payable when the Lot is conveyed to an Owner other than Declarant. Declarant is exempt from paying Regular Assessments.

6.8 Payment of Special Assessments and Specific Owner Assessments. Special Assessments or Specific Owner Assessments will be due and payable in full thirty (30) days following the date that notice of the resolution adopting such Assessment by the Board is provided to the applicable Owner(s), except that, if it is specifically determined by the Board that any such Assessment is to be paid instead in deferred installments, then the payment dates and amounts of such installments will be as set forth in the resolution authorizing such Assessment. Declarant is exempt from paying Special Assessments.

6.9 Enforcement and Personal Obligation of Owners for Payment of Assessments.

(a) Generally. The Assessments provided for herein will be the personal and individual debt of the Owner of the Lot, covered by such Assessments. Except as expressly provided otherwise in this Declaration with respect to Declarant, no Owner may, for any reason, exempt itself from liability for such Assessments levied in accordance with the provisions of this Declaration. In the event that any Assessment or installment thereof is not paid when due, and remains unpaid for a period of thirty (30) days thereafter, then the unpaid amount of any such Assessment or installment thereof becomes delinquent and will, together with interest thereon as herein provided and costs of collection thereof, become a continuing personal obligation and debt of the non-paying Owner secured by a lien on the Lot, including all Improvements thereon, to which such Assessment or installment thereof pertains in accordance with Section 3-116 of the Act. The Association will have the right to reject any partial payment of any assessment or installment thereof and demand full payment thereof, or the Association may, in its sole discretion, elect to accept any such partial payment on account only, without in so doing waiving any rights established hereunder with respect to any remaining balance due.

(b) Continuing Effect; Statements. The obligation of each Owner to pay any Assessment imposed on its Lot during such Owner's period of ownership will remain its personal obligation, and a sale or other transfer of title to such Lot will not release such former Owner from said liability notwithstanding an assumption of liability by the purchaser or transferee. The lien for any unpaid Assessments will be unaffected by any sale or transfer of full or partial ownership interest in a Lot, and will continue in full force and effect. In the event of full or partial sale or transfer of an ownership interest in a Lot it will be the sole obligation of the Owner selling or transferring such interest (and not the Association) to disclose to any buyer or transferee that an unpaid Assessment and associated lien against the ownership interest exist prior to that date at which such sale or transfer is to be consummated. A copy of such notice must be sent to the Association at the same time. The Association will provide an Owner with a statement reflecting the amount of any unpaid or delinquent Assessments with respect to a Lot owned by said Owner within ten (10) business days after its receipt of the Owner's written request. The Master Association may charge reasonable fees in connection with the preparation and issuance of such statements so long as such fees do not exceed (i) \$200 per statement or request, plus an additional \$100 expediting fee if the request for a statement is made within 48 hours of the applicable closing, or (ii) the maximum for such fees from time to time permitted by the Act.

(c) Interest; Collection Costs. The unpaid amount of any Assessment will bear interest from its due date at eighteen percent (18%) per annum or the maximum legal rate of interest then prevailing, whichever is lesser. In addition, the Board may elect to retain the services of an attorney of its choice for the purpose of collecting any unpaid Assessment and interest charges thereon, and/or to foreclose the lien against the property subject thereto and/or to pursue any other legal or equitable remedy which the Association may have, and there will be added to the amount of such unpaid Assessment and interest charges thereon, any and all collection costs incurred by the Association, whether judicial or non-judicial, and including, but not limited to, reasonable and actually incurred attorney fees and costs of legal suit and collection fees charged by the property management company for the Association.

6.10 Assessment Lien and Foreclosure. Any Assessment lien created under this Article VI may be perfected and enforced in the manner provided in the Act. Such lien(s) for payment of Assessments will attach with the priority set forth in the Act. In addition, the Association may institute suit against the Owner(s) personally to obtain a judgment for unpaid Assessments. In any foreclosure proceeding, whether judicial or nonjudicial, or in any other suit against the Owner(s), the Owner(s) will be required to pay the

costs, expenses and reasonable attorneys' fees incurred by the Association. The Association will have the power to buy the property at foreclosure or other legal sale and to acquire, hold, lease, Mortgage, convey or otherwise deal with the same. To the maximum extent permitted by applicable law, the Assessment lien arising hereunder will extend to and include any assessments levied against Lots or portions of the Property pursuant to the Master Declaration that are to be collected by the Association, and the Association may enforce such lien and collect such sums on behalf of the Master Association.

6.11 Lien Subordination. Any lien established as provided for in this Article VI will be subordinate and inferior to any Mortgage recorded before the docketing of the claim of lien by the Association, as provided in Section 3-116(b) of the Act; provided, however, that such subordination will apply only to the Assessments which have become due and payable prior to a foreclosure sale (whether public or private) of any such Lot pursuant to the terms and conditions of any such Mortgage. Such foreclosure sale will not relieve any new Owner taking title at such sale from liability for the amount of any Assessments thereafter becoming due or from a lien arising from any such subsequent Assessment.

At the time any Mortgage is recorded against any Lot, the Owner will, within thirty (30) days following the recordation of such Mortgage give the Association written notice identifying the Mortgagee including its full legal name, its current address and telephone number, and the name of an officer or other person within the entity who is responsible for that obligation. Upon the written request of any Mortgagee, the Association will report to such Mortgagee any unpaid Assessments which are delinquent as herein defined. The Association may from time to time, at its own initiative, elect to report delinquent Assessments to such Mortgagees.

6.12 Budget Deficits During Declarant Control. During the Declarant Control Period, Declarant may (but is not required to):

(a) advance funds to the Association sufficient to satisfy the deficit, if any, between the Association's actual Common Expenses and operating expenses and the sum of the Regular Assessments, Special Assessments, and Specific Owner Assessments collected by the Association in any Fiscal Year. Such advances will, upon request of Declarant, be evidenced by promissory notes from the Association in favor of Declarant. Declarant's failure to obtain a promissory note will not invalidate the debt.

(b) cause the Association to borrow any amount from a third party at the then prevailing rates for such a loan in the local area of the Property. Declarant, in its sole discretion, may guarantee repayment of such loan, if required by the lending institution, but no Mortgage secured by the Common Areas or any of the improvements maintained by the Association may be given in connection with such loan.

(c) acquire property for, or provide services to, the Association or the Common Areas. Declarant will designate the value of the property or the services provided, and such amounts, at Declarant's request, will be evidenced by a promissory note. Failure to obtain a promissory note will not invalidate the obligation referred to in this Section 6.12.

6.13 Capitalization of Master Association. Upon acquisition of record title to a Lot by the first Owner thereof other than Declarant or an affiliate of Declarant, a contribution must be made by or on behalf of the purchaser to the working capital of the Association and/or Master Association in an amount equal to \$1,000.00. This amount will be in addition to, not in lieu of, the annual Regular Assessment and will not be considered an advance payment of such assessment.

ARTICLE VII

INSURANCE AND CASUALTY

7.1 Insurance on Common Elements. The Board or the duly authorized agent of the Association will have the authority to and will obtain a policy of property insurance on all improvements to real property owned or leased by the Association, Common Areas and/or Common Facilities, in an amount equal to not less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property insurance. Such insurance policy must protect against loss or damage by fire and other hazards covered by the standard extended coverage endorsement and, if reasonably available, will include an agreed amount endorsement or its equivalent and an inflation guard endorsement. Such insurance may, in the discretion of the Board, include coverage for personal property owned by the Association.

7.2 Insurance on Dwellings Constructed on Lots.

(a) By the Association. To the extent reasonably available, the Board or the duly authorized agent of the Association may elect to procure and maintain casualty insurance upon the single-family attached dwelling or townhome constructed on each Lot for the benefit of the Association and the Owners and their Mortgagees, as their interests may appear (a "***Master Casualty Policy***"), in which case provisions will be made for the issuance for certificates or mortgagee endorsements to the Mortgagees of Owners upon request therefor by any Owner. The Association may charge a reasonable administrative fee to the applicable Owner in connection with the procurement of such insurance certificates. If the Association elects to maintain such insurance, each single-family attached dwelling or townhome constructed on a Lot will be insured in an amount equal to one hundred percent (100%) of its full replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage will provide protection against loss or damage by fire and other hazards, including extended coverage, vandalism and malicious mischief, and such other risks as from time to time will be reasonably required by the Association.

(b) By Owners. Except only when the Association maintains a Master Casualty Policy, each Owner, at such Owner's own cost and expense, will procure and maintain casualty insurance upon the single-family attached dwelling or townhome constructed on his or her Lot, insuring the dwelling or townhome on the Lot in an amount equal to one hundred percent (100%) of its full replacement value. Such coverage will provide protection against loss or damage by fire and other hazards, including extended coverage, vandalism and malicious mischief, and such other risks as from time to time will be reasonably required by Owner's Mortgagee. The insurance required by this paragraph is in addition to, not in lieu of, insurance required of Owners pursuant to Section 7.7 below.

7.3 General Liability Insurance. The Board will obtain a general commercial liability policy in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of the or in connection with the use, ownership or maintenance of the Common Areas and Common Facilities. The general commercial liability policy will have a combined single limit of at least one million dollars (\$1,000,000.00).

7.4 Worker's Compensation; Fidelity Coverage. In addition to the other insurance required by this Article VII, the Board will obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirements of applicable laws. If available, the Board is authorized to obtain directors' and officers' liability insurance coverage and, if the Association elects to manage its own affairs and directly

receive and disburse its own funds (or, if in addition to professional management, the officers or Board members of the Association can and do directly receive or disburse the monies of the Association), fidelity coverage against dishonest acts by the Association's officers, Board members, trustees and employees, and all others who are responsible for handling funds of the Association. If the Association employs a professional property management Person to manage the Association and to receive and disburse the monies of the Association, then such professional management Person will have adequate fidelity coverage against dishonest acts and the existence of such coverage will satisfy the requirement of this Section 7.4. Any such fidelity coverage will name the Association as an obligee; will be written in an amount equal to at least three (3) months of regular assessments plus reserves on hand; will contain waivers of any defense based on the exclusion of Persons who serve without compensation from any definition of "employee" or similar expression; and will provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to the Association.

7.5 Premiums. Premiums for the insurance required or permitted under this Declaration to be maintained by the Association will be Common Expenses of the Association. The policies may contain a reasonable deductible, and the amount thereof will not be subtracted from the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

7.6 Miscellaneous. All insurance coverage obtained by the Board or the duly authorized agent of the Association will be written in the name of the Association, as insurance trustee for the respective benefited parties, as further identified below, and all proceeds thereof will be payable to the Association as insurance trustee under this Declaration. Such insurance will comply with these provisions.

(a) All policies will be written with an insurance company authorized to do business in North Carolina.

(b) Exclusive authority to settle losses under policies obtained by the Association will be vested in the Association's Board; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(c) In no event will the insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by individual Owners, Occupants, or their Mortgagees, and the insurance carried by the Association will be primary.

(d) Each Owner will be an insured person under the insurance policies obtained by the Association pursuant to Section 7.2 and Section 7.3, above, to the extent of the Owner's insurable interest.

(e) The Association's Board will be required to make every reasonable effort to secure insurance policies that will provide for the following:

(1) A waiver of subrogation by the insurer as to any claims against the Board, its manager, the Owners and their respective tenants, servants, agents, and guests;

(2) A waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(3) That no policy may be canceled, invalidated, or suspended on account of the acts or omissions any one or more individual Owners;

(4) That no policy may be canceled, subjected to nonrenewal, invalidated, or suspended on account of any defect or the conduct of any Board member, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect or to cease the conduct and the allowance of a reasonable time thereafter within which a cure may be effected by the Association, its manager, any Owner or Mortgagee;

(5) That any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(6) That no policy may be canceled, subjected to nonrenewal, or substantially modified without at least thirty (30) days prior written notice to the Association.

7.7 Individual Insurance.

(a) Personal Property. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner acknowledges that neither the Declarant nor the Association will be liable in any manner for the safekeeping or condition of any personal property belonging to or used by any Owner or such Owner's family, guests, or invitees or for any damage or loss to any personal property of any Owner, such Owner's family, guests or invitees, except to the extent directly attributable to the reckless acts or willful misconduct of the Association, Declarant or their respective agents or employees. Each Owner will be solely responsible for obtaining such insurance as it deems necessary or appropriate on any such personal property and acknowledges that the Association is not responsible for insuring the same.

(b) Liability Insurance. Every Owner will be obligated to obtain and maintain at all times insurance covering consequential damages to any other Lot or the Common Areas or Common Facilities due to occurrences originating within the Owner's dwelling or townhome caused by the negligence of the Owner, the failure of the Owner to maintain the dwelling or townhome, and any other casualty within the dwelling or townhome which causes damage to the other Lots or the Common Areas or Common Facilities, to the extent such coverage is not provided by policies maintained by the Association or to the extent insurable losses may result in the Owner's liability for payment of deductibles under the Association's policies. Such insurance policy or policies will name the Association as an additional insured.

(c) Evidence of Insurance. Each Owner will submit to the Association, within 10 days of any written request from the Board, a certificate or certificates evidencing that all insurance coverage which the Owner is obligated to provide under this Declaration is in effect. In addition, if the Board so requests, each Owner will file with the Association a copy of the individual policy or policies covering that Owner's Lot. Each Owner will promptly notify the Board in writing if any policy on that Owner's Lot is canceled or not renewed.

7.8 Damage and Destruction to Common Elements Insured by Association.

(a) In General. Immediately after damage or destruction by fire or other casualty to all or any portion of any property covered by insurance written in the name of the Association, the Board or its duly authorized agent will proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Article VII, means repairing or restoring the Property to substantially the same condition and location that existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) Repair and Reconstruction. Any damage or destruction to property covered by insurance written in the name of the Association will be repaired or reconstructed unless, within sixty (60) days after the casualty, at least eighty percent (80%) of the Owners otherwise agree; provided, however, during the Declarant Control Period, Declarant must also agree. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period will be extended until such information will be made available; provided, however, such extension will not exceed sixty (60) days. No Mortgagee will have the right to participate in the determination of whether damage or destruction will be repaired or reconstructed. Notwithstanding the foregoing, the Association will not have any obligation to repair or reconstruct any portion of property covered by insurance written in the name of the Association if such repair or replacement would violate any State or local health or safety statute or ordinance.

(c) Insufficient Proceeds. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board may levy a Special Assessment against the Owners to cover the deficiency and the Board may elect to delay part or all of the repair or restoration until the Association has obtained the additional necessary funds, whether by assessment or otherwise.

(d) Clearing. In the event that it is determined by the Association in the manner described above that the damage or destruction will not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the Property will be restored to its natural state and maintained as an undeveloped portion of the Townhome Community by the Association in a neat and attractive condition.

7.9 Damage and Destruction to Single-Family Attached Dwellings and Townhomes Insured by Association.

(a) In General. Immediately after damage or destruction by fire or other casualty to all or any portion of any single-family attached dwelling or townhome covered by insurance written in the name of the Association, the Board or its duly authorized agent will proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed structure. Repair or reconstruction, as used in this Article, means repairing or restoring the Property to substantially the same condition and location that existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. The Association will be entitled to adjust with the insurance provider the amount of any proceeds payable to the Association and the Owner thereunder, based upon the amount necessary to enable the Owner and the Association each to repair and replace those portions of the dwelling or townhome which are their respective responsibilities.

(b) Repair and Reconstruction. Any damage or destruction to any single-family attached dwelling or townhome covered by insurance written in the name of the Association above will be repaired or reconstructed within one-hundred eighty (180) days after the date of the damage or destruction, subject to force majeure and receipt of sufficient funds to perform such restoration by the Association, or as soon thereafter as reasonably practicable using good faith and diligent commercially reasonable efforts; provided, however, if the insurance proceeds received by the Association for the repair or reconstruction of the dwelling or townhome are not sufficient to defray the cost thereof, the Owner will be required to pay the deficiency.

7.10 Damage and Destruction to Single-Family Attached Dwellings and Townhomes Not Insured by the Association. The damage or destruction by fire or other casualty to all or any portion of any improvement on a Lot that is not subject to a Master Casualty Policy will be repaired by the Owner thereof within seventy-five (75) days after such damage or destruction or, where repairs cannot be completed within seventy-five (75) days, they will be commenced within such period and will be completed within a reasonable time thereafter. Each Owner bears the risk that the proceeds of his or her insurance may not be sufficient to pay all costs of such repairs or restoration. In the event of noncompliance with this provision, the Board will have all enforcement powers specified in this Declaration, including without limitation the right to levy Specific Owner Assessments for costs and expenses incurred by the Association due to any Owner(s) breach of this Section 7.10.

7.11 Security. In the event the Association decides to provide, maintain, or support certain security and fire protection measures, neither the Association, the Board, Declarant, nor any successor of Declarant will in any way be considered insurers or guarantors of security or fire protection within the Townhome Community, and neither the Association, Declarant nor any successor of Declarant may be held liable for any loss or damage by reason of failure to provide or take any security or fire protection measures or for the ineffectiveness of any such measures undertaken. Each Owner of any Lot and each tenant, guest, and invitee thereof acknowledges and understands that neither the Association, the Board, Declarant nor any successor of Declarant are insurers, and each such Owner of a Lot, and such Owner's tenants, guests, and invitees hereby assume all risks for loss or damage to persons, property, or contents belonging to any such persons.

ARTICLE VIII

EASEMENTS

8.1 Owners' Easement of Enjoyment. Every Owner will have the right and easement of enjoyment in and to the Common Areas and Common Facilities. This easement will run with the land and will be appurtenant to and will pass with title to every Lot. Notwithstanding anything to the contrary stated herein, Declarant will have the right to use and reserve the Common Areas and Common Facilities for all types of purposes and events, within its sole discretion unless such area has been previously reserved by an Owner in accordance with applicable Rules and Regulations.

8.2 Declarant's and Association's Easements. Declarant hereby reserves for itself, its successors and assigns, and the Association holding title to any property, including any Common Areas, within the Townhome Community, the following easements, which will benefit Declarant, the Association, and the Townhome Community. Each of the easements reserved herein (x) will run with the land in favor of the Property, and (y) will also be a personal easement in favor of Declarant, its successors and assigns, and the Association. The easements herein reserved may, from time to time, be more precisely located by Declarant (During the Declarant Control Period) or by the Association (following the Declarant Control Period) pursuant to a Recorded Document so designating a particular location or locations. The easements herein reserved will include the right of ingress and egress to and from each easement area (including without limitation ingress and egress over Lots) for the purpose of implementing the purposes of the easements together with the right to remove any obstructions which, from time to time, interfere with the reasonable use of the easements. Declarant will have the right to assign the easements herein reserved to the Association or, in the case of the easement referred to in Subsection 8.2 (b) below, to one or more companies furnishing the services therein referred to. Declarant or the Association (as the case may be) will have the right to relocate the easement referred to in Subsection 8.2 (b) below, across or over any Lot without the consent of, and without any compensation being payable to, the Owner thereof, provided that the relocation does not materially and adversely affect the utility, value or marketability of the Lot for the then Owner's approved use. As to the easements reserved in this Section 8.2, the holder of an easement

right will use reasonable efforts to cooperate to assure the reasonable, mutual use of the burdened property with the owner of the burdened property. After use of the easement areas or exercise of the rights herein granted, the easement holder will repair and reasonably restore the surface of the property subject to the easement to a condition as close as is reasonably possible to that which existed prior to such use or exercise, provided that the easement holder will not be required to replace, or otherwise repair any improvements, trees, shrubs or other obstructions which interfere with use of the easement granted pursuant to preamble to this Section 8.2 and which are damaged through the reasonable exercise of the right granted pursuant to this preamble to Section 8.2.

(a) Common Roads and Walkways. Declarant reserves for itself, its successors and assigns and the Association, a nonexclusive perpetual easement for the installation, operation, modification, maintenance, repair, replacement, removal, reinstallation, and use of the common roads and all portions of the Property lying within road rights of way, "setback" areas or other areas within which the construction of Improvements is prohibited or restricted, or those streets noted on any Recorded Plat of the Property to the extent that such street has not been dedicated to a Governmental Authority or is not maintained by a Governmental Authority.

(b) Utility Easements (Including Stormwater and Drainage). Declarant reserves for itself, its successors and assigns, and grants to the Association, a blanket easement for ingress, egress, construction, installation, replacement, repair and maintenance of all public and private utility and service systems serving the Property, which easement will be upon, across, over, through, and under the Property (herein "Utility Easements"). The systems covered by the Utility Easements include, but are not limited to, water, sewer, irrigation systems, Drainage, stormwater management, telephone, electricity, television, data utility lines and facilities, cable or communication lines and other related equipment as well as other systems and services determined by Declarant or the Board to be necessary or appropriate for the efficient operation of the Property. By virtue of this easement, Declarant may, but is not obligated to, install and maintain facilities and equipment, excavate for such purposes and affix and maintain wires, circuits and conduits; the systems themselves (which will include all pipes, wires, circuits, cables, conduits, switch boxes and other facilities and equipment related to the providing of any public or private utility service) will be installed within the Utility Easements.

Either Declarant or the Association (with Declarant's written approval if during the Declarant Control Period) may at any time make a partial assignment of the Utility Easements to any public or private utility company, any public or private company providing the services contemplated by the Utility Easements, or any Governmental Authority. Whether or not such assignment by Declarant or the Association expressly states, the assignment will be partial and nonexclusive and both Declarant and the Association will continue to have the easement reserved and granted herein, to be used on a nonexclusive basis with each other and with any public or private utility company or any Governmental Authority to whom such assignment was made. Neither Declarant nor the Association will have any liability or responsibility to each other or to any Owner for (i) any damages caused by any public or private utility company or any Governmental Authority, or (ii) for failure of any public or private company or Governmental Authority to provide any utility services to any Owner or to the Association.

(c) Drainage. Without limiting the reservation of Utility Easements provided for herein, Declarant hereby reserves for itself, during the Declarant Control Period, and establishes in favor of the Association, a perpetual easement across the Townhome Community for the purpose of altering Drainage and water flow across the Townhome Community. This right includes, but is not limited to, altering swales, installing drains, Drainage ditches, pipes, inlets, headwalls, or any other stormwater control measures, and altering channeling, or piping waterflow across any Lot or

any property in the Townhome Community. Rights exercised pursuant to this easement will be exercised with a reasonable minimum of interference to the quiet enjoyment of affected property, reasonable steps will be taken to protect such property.

(d) Easement for Minor Encroachment of Eaves. Subject in all respects to the powers of the Approving Authority, there is hereby reserved for the benefit of each Lot an easement over adjoining Lots and Common Areas for minor encroachments of the eaves of the dwelling or garage constructed on such Lot, provided that the extent of any such encroachment will not exceed one foot (1').

(e) Police Powers. Declarant reserves for itself, its successors and assigns, and grants to the Association, a blanket easement throughout the Townhome Community for private patrol services, and for police powers and services supplied by the local, state and federal governments. Declarant may or may not, at any time, in Declarant's sole and absolute discretion, install security cameras, gates or other security devices if it deems necessary for the protection of the Townhome Community. Declarant and the Association may adopt Rules and Regulations providing for security measures, parking and traffic regulations, or such other policing power, which may include enforcement through fines and penalties, with failure to pay such fines permitting Declarant or the Association to file a lien against any Lot owned by the person or entity found to be in violation of such Rule or Regulation.

(f) Property Identification Signs. Declarant hereby excepts and reserves a nonexclusive perpetual easement for the construction, reconstruction, replacement, operation, maintenance and repair of a sign structure, landscaping and entry features over, under, upon and across certain portions of the Townhome Community, together with reasonable access over, under, upon, through and across the Property to install, replace, maintain, repair and operate such utility lines necessary to provide power to illuminate any of the same.

ARTICLE IX

DECLARANT RIGHTS

9.1 Reasonable Rights to Develop. Declarant and/or its contractors or transferees may construct Improvements to or within the Property including to the Lots. Therefore, during the Declarant Control Period, nothing in this Declaration or the other Townhome Documents may be construed to:

(a) prevent Declarant, parties authorized by Declarant, or their contractors or subcontractors from doing whatever is reasonably necessary or advisable in connection with the commencement or completion of the above-described work throughout the Property;

(b) prevent Declarant, parties authorized by Declarant, or their representatives from erecting, constructing, and maintaining anywhere in the Property such structures as Declarant determines to be necessary or appropriate for the conduct of its business of completing the work, and disposing of the Lots by sale, lease, or otherwise;

(c) prevent Declarant or parties authorized by Declarant, from maintaining such signs and conducting such activities in any part of the Property owned by Declarant or the Master Association as Declarant may elect for the sale, lease, or disposition of Lots;

(d) prevent Declarant or parties authorized by Declarant, from placing and utilizing on Lots or other property which they own one or more mobile trailers or temporary structures as sales offices or for construction activities; or

(e) prevent Declarant parties authorized by Declarant, or their contractors or subcontractors from complying with Legal Requirements.

9.2 Marketing and Sales Activities. Without limiting the generality of Section 9.1 above, during the Declarant Control Period, Declarant and parties authorized by Declarant may construct, relocate, maintain and carry on upon any Lot owned by Declarant or its affiliates or upon portions of the Common Areas, such facilities and activities as may be reasonably required, convenient or incidental to the construction, marketing or sale of Lots, as determined in Declarant's sole opinion. Such facilities and activities may include, without limitation, business offices, signs, model homes, and sales offices. There will be no limit on the number or size of such facilities. Declarant and parties authorized by Declarant will have easements for access to and use of such facilities. Declarant and parties authorized by Declarant reserve the right to remove any personal property used in connection with their activities on the Common Areas upon completion of the construction, marketing or sale of Lots, as determined in Declarant's sole opinion.

9.3 Construction of Improvements. During the Declarant Control Period, Declarant and its employees, agents and designees will have a right of access, use and an easement over and upon all of the Common Areas for the purpose of making, constructing and installing such improvements to the Common Areas as it deems appropriate in its sole discretion.

9.4 Right to Approve Additional Covenants. During the Declarant Control Period, no person or entity may record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument or Recorded Document affecting any portion of the Property without Declarant's prior written approval, in Declarant's sole discretion. Any instrument recorded without such consent will be void and of no force and effect unless Declarant subsequently consents in a Recorded Document.

9.5 Right to Transfer or Assign Declarant Rights. Any or all of Declarant's rights or obligations set forth in this Declaration, including but not limited to those set out in this Article IX, or any other Townhome Document may be transferred from time to time in whole or in part to other persons and/or entities; however, the transfer will not reduce an obligation or enlarge a right beyond that which Declarant has under this Declaration or such Townhome Document. No such transfer or assignment will be effective unless evidenced by a Recorded Document. The foregoing sentence will not preclude Declarant from delegating or permitting other persons or entities to exercise, on a one-time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety. In such case it will not be necessary to record any written assignment unless necessary to evidence Declarant's consent to such exercise.

9.6 Exclusive Rights to Use Name of Development. During the Declarant Control Period, no person or entity may use the name of the Townhome Community or any derivative of such names in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name of the Townhome Community in printed or promotional matter where such term is used solely to specify that particular property is located within the community and the Association and the Master Association will be entitled to use the name of the Townhome Community in their names.

9.7 Right to Approve Changes in Property Standards. During the Declarant Control Period, no amendment to or modification of any Rules and Regulations (including without limitation any architectural guidelines or development standards) will be effective without Declarant's prior written approval, in Declarant's sole discretion.

ARTICLE X

MISCELLANEOUS

10.1 Term. The covenants, conditions, restrictions, easements, uses, privileges, charges, assessments, burdens and liens set forth in this Declaration will be personal covenants of each Owner, will run with the title to the land subject to this Declaration and will bind and inure to the benefit of Declarant, the Association and each Owner, and their respective heirs, successors and assigns. This Declaration will become effective upon the date it is recorded in the Registry and, subject to the provisions of Section 10.2 hereof, will remain effective for fifty (50) years thereafter after which time this Declaration will automatically be extended for successive periods of ten (10) years unless an instrument has been recorded in the Registry (or such other place as may be required by law at the time of such recording), agreeing to terminate this Declaration pursuant to the terms of Section 10.2 hereof.

10.2 Amendment; Termination. This Declaration may be amended and terminated only in accordance with this Section 10.2.

(a) During the Declarant Control Period, Declarant will have the sole and exclusive right, power and authority to amend this Declaration, subject to the limitations that no amendment may be adopted, or if adopted may become effective, which materially and adversely affects the rights of (i) any Owner which is then in good standing, without the affirmative vote of the Owner or (ii) a Mortgagee without the prior written consent of such Mortgagee. Declarant's right to unilaterally amend this Declaration will include, without limitation: the right to adopt any amendment that is (A) necessary to bring any provision into compliance with Legal Requirements; (B) necessary to enable any reputable title insurance company to issue title insurance coverage on all or portions of the Property; (C) required by an institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans to enable such lender or purchaser to make, purchase, insure or guaranty mortgage loans secured by Lots; (D) necessary to enable any Governmental Authority or reputable private insurance company to insure mortgage loans on the property in the Townhome Community; or (E) for the correction of typographical, scrivener's or other errors.

(b) During the Declarant Control Period, this Declaration may be amended by the affirmative vote or written agreement signed by Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

(c) This Declaration may be terminated at any time only by a written agreement signed by Owners to which at least eighty percent (80%) of votes of the Association are allocated.

No amendment to this Declaration will become effective until the requisite votes are affirmatively cast therefor and a written instrument, duly executed by Declarant (during the Declarant Control Period) or a duly authorized director or officer of the Association (following the Declarant Control Period), setting forth the specific amendment to this Declaration or stating that this Declaration has been terminated, is executed and recorded in the appropriate public records.

No action to challenge the validity of an amendment of this Declaration made in accordance with its terms and Section 2-117 of the Act may be brought more than one (1) year after the amendment is recorded.

10.3 Correction of Errors. During the existence of this Declaration, the Board will have full right, power and authority to correct errors in this Declaration which the Board determines to be of a clerical or otherwise non-substantive nature. Such correction will be accomplished in a Recorded Document executed by an authorized director or officer of the Association and will not be deemed an amendment

hereto for purposes of the voting requirements of Section 10.2 hereof but will, upon being made by the Board and recorded in the Registry, become binding on all Owners.

10.4 Enforcement. The enforcement of this Declaration will be vested in the Association. Accordingly, the Association will initially have the exclusive right, power and authority to enforce (or to elect not to enforce) any or all of the terms of this Declaration by any legal proceedings, at law or in equity, against any person or entity violating or attempting to violate any of them, or to seek any other recourse against any such person or entity whether the recourse sought is an injunction, the recovery of damages, the foreclosure of the Association's lien or otherwise. If after the Declarant Control Period the Association fails or refuses to exercise any right, remedy or recourse afforded it for a violation of this Declaration as to which no Variance was granted, then any Owner may give written notice to the Association demanding that the Association exercise such rights, remedies or recourses. If, within thirty (30) days after its receipt of the Owner's notice, the Association does not commence to exercise such rights, remedies or recourses against the person or entity violating this Declaration or deliver to such Owner a written notice setting forth in reasonable detail the good faith basis on which it disputes its obligation to do so, then the Owner sending the notice may exercise any or all of the rights, remedies and recourses afforded the aggrieved Owner at law or in equity as a consequence of such violation. Notwithstanding any other provision herein, the Board may impose fines on an Owner and/or suspend an Owner's right and privilege to use certain Common Areas for failure of that Owner, its Occupants, agents or invitees, to abide by this Declaration, or the Rules and Regulations. The procedure for the Board to do so will be as set forth in the Bylaws. The Board will not impose any such fine or suspension unless and until the Owner charged has been given notice of the charge, opportunity to be heard by and present evidence to the Board and notice of the Board's decision. Suspensions may be imposed for a reasonable period of time and/or until a violation or delinquency is cured. Notwithstanding the foregoing, nothing in this Section 10.4 limits Declarant's right, power or authority to exercise and/or enforce its rights hereunder or take action to enforce the terms of this Declaration.

10.5 Responsibility of Owner. Each Owner will be responsible for any breach of this Declaration which is the result of the acts or omissions of the Owner or its officers, directors, shareholders, partners, managers, trustees, employees, contractors, agents, invitees or Occupants. Any breach of this Declaration relating to the use or maintenance of a Lot is hereby declared to be a nuisance. Accordingly, every right, remedy or recourse allowed by law or equity as a result of, or with respect to the abatement of, any such nuisance is hereby declared to be available to the Association or, subject to the provisions of Section 10.4 hereof, any aggrieved Owner.

10.6 Applicable Law. This Declaration will be governed by, and construed in accordance with, the laws of the State of North Carolina. All monetary and other obligations of any Owner hereunder are performable in Wake County, North Carolina.

10.7 Intentionally Omitted.

10.8 Notices. All notices and other communications given pursuant to this Declaration must be in writing and either be mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested, and addressed as set forth in this Section 10.8, or delivered in person to the intended addressee, or sent by recognized overnight delivery carrier, or sent by electronic mail to the email address on file with the Association. Notice sent in the aforesaid manner will become effective three days after deposit for notice sent by United States Mail, immediately upon delivery in person, one day after deposit with overnight delivery carrier, and immediately upon sending by electronic mail; notice given in any other manner, and any notice given to Declarant or the Association, will be effective only upon receipt by the intended addressee. For the purpose of notice, the address of

(a) Declarant will be Stanley Martin Homes, LLC, Attn: Director of Land, 4020 Westchase Boulevard, Suite 470, Raleigh, NC 27607, with a required copy to Declarant's registered agent with the North Carolina Secretary of State's office.

(b) the Association will be c/o Stanley Martin Homes, LLC, Attn: Director of Land, 4020 Westchase Boulevard, Suite 470, Raleigh, NC 27607, and

(c) any Owner will be its last address as shown on the records of the Association at the time the notice is sent or, if no address exists in such records, then the Owner's mailing address on file with the tax records for the County in which the Owner's Lot is located (except as otherwise provided in Section 3-116 of the Act).

Declarant, the Association and any Owner will have the continuing right to change his, her or its address for notice hereunder. In the case of a change of address by an Owner, the giving of fifteen (15) days prior written notice to the Association in accordance with this Section 10.8, or, in the case of a change of address by Declarant or the Association, at the election of Declarant or the Association either the execution of a supplement to this Declaration reflecting such change of address and the recording of same in the appropriate public records or the giving of written notice to each Owner of record in the manner set forth above.

10.9 Severability. This Declaration and the other Townhome Documents are to be performed in accordance with and only to the extent permitted by Legal Requirements. If any provision of this Declaration or any other Townhome Document or the application thereof to any person or entity or circumstance is, for any reason and to any extent, invalid or unenforceable, the remainder of this Declaration and the other Townhome Documents and the application of such provision to other persons or entities or circumstances will not be effected thereby, but rather will be enforced to the greatest extent permitted by law.

10.10 Number and Gender, Captions and References. As the context of this Declaration may require, pronouns will include all persons or entities, the singular number will include the plural and neuter will include the masculine and the feminine gender. Article, section subsection and paragraph headings in this Declaration are for convenience of reference only and are not intended, to any extent and for any purpose, to limit or define any article, section, subsection or paragraph hereof. Whenever the word "hereof", "herein", "hereunder" or a word of similar import is used in this Declaration, it will be construed as referring to this Declaration in its entirety rather than to a particular article, section, subsection, paragraph or provision, unless the context specifically indicates to the contrary. Any reference to a particular "section" will be construed as referring to the indicated section of this Declaration unless expressly specified otherwise.

10.11 Attorneys' Fees. If Declarant, the Association or any Owner entitled to do so initiates any litigation against any Owner relating to this Declaration, and prevails in such litigation, or if Declarant or the Association defends against any litigation brought against it by any Owner relating to this Declaration and prevails in such litigation, then such prevailing party will be entitled to recover, in addition to all damages and other relief allowed by law, all court costs and reasonable and actually incurred attorneys' fees incurred in connection with such litigation.

10.12 Interest on Owner's Obligations. Any amount due from an Owner to the Association pursuant to this Declaration which is not paid when due will bear interest at the maximum rate allowed by law (or, if there is no maximum rate on the date the amount became due, at the rate of eighteen percent (18%) per annum) from the date the amount becomes due until the date the amount is paid, but the payment of such interest will not excuse or cure the default in payment. It is the specific intent of Declarant to, at all times, comply with applicable usury law with respect to this Declaration. Accordingly, if, at any time, it is

determined that any amount called for, charged or collected pursuant to this Declaration exceeds the amount which may be lawfully called for, charged or collected under applicable usury law then all excess amounts theretofore collected by the Association will be immediately refunded to the payor, the provisions hereof will be immediately deemed reformed and the amounts thereafter collectible hereunder will be immediately deemed reduced without the necessity of the execution of any new document so as to comply with applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder.

10.13 Incorporation by Reference. Each exhibit attached hereto is incorporated herein by reference.

10.14 Interpretation. If any disagreement arises between Owners as to the interpretation or application of this Declaration or any other Townhome Document, the disagreement will be resolved by the Board and the determination of the Board will be final and binding upon all Owners unless the determination was fraudulently induced or arbitrarily or capriciously rendered.

10.15 Waiver. The terms and conditions of this Declaration may not be waived orally or impliedly, but only by Declarant (during the Declarant Control Period) or the Association (following the Declarant Control Period) and any such waiver must be in writing. Thus, neither the acceptance of a late or partial payment by the Association nor any other custom or practice followed in connection with this Declaration will constitute a waiver of any provision hereof. Further, neither the failure of the Association to complain of any violation of this Declaration, regardless of how long such failure continues, nor the failure of the Association to invoke (or the election by the Association not to invoke) any right, remedy or recourse for a violation hereof, will extinguish, waive or in any way diminish the rights, remedies and recourses of the Association with respect to such violation. No waiver by the Association of any provision of this Declaration as to any Owner will be deemed to be a waiver of any other provision hereof as to such Owner; or a waiver of the same provision as to any other Owner. The Approving Authority's consent to any act requiring the Approving Authority's consent hereunder or under any other Townhome Document will not render unnecessary the Approving Authority's consent as to any other act. No consent will bind the Approving Authority unless such consent is evidenced in writing executed by a manager, director or officer of the Approving Authority duly authorized to execute the same.

10.16 Owner's Liability; Subsequent Sale. Except as provided in Section 6.10 herein, upon the divestiture (voluntarily or involuntarily) of the interest of an Owner in all or a portion of its Lot, the prior Owner will thereupon be relieved of all liability accruing under this Declaration with respect to such Lot or the portion thereof as to which the Owner has been divested after the date of divestiture. The preceding sentence does not, in any way and to any extent, impair the Association's lien against the Lot for sums due the Association by the prior Owner or any subsequent Owner, or the obligation of the subsequent Owner for any liabilities accruing after the date of divestiture.

10.17 Exculpation. None of the Released Parties will be personally liable to any person or entity for any act or omission of any nature whatsoever occurring in the course of acting under or in connection with this Declaration, except gross negligence, willful misconduct or criminal conduct. Without in any way limiting the generality of the foregoing, none of the Released Parties will have any liability whatsoever by virtue of any action taken or not taken with respect to any plans, drawings, specifications, documents, materials and requests for Variances presented to it for review and approval, and under no circumstances will any such person or entity be deemed to have passed upon the structural integrity or safety of any Improvement described on or in any such materials. In addition to such indemnification as may be contained in the Articles or Bylaws, the Association hereby agrees to defend, indemnify and hold harmless all officers, directors, Owners and their heirs and legal representatives, against all liability (contractual and otherwise) arising out of any contracts entered into by the Association, or any acts or omissions of such officers, directors, or Owners when acting on behalf of the Association unless such liability arises out of the gross

negligence, willful misconduct or criminal conduct of any such person or entity. The foregoing indemnification extends to all costs and expenses (including, but not limited to, reasonable attorneys' fees and court costs, amounts of judgment paid and amounts paid in settlement) actually or reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or otherwise, in which any such Released Party may become involved; provided, however, that such indemnification will not be operative to a Released Party with respect to any matter settled or compromised unless, in the opinion of independent counsel selected by the Board, there is no reasonable ground for such Released Party being adjudged liable for gross negligence, willful misconduct or criminal conduct in the claim at issue.

10.18 Notice of Sale, Acquisition or Lease. Upon sale, acquisition or lease of a Lot, the new Owner must give the Association, in writing, the name, email and mailing address of the Owner (and tenant, as the case may be) and such other information as the Board may reasonably require.

10.19 Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration are unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions will continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Charles III, King of England.

ARTICLE XI

MORTGAGEE PROVISIONS

11.1 Applicability. The provisions of this Article XI are for the benefit of holders, insurers, and guarantors of First Mortgages on Lots in the Property. The provisions of this Article XI apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

11.2 Notices of Action. An institutional holder, insurer, or guarantor of a First Mortgage which provides a written request to the Association, such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates, thereby becoming an ("***Eligible Holder***") will be entitled to timely written notice of:

- (a) any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is a First Mortgage held, insured, or guaranteed by such Eligible Holder;
- (b) any delinquency in the payment of assessments or charges owed by a Lot subject to the Mortgage or such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Townhome Documents relating to such Lot or the Owner or Occupant which is not cured within sixty (60) days of receiving notice of such violation;
- (c) any lapse, cancellation or material modification of any insurance policy the Association maintains; or
- (d) any proposed action which would require the consent of a specified percentage of Eligible Holders.

11.3 No Priority. No provision of this Declaration or the Bylaws gives or may be construed as giving any Owner or other party priority over any rights of the First Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Areas.

11.4 Notice to Association. Upon request, each Owner will be obligated to furnish to the Association the name and address of the holder of each Mortgage encumbering such Owner's Lot.

11.5 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action will 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.

11.6 Construction. Nothing contained in this Article XI may be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, the Bylaws, or the Act for any of the acts set out in this Article XI.

ARTICLE XII

DISCLAIMERS

12.1 SECURITY. DECLARANT, THE ASSOCIATION, AND THE BOARD, AND THE PARTNERS, MANAGERS, MEMBERS, TRUSTEES, DIRECTORS, OFFICERS, COMMITTEES, MEMBERS, SHAREHOLDERS, EMPLOYEES, AGENTS, ATTORNEYS AND SUCCESSORS AND ASSIGNS OF ANY OF THE FOREGOING (THE "**RELEASED PARTIES**") WILL NOT IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE TOWNHOME COMMUNITY AND WILL NOT BE HELD LIABLE FOR ANY LOSS OR DAMAGE FOR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS, OCCUPANTS AND THEIR RESPECTIVE CONTRACTORS, GUESTS AND INVITEES ACKNOWLEDGE THAT THE RELEASED PARTIES DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM, OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY DECLARANT, THE ASSOCIATION OR ANY SUB-ASSOCIATION MAY NOT BE COMPROMISED OR CIRCUMVENTED; NOR THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE; NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. ALL OWNERS, OCCUPANTS AND THEIR RESPECTIVE CONTRACTORS, GUESTS AND INVITEES ACKNOWLEDGE AND UNDERSTAND THAT THE RELEASED PARTIES ARE NOT INSURERS. ALL OWNERS, OCCUPANTS AND THEIR RESPECTIVE CONTRACTORS, GUESTS AND INVITEES ASSUME ALL RISKS FOR LOSS OR DAMAGE TO PERSONS AND PROPERTY, AND FURTHER ACKNOWLEDGE THAT THE RELEASED PARTIES HAVE MADE NO REPRESENTATIONS OR WARRANTIES, NOR HAS ANY OWNER OR ITS PERMITTEES RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE TOWNHOME COMMUNITY.

12.2 VIEW IMPAIRMENT. NONE OF THE RELEASED PARTIES GUARANTEE OR REPRESENT THAT ANY VIEW OR SCENERY WILL BE PRESERVED WITHOUT IMPAIRMENT. NO RELEASED PARTY WILL BE OBLIGATED TO RELOCATE, PRUNE, OR THIN TREES OR OTHER LANDSCAPING EXCEPT TO COMPLY WITH LEGAL REQUIREMENTS, OR AS THE ASSOCIATION DETERMINES, IN ITS SOLE DISCRETION, TO BE NECESSARY OR APPROPRIATE, OR AS OTHERWISE REQUIRED UNDER A SEPARATE COVENANT OR

BINDING WRITTEN AGREEMENT. THE ASSOCIATION (WITH RESPECT TO THE COMMON AREAS) HAS THE RIGHT TO ADD TREES AND OTHER LANDSCAPING FROM TIME TO TIME, SUBJECT TO LEGAL REQUIREMENTS. ANY EXPRESS OR IMPLIED EASEMENTS FOR VIEW PURPOSES OR FOR THE PASSAGE OF LIGHT AND AIR ARE HEREBY EXPRESSLY DISCLAIMED.

12.3 WATER MANAGEMENT. EACH OWNER AND OCCUPANT ACKNOWLEDGES AND AGREES THAT ANY PONDS OR WETLANDS ARE DESIGNED AS WATER MANAGEMENT AREAS AND ARE NOT DESIGNED SOLELY AS AESTHETIC FEATURES. DUE TO FLUCTUATIONS IN GROUND WATER ELEVATIONS WITHIN THE IMMEDIATE AREA, THE WATER LEVEL OF SUCH AREAS WILL RISE AND FALL. EACH OWNER AND OCCUPANT FURTHER ACKNOWLEDGES AND AGREES THAT THE RELEASED PARTIES HAVE NO CONTROL OVER SUCH ELEVATIONS. THEREFORE, EACH OWNER AND OCCUPANT AGREES TO RELEASE AND DISCHARGE THE RELEASED PARTIES 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. OWNERS AND OCCUPANTS MAY NOT ALTER, MODIFY, EXPAND, OR FILL ANY PONDS OR WETLANDS LOCATED WITHIN OR IN THE VICINITY OF THE TOWNHOME COMMUNITY WITHOUT THE APPROVAL OF THE APPROVING AUTHORITY, THE U.S. ARMY CORPS OF ENGINEERS (IF IT HAS AUTHORITY OVER WETLANDS WITHIN THE TOWNHOME COMMUNITY), AND SUCH OTHER LOCAL, STATE, AND FEDERAL AUTHORITIES AS MAY HAVE RELEVANT JURISDICTION OVER SUCH MATTERS.

12.4 CONVEYANCE OF COMMON AREAS. ANY CONVEYANCE OF COMMON AREAS OR IMPROVEMENTS THERETO BY DECLARANT WILL BE WITHOUT RECOURSE AND ON AN AS-IS, WHERE-IS, WITH ALL FAULTS BASIS, WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, UNLESS THE CONDITION OF THE PROPERTY WOULD EXPOSE THE ASSOCIATION TO UNDUE LIABILITY, THE COMMON AREAS. DECLARANT HEREBY DISCLAIMS AND MAKES NO REPRESENTATIONS, WARRANTIES OR OTHER AGREEMENTS, EXPRESS OR IMPLIED, BY LAW OR FACT, WITH RESPECT TO THE COMMON AREAS OR COMMON FACILITIES, INCLUDING, WITHOUT LIMITATION, REPRESENTATIONS OR WARRANTIES OF MERCHANTABILITY REGARDING THE CONDITION, CONSTRUCTION, ACCURACY, COMPLETENESS, DESIGN, ADEQUACY OF SIZE OR CAPACITY IN RELATION TO THE UTILIZATION, DATE OF COMPLETION, OR THE FUTURE ECONOMIC PERFORMANCE OR OPERATIONS OF, OR THE MATERIALS, FURNITURE, OR EQUIPMENT USED IN, THE COMMON AREAS OR COMMON FACILITIES. NEITHER THE ASSOCIATION NOR ANY OWNER OR PERMITTEE MAY MAKE ANY CLAIM AGAINST DECLARANT, ITS SUCCESSORS AND ASSIGNS, RELATING TO THE CONDITION, OPERATION, USE, ACCURACY OR COMPLETENESS OF THE COMMON AREAS OR COMMON FACILITIES, OR FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING THEREFROM. DECLARANT WILL TRANSFER AND ASSIGN TO THE ASSOCIATION, WITHOUT RECOURSE, ALL WARRANTIES RECEIVED FROM MANUFACTURERS AND SUPPLIERS RELATING TO ANY OF THE COMMON AREAS OR COMMON FACILITIES WHICH EXIST AT THE TIME OF TRANSFER AND ARE ASSIGNABLE WITHOUT THE CONSENT OF A THIRD PARTY.

ARTICLE XIII

PARTY WALLS

13.1 General Rules of Law to Apply. Each wall which is shared by the residences and placed on the dividing line between the residences will constitute a party wall, and, to the extent not inconsistent with the provisions of this Article XIII, the general rules of law regarding party walls and liability for property damage due to negligence, or willful acts or omissions will apply thereto.

13.2 Repair and Maintenance. The cost of reasonable maintenance of a party wall will be shared by the Owners of the Lots on which the residences that share the party wall are located in proportion to such use. Provided, however, each Owner is responsible for usual and routine maintenance (for example, painting) of the portion of any party wall on the inside of such Owner's residence.

13.3 Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner of a Lot on which a residence which shares such party wall is located may restore or repair it, and the Owners of the other Lot on which the residence that shares the restored or repaired party wall is located will, within twenty-one (21) days of the receipt of a request for payment and invoices showing the cost of such restoration or repair, contribute to the cost of the restoration or repair thereof (or reimburse the Owner who has paid such costs) in proportion to their use of the party wall, without prejudice, however, to the right of any such Owner to demand a larger contribution from the other Owners under any rule of law regarding liability for negligent or willful acts or omissions.

13.4 Exposure to Elements. Notwithstanding any other provision of this Article XIII, an Owner of a Lot on which a residence that shares a party wall is located who, by such Owner's negligent or willful act or omission, damages or causes the common party wall to be exposed to the elements will bear the entire cost of the necessary repair or restoration.

13.5 Assignment of Right of Contribution. The right of any Owner to contribution from any other Owner under this Article XIII with respect to all matters occurring prior to the transfer of title of the Lot to a subsequent Owner may be retained by the transferring Owner to the extent that the transferring Owner paid any expenses for which contribution is available; otherwise, the right of contribution will be transferred to the subsequent Owner. The amount owed will constitute the personal debt of the Owner from whom it is owed, and the Owner to whom the contribution is owed will have all remedies available at law or in equity to enforce such Owner's right of contribution. An Owner's obligation for contribution is appurtenant to and will run with title to such Owner's Lot.

13.6 Estoppel Certificate. An Owner who desires to sell a Lot, or the prospective purchaser of such Lot, may request the Owners of the other Lot which shares that party wall to provide a certificate stating whether or not such certifying Owner has any right or obligation of contribution with respect to such party wall against the Owner who desires to sell. Each certifying Owner from whom such certificate is requested will, within ten (10) business days after receipt of a written request for certification, furnish same to the requesting Owner or purchaser, as applicable, either confirming that no right of contribution exists or stating the amount of and reasons for the contribution claimed against the requesting Owner. A certificate signed by any one or more of the Owners of a Lot which shares a party wall with the Lot of the requesting Owner will be conclusive evidence of its contents with respect to all other Owners of that Lot and with respect to third parties.

13.7 Easement for Repair and Maintenance. Each Owner of a Lot on which is located a residence that shares a party wall and such Owner's contractors and subcontractors will have an easement and right of entry upon the Lot on which is located the other residence that shares the party wall to the extent reasonably necessary to inspect, repair, restore, maintain or reconstruct the party wall. Such

inspection, repair, restoration, maintenance or reconstruction will be done expeditiously and, promptly upon completion of the work, the Owner on whose behalf the work is being done will repair any damage caused as a result thereof.

ARTICLE XIV

DISPUTE RESOLUTION

14.1 Agreement to Avoid Costs of Litigation and to Limit Rights to Litigate Disputes. The Association, Declarant and the other Released Parties, all Owners, all other persons or entities subject to this Declaration, and any person or entity not otherwise subject to this Declaration who agrees to submit to this Article (collectively, “**Bound Parties**”) agree to encourage the amicable resolution of disputes involving the Townhome Community in order to avoid the emotional and financial costs of litigation. Accordingly, to the extent permitted under applicable law, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Property including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, the Articles, the Bylaws or the Rules and Regulations, (collectively, a “**Claim**”), except for Exempt Claims under Section 14.2, will be resolved using the procedures set forth in Section 14.3 below in lieu of filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim.

14.2 Exempt Claims. The following Claims (“**Exempt Claims**”) are exempt from the provisions of Section 14.1 and Section 14.3 below.

(a) Any suit by the Association against any Bound Party to enforce the provisions relating to Assessments;

(b) Any suit by the Association to obtain a temporary restraining order or equivalent emergency equitable relief and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association’s ability to enforce the provisions relating to architectural control or use restrictions;

(c) Any suit between Owners (other than Declarant or its affiliates) seeking redress on the basis of a Claim which would constitute a cause of action under federal law or the laws of the State of North Carolina in the absence of a claim based on the Declaration, Bylaws, Articles or rules of the Association, if the amount in controversy exceeds \$10,000.00;

(d) Any suit arising out of any written contract between Owners and which would constitute a cause of action under the laws of the State of North Carolina in the absence of the Declaration, Bylaws, and Articles; and

(e) Any suit in which all parties are not Bound Parties.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 14.3, but there will be no obligation to do so. The submission of an Exempt Claim involving the Association to the alternative dispute resolution procedures of Section 14.3 will require the approval of the Association.

14.3 Mandatory Procedures for All Other Claims. To the extent permitted under applicable law, all Claims other than Exempt Claims will be resolved using the following procedures:

(a) Notice. Any Bound Party having a claim (“***Claimant***”) against any other Bound Party (“***Respondent***”), other than an Exempt Claim, will notify each respondent in writing of the Claim (the “***Notice***”), stating plainly and concisely:

(i) The nature of the Claim, including date, time, location, persons involved and Respondent’s role in the Claim;

(ii) The basis of the Claim (*i.e.*, the provisions of this Declaration, the Bylaws, the Articles or rules or other authority out of which the Claim arises);

(iii) What Claimant wants Respondent to do or not to do to resolve the Claim; and

(iv) That the Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

(b) Negotiation.

(i) Each Claimant and Respondent (the “***Parties***”) will make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good negotiation.

(ii) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if it believes its efforts will be beneficial to the Parties and to the welfare of the community.

(c) Mediation.

(i) If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice or within such other period as may be agreed upon by the Parties (“***Termination of Negotiations***”), Claimant will have 30 additional days within which to submit the Claim to mediation under the auspices of any dispute resolution center or other such independent agency providing similar services in the same geographical area upon which the Parties may mutually agree.

(ii) If Claimant does not submit the Claim to mediation within 30 days after Termination of Negotiations, Claimant will be deemed to have waived the Claim, and Respondent will be released and discharged from any and all liability to Claimant on account of such claim; provided, nothing herein will release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

(iii) If the Parties do not settle the Claim within 30 days after submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator will issue a notice of termination of the mediation proceedings (“***Termination of Mediation***”). The Termination of Mediation notice will set forth when and where the Parties met, that the parties are at an impasse, and the date that mediation was terminated.

(iv) Each Party will, within five days of the Termination of Mediation, make a written offer of settlement in an effort to resolve the Claim. The Claimant will make a final

written settlement demand ("***Settlement Demand***") to the Respondent. The Respondent will make a formal written settlement offer ("***Settlement Offer***") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice will constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent will be deemed to have made a "zero" or "take nothing" Settlement Offer.

(d) Final and Binding Arbitration. To the extent permitted under applicable law, any and all claims, disputes and controversies by and between the Declarant, Association and/or Owners or any combination thereof arising from or related to the Property (including Lots, Common Areas and Common Facilities), the sale of any portion of the Property, including, without limitation, any claim of breach of contract or warranty, negligence, negligent or intentional misrepresentation or nondisclosure in the inducement, execution or performance of any contract, including this Article XIV, and breach of any alleged duty of good faith and fair dealings, will be submitted to arbitration by and pursuant to the rules of the American Arbitration Association in effect at the time of the request for arbitration or by such other arbitration service as the Approving Authority selects, in its sole discretion, and pursuant to the rules of that arbitration service in effect at the time of the request for arbitration. This arbitration agreement will inure to the benefit of, and be enforceable by, all successors and assigns of the Parties. Any party will be entitled to recover reasonable attorneys' fees and costs incurred in enforcing this arbitration agreement, and the arbitrator will have sole authority to award such fees and costs. The decision of the arbitrator will be final and binding and may be entered as a judgment in any state or federal court of competent jurisdiction. This arbitration agreement will be deemed to be a self-executing arbitration agreement. Any disputes concerning interpretation or the enforceability of this arbitration agreement, including without limitation, its revocability or voidability for any cause, the scope of arbitrable issues, and any defense based on waiver, estoppel or laches will be decided by the arbitrator. The initiation of or participation by any party in any judicial proceedings concerning this arbitration agreement or any matter arbitrable hereunder will not be deemed a waiver of the right to enforce this arbitration agreement and, notwithstanding provision of law to the contrary, will not be asserted or accepted as a reason to delay, to refuse to participate in, or to refuse to enforce this arbitration agreement. Any party who commences a judicial proceeding concerning a dispute that is arbitrable, however, will also be deemed a party requesting arbitration within the meaning of this arbitration agreement. The arbitrator's compensation will be borne equally by the arbitrating parties. Any additional fees may be assessed in accordance with the arbitration rules and fees. Parties expressly agree that this arbitration agreement involves and concerns interstate commerce and is governed by the provisions of the Federal Arbitration Act (9 USC §1 et seq.) now in effect as the same may from time to time be amended, supplanted or replaced, to the exclusion of any different or inconsistent state or local law, ordinance or judicial rule; and to the extent that any local law, ordinance or judicial rule may be inconsistent with any provision of the rules of the arbitration service under which the arbitration proceeding will be conducted, the latter rule will govern the conduct of the proceedings. If any provision of this Article XIV is determined by arbitrator or by any court to be (i) non-enforceable or (ii) have been waived, the remaining provision will be deemed to be severable therefrom and enforceable according to their terms.

(e) Enforcement of Resolution. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with the above and any Party thereafter fails to abide by the terms of such agreement, or if any Party fails to comply with the terms of any award following arbitration, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or award without the need to again comply with the procedures set forth above and, in such event, the Party taking action to enforce the agreement or award will be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such

Parties pro rata) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

14.4 Litigation. To the extent permitted under applicable law, (a) any litigation by the Association other than the Exempt Claims set out above, or (b) any arbitration against the Declarant or its Released Parties requires an affirmative vote of eighty-five percent (85%) of the members of the Association prior to the institution of such litigation. If and to the extent allowed by applicable law, no lawsuit will be permitted against the Declarant or the Released Parties.

ARTICLE XV

ADDITIONAL PROVISIONS

15.1 Stormwater Control Measures. The Unified Development Ordinance of the Municipality (the "**Code**") may require that stormwater runoff from the Property be controlled and nitrogen loading from stormwater runoff from the Property be reduced. If so required, to comply with the Code, stormwater control measures have been or will be installed by Declarant and will be maintained by the Master Association as Common Areas and Common Facilities in strict compliance with the stormwater agreement for the Property, if any, set forth in a Recorded Document affecting the Property (the "**Stormwater Agreement**"), so at all times, the stormwater control measures will perform as designed and will comply with the Stormwater Agreement, the Code and applicable regulations, rules and directives of the Municipality. The expenses for maintenance of such stormwater control measures by the Association will be Common Expenses. Failure to maintain the stormwater control measures constitutes a violation of the Code potentially subjecting the Association and/or Master Association to significant civil penalties and other enforcement actions. Declarant reserves the right to amend this Declaration without the consent of any other party to comply with the Code.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, Stanley Martin Homes, LLC, as Declarant hereunder, has caused this instrument to be executed by its duly authorized manager, officer, agent or representative, all by order and authority duly granted by its member(s), as of the day and year first above written.

Stanley Martin Homes, LLC

a Delaware limited liability company

By: _____

W. Hampton Pitts, Division President

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, the undersigned Notary Public of the County and State aforesaid, certify that W. Hampton Pitts personally came before me this day and acknowledged that he is a/the Division President of Stanley Martin Homes, LLC, a Delaware limited liability company and acknowledged the due execution of the foregoing instrument as the act of said company.

Witness my hand and official stamp or seal, this 19 day of November, 2024.

Marian Peedin, Notary Public

Print Name: _____

My Commission Expires: _____

9-12, 2026

[Affix Seal]

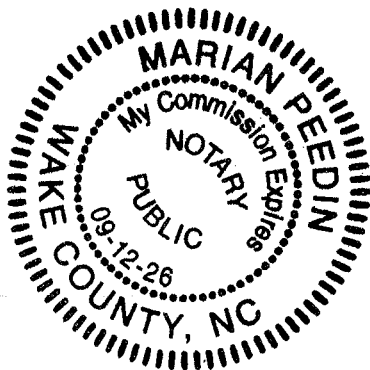


Exhibit A-1

Property Description

BEING all of Lots 1 through 44 (inclusive), Lot 49 Open Space, Lot 51 Open Space and Lot 52 Open Space, all as shown on the plat entitled "Raven Ridge Place Subdivision, ROW, Recombination, Easements & TCA Plat" prepared by BGE, Inc. and recorded on January 4, 2024 in Book of Maps 2024, Pages 24 through 27, inclusive, Wake County Registry.

Exhibit A-2

Additional Property

Property that may be added to this Declaration includes, but is not limited to, all or any portion of the following property:

Any property shown on the plat entitled "Raven Ridge Place Subdivision, ROW, Recombination, Easements & TCA Plat" prepared by BGE, Inc. and recorded on January 4, 2024 in Book of Maps 2024, Pages 24 through 27, inclusive, Wake County Registry that is not described on Exhibit A-1 to this Declaration.