WAKE COUNTY, NC 46
LAURA M RIDDICK
REGISTER OF DEEDS
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NORTH CAROLINA
WAKE COUNTY

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DECLARATION OF COVENANTS, RESTRICTIONS, AND EASEMENTS FOR 2018 MARKET

THIS DECLARATION OF COVENANTS, RESTRICTIONS, AND EASEMENTS FOR 2018 MARKET ("Initial Declaration") is made this 9 day of November, 2016, by LENNAR CAROLINAS, LLC, a Delaware limited liability company ("Declarant").

RECITALS

A. The Declarant is the owner of that certain property located in Wake County, North Carolina, described in ***Exhibit A*** attached hereto (the "Property"), as more particularly described on the Plat attached hereto as ***Exhibit A-1***. The Declarant intends that various portions

of the Property be set aside for the collective use of the owners and residents of the planned community known as 2018 Market to be created on the Property.

B. In order to preserve and enhance the value of the homes built on the Property and to promote the welfare of their owners and occupants, the Declarant desires to submit the Property to the Declaration.

C. In order to facilitate the objectives described herein, the Declarant has formed a North Carolina non-profit corporation called 2018 Market Homeowners Association, Inc. ("Association"), which shall be responsible for the enforcement and performance of certain obligations under the Declaration.

NOW, THEREFORE, Declarant declares that the Property, together with such additions thereto as are hereafter made pursuant to Article 2 of the Declaration, shall be held, transferred, sold, conveyed, leased, mortgaged, used, occupied and improved subject to the easements, covenants, conditions, restrictions, servitudes, charges and liens created or provided for by the Declaration.

1. **DEFINITIONS.** As used in this Article, the following words and terms have the following definitions, unless the context in which they are used clearly indicates otherwise. Some or all of the following words and terms may have the same definitions in other portions of this Declaration; if so, they are being repeated here for convenience; if not, as used in this Article, they have the definitions contained in this Article.

1.1 [intentionally deleted]

1.2 "Act" means the North Carolina Planned Community Act, as contained in Chapter 47F of the North Carolina General Statutes (the "G.S.")(or as contained in any successor portion of the North Carolina General Statutes), as the same exists from time to time. The Act is referred to herein from time to time as "G.S. 47F," with the particular section number following the G.S. 47F reference (for example, G.S. 47F-1-101).

1.3 "Architectural Review Board" or "ARB" means the committee created pursuant to Article 14 hereof.

1.4 "Articles" means the Articles of Incorporation of the Association which have been filed in the office of the Secretary of the State of North Carolina (a copy of which is attached hereto as ***Exhibit B***), as amended from time to time.

1.5 "Assessment" means any of the types of assessments defined below in this Section.

1.5.1 "Attached Townhome Assessment" means the amounts charged to each Attached Townhome subject to assessment by the Association representing its proportionate share of the Attached Townhome Expenses as determined in accordance with Sections 11.5 and 11.8.

1.5.2 "Common Assessment" means the amounts charged to each Lot subject to assessment by the Association under Article 11, representing the Lot's share of the Common Expenses as determined in accordance with Sections 11.5 and 11.6.

1.5.3 "Individual Assessment" means the amounts charged to one or more Lots by the Association in connection with (.1) the enforcement of the Governing Documents as a result of the acts or omissions of the Owner or Permitted Users of a Lot, their respective agents, contractors, subcontractors, employees, licensees or invitees for their failure to duly perform their obligations under the Governing Documents, or (.2) in order to reimburse the Association for expenses incurred by the Association due to that Owner's failure to Maintain his Lot or Unit pursuant to the standards set forth in this Declaration, or (.3) to reimburse the Association for injury, loss or damage to the Association or to any Common Area, Association Property or other Lot caused by the Owner or Permitted Users, or their respective agents, contractors, subcontractors, employees, licensees or invitees, and not covered by insurance, or (.4) for any other purposed expressly authorized by this Declaration.

1.5.4 "Special Assessment" means and includes the following: the amounts charged to each Lot subject to assessment by the Association for any of the following purposes: (.1) unbudgeted expenses or expenses in excess of the amounts budgeted; (.2) expenses incurred by the Association for repair, replacement or reconstruction of any Improvements on any portion of the Common Areas or Association Property; (.3) expenses incurred by the Association for installation or construction of any improvements in the nature of a capital improvement on any portion of the Common Areas or Association Property; (.4) expenses incurred by the Association for Restoration of Insured Attached Townhome Property in the event the insurance proceeds are insufficient to pay the Restoration Costs or in the event the injury, loss or damage resulted from an uninsured loss; or (.5) expenses incurred by the Association for installation or construction of any Improvements in the nature of a capital improvement to the Attached Townhomes in connection with Attached Townhome Services. If Special Assessments are assessed for Common Expenses or for any purpose identified in clause (.2) or (.3) above, they shall be assessed against all Lots subject to assessment under Article 11. If Special Assessments are assessed for Attached Townhome Expenses, they shall be assessed against all Attached Townhomes subject to assessment within the particular Collection under Article 11. If Special Assessments are assessed for any purpose identified in clause (.4) above, they shall be assessed against the Owners of the damaged Attached Townhomes in the same proportion which the Restoration Costs attributable to their Attached Townhomes bears to all

Restoration Costs of the damaged Attached Townhomes as provided in Article 9. If Special Assessments are assessed for any purpose identified in clause (.5) above, they shall be assessed against all Attached Townhomes benefited by the installation or construction of capital improvements as provided under Article 11.

1.5.5 Stormwater Assessment means any cost or expenses assessed by or otherwise owed to the Town of Holly Springs pursuant to the Stormwater Covenants, to the extent not included in the Common Assessment or collected by the Town.

1.5.6 Limited Common Area Assessment means the Assessment charged to a certain Collection, such as the Units that share a private alley to access a garage.

1.6 "Association" means the property owners' association for the Property, namely 2018 Market Homeowners Association, Inc., a North Carolina non-profit corporation, and its successors and assigns. The Association is the entity responsible for the administration, enforcement and performance of certain duties under the Declaration.

1.7 "Association Property" means all personal property owned by the Association. Association Property shall also include all personal property in which the Association holds possessory or use rights.

1.8 "Attached Townhome" means a two or more story Unit which has no Units located above or below it and which shares one or more Party Walls with adjacent Unit(s).

1.9 "Attached Townhome Building" means an Improvement consisting of two or more Attached Townhomes notwithstanding that each Attached Townhome therein is located on a separate Lot.

1.10 "Attached Townhome Expenses" means all actual and estimated expenses which the Association incurs or expects to incur to provide Attached Townhome Services for the benefit of Owners of Attached Townhomes, including any of the following in connection therewith: Maintaining (including reasonable reserves for capital improvements, repairs and replacements) and providing labor, materials, goods, services, or benefits in connection with Attached Townhome Services, all as may be determined from time to time by the Board of Directors of the Association in accordance with the Declaration. Attached Townhome Expenses include the following:

1.10.1 expenses of compensation, benefits and related administration costs, payroll taxes, ERISA related liabilities, and other employment costs for those engaged in providing Attached Townhome Services;

1.10.2 expenses of performing Attached Townhome Services (including collection of unpaid Attached Townhome Assessments and Special Assessments due the Association and not paid by the Owners responsible for payment);

1.10.3 the cost of inventories and operating supplies consumed in the performance of Attached Townhome Services;

1.10.4 all costs and fees of independent professionals or other third parties who are retained by the Association in connection with Attached Townhome Services; all costs and fees of consultants, professionals and operational experts who are retained or employed by the Association for specialized services in connection with the Attached Townhome Services;

1.10.5 all costs and fees of independent contractors, accountants, attorneys, operational experts and other consultants, professionals and third parties who are retained or employed by the Association for services in connection with the Attached Townhome Services;

1.10.6 all costs and expenses incurred by the Association in procuring and Maintaining the insurance on the Attached Townhomes required by Section 8.3 of the Declaration;

1.10.7 all costs and expenses of compliance by the Association with applicable legal requirements pertaining to Attached Townhome Services;

1.10.8 debt service on any secured or unsecured loan incurred by the Association in connection with Attached Townhome Services;

1.10.9 amounts paid by the Association for the discharge of any lien or encumbrance in connection with Attached Townhome Services; and

1.10.10 any other expenses incurred by the Association as are specifically provided for elsewhere in the Declaration or are otherwise reasonably incurred by the Association in connection with the Attached Townhome Services or for the benefit of the Owners of Attached Townhomes and their Permitted Users.

1.11 "Attached Townhome Owner" means the Owner of an Attached Townhome.

1.12 "Attached Townhome Services" means those goods, services, items or benefits provided by the Association for the benefit of the Attached Townhomes pursuant to this Declaration, any Supplemental Declaration or agreement approved by a majority of the voting interests of the Attached Townhome Owners present in person or by proxy at a meeting of the Attached Townhome Owners. Attached Townhome Services include the following:

1.12.1 Exterior Maintenance for Attached Townhomes;

1.12.2 Procurement and Maintenance of the insurance coverage described in Section 8.3 of the Declaration for the Insured Attached Townhome Property; and

1.12.3 Restoration of those portions of the Attached Townhomes constituting Insured Attached Townhome Property when damaged by casualty or loss as provided in Article 9 of the Declaration.

The Association has the right in its sole and absolute discretion to change, add, modify, expand, reduce or eliminate Attached Townhome Services upon not less than ninety (90) days prior written notice to the Attached Townhome Owners.

1.13 "Board" or "Board of Directors" means the board of directors of the Association, and is the executive board as defined in the Act. The Board is responsible for the management and administration of the Association as provided for in this Declaration and in the Act.

1.14 "Bylaws" means the Bylaws of the Association adopted by the Board (a copy of which is set forth as ***Exhibit C*** hereto), as amended from time to time.

1.15 [intentionally deleted]

1.16 [intentionally deleted]

1.17 "Class A Member" shall have the meaning set forth in Section 4.2.1.

1.18 "Class B Member" shall have the meaning set forth in Section 4.2.2.

1.19 [intentionally deleted]

1.20 "Collection" means a group of Units having similar features or characteristics. A group of Units may be designated as a separate Collection for purposes of receiving goods, services or benefits, such as Exterior Maintenance, that are not provided to all of the Units or provided at a different level or frequency. A Collection may be comprised of more than one group of Units or type of Improvement within the Property, and the Lots within the Collection need not be contiguous or adjacent. For so long as the Declarant or its affiliates own any portion of the Community, the Lots within any Collection shall be determined by the Declarant in its sole discretion and thereafter by the Association.

The initial Collection may include, in the sole discretion of Declarant:

- single family Attached Townhomes (front loading, 20' wide garage),

- single family Attached Townhomes (rear loading, 22' wide garage),
- single family Attached Townhome (front loading, 26' wide garage),
- single family Detached Home (rear loading, various width, garage, including 35.5', 36', 37', or 38' wide garage),
- single family Detached Home (rear loading, minimum of 42' wide garage).

1.21 "Common Areas" means all real property and interests in real property, together with any Improvements situated thereon, intended for the common use and benefit of the Association, the Owners, and/or the Permitted Users of the Property, and designated as a Common Area in the Declaration, on a Subdivision Plat or other document recorded in the Registry. Common Areas may be owned or leased by the Association or dedicated to the Association on a Subdivision Plat or it may be owned by another Person with the Association having a right or easement therein (for example, part or all of a private stormwater drainage easement located on either a Lot or real property that is not part of the Property and that serves more than one (1) Lot or a right of the Association to use of a portion of a public street right of way pursuant to an encroachment agreement with the Town).

Common Areas include:

(.1) those areas identified as "Common Areas" in this Declaration, any Supplemental Declaration, or in ***Exhibit E*** to this Initial Declaration;

(.2) the stormwater control facilities as defined in the Stormwater Covenants (see Section 1.62);

(.3) those areas defined as "Common Areas" by any requirement of the Town (including perimeter buffers and fencing required by the Town); and

(.4) landscaped areas in rights of way adjacent to the Property, such as landscape areas in buffers, berms or traffic circles.

All Common Areas are subject to the rules and regulations to be adopted by the Association, including hours of operation, such as "dawn to dusk" and further subject to adult supervision of children at all times.

No portion of the Future Development Property shall be deemed to be a Common Area unless and until it is declared to be a Common Area in a Supplemental Declaration.

Common Areas which only serve a certain group of Units, such as an alley for Attached Townhomes, shall be called Limited Common Areas for the use and

benefit of the adjacent Units which are intended by the Site Plan to benefit from the Limited Common Area.

1.22 "Common Expenses" means all of the actual and estimated expenses of the Association for owning, leasing, administering, Maintaining, managing, operating, insuring, repairing, and replacing the Common Areas and Association Property (including unpaid Common Assessments and Special Assessments not paid by the Owner responsible for payment), and performing its rights and responsibilities under the Act and the Governing Documents and including the following:

1.22.1 expenses of compensation, benefits and related administration costs, payroll taxes, ERISA related liabilities, and other employment costs for those engaged in operating, managing and Maintaining, the Common Areas and Association Property;

1.22.2 expenses of operating, managing and Maintaining the Common Areas and Association Property;

1.22.3 expenses classified as Common Expenses under the Act, the Code, or under the provisions of this Declaration or other Governing Documents;

1.22.4 the costs of property and liability insurance, workers' compensation insurance, and other insurance covering or connected with the Common Areas, Association Property or the Association; costs of bonding the members of the Board, officers of the Association and the Management Company; costs of errors and omissions liability insurance for officers of the Association, members of the Board, members of the ARB and members of any committees appointed by the Board;

1.22.5 ad valorem taxes and public assessment and charges lawfully levied against any Common Area owned in fee simple by the Association or any Association Property;

1.22.6 allocations to reserve funds;

1.22.7 costs and expenses to inspect, monitor, maintain, repair, and replace any stormwater control facilities that serve the Property, including any Stormwater Assessments owed to the Town of Holly Springs pursuant to the Stormwater Covenants;

1.22.8 fees for services engaged by the Association;

1.22.9 costs and expenses for which the Association is obligated under any encroachment agreement or other agreement with the Town or other governmental entity, each as amended from time to time;

1.22.10 financial obligations of the Association or financial obligations of Members with respect to which the Association has responsibility for collection and payment;

1.22.11 expenses incurred by the Association in performing its functions and providing services, including operating, management, enforcement and administrative expenses;

1.22.12 expenses which the Members agree are to be Common Expenses of the Association;

1.22.13 expenses of Maintaining the Lot Landscaping;

1.22.14 management, administrative, recordkeeping, bookkeeping, overhead and general expenses for the Association;

1.22.15 [intentionally deleted]

1.22.16 all costs and fees of independent contractors, accountants, attorneys, operational experts and other consultants, professionals and third parties who are retained or employed by the Association for services in connection with the Association, Common Areas, Association Property or Lot Landscaping or any other obligation of the Association;

1.22.17 the costs of all utilities, telecommunications, data processing charges, landscaping, lighting, irrigation and other services benefiting the Common Areas or Association Property;

1.22.18 the cost of repair and replacement of all furniture, fixtures and equipment used in connection with the Common Areas, Association Property or the Association;

1.22.19 the cost of inventories and operating supplies consumed in the operation of the Common Areas, Association Property or the Association;

1.22.20 the cost of personnel training and development including attendance by employees at training and development programs designated by the Association;

1.22.21 all management fees;

1.22.22 all costs and expenses of compliance by the Association with applicable legal requirements pertaining to the operation of the Common Areas, Association Property or Association;

1.22.23 the expenses of marketing, advertising and promoting the Community, Common Areas or Association Property;

1.22.24 amounts paid by the Association to promote the health, safety, welfare and recreational opportunities of the Owners and their Permitted Users;

1.22.25 debt service on any secured or unsecured loan incurred by the Association in connection with the Common Areas, Association Property or Association;

1.22.26 amounts paid by the Association for the discharge of any Mortgage, lien or encumbrance against the Common Areas or Association Property;

1.22.27 any other expenses incurred by Association as are specifically provided for elsewhere in the Declaration or are otherwise reasonably incurred by the Association in connection with the Association, Common Areas or Association Property or for the benefit of the Owners and their Permitted Users;

1.22.28 any expenses in connection with the signage for the community, including main entrance signage; and

1.22.29 any expenses in connection with requirements of the Town, including compliance with the terms contained in ***Exhibit G***.

1.23 "Community" means that planned community known as 2018 Market and depicted on the Site Plan.

1.24 "County" means Wake County, North Carolina.

1.25 "Declarant" means Lennar Carolinas, LLC, a Delaware limited liability company, its successors and those assigns to which the Declarant may assign all or a portion of its rights hereunder in a written assignment recorded in the Registry. In the event of a partial assignment, the assignee shall not be deemed the Declarant, but may exercise such rights of Declarant specifically assigned to it. Any such assignment may be made on a nonexclusive basis.

1.26 "Declarant Control Period" means any period of Declarant control of the Association, as provided in G.S. 47F-3-103(d) of the Act and established in this Declaration. For purposes of the Declaration and other Governing Documents, "Declarant Control Period" refers to the period during which the Declarant shall have the right to control the Association and appoint all of the Board of Directors. The Declarant Control Period shall expire on first to occur of the following events:

1.26.1 120 days following the conveyance by Declarant of the last Lot in the 2018 Market community (including all future phases, whether platted yet or not) and any Future Development Property annexed into the community by Declarant); or

1.26.2 When the Declarant records a notice in the Registry expressly terminating its Class B membership.

The addition of future phases or Future Development Property will increase the cumulative number of Lots within the Property and, therefore, will alter the relative voting strength of the various types of Members and will extend the Declarant Control Period. The Declarant Control Period shall not expire upon the conveyance of the last plotted lot of the existing plats of record if the Declarant later records additional plats with additional Lots. For example, if the Declarant conveys all of the Lots on the plat for Phase 1A before recording the plat for the next phase, the Declarant Control Period shall not expire. In is the intention of the Declarant, and all Lot Owners by accepting a Deed to a Lot, acknowledge, that the Declarant shall maintain control over the entire 2018 Market community until 120 days after it no longer owns any Lots or and land which Declarant, in the future, may plat as Lots, whether such land is now owned by Declarant or whether such land is Future Development Property.

1.27 "Declarant's Permittees" means the Declarant's officers, directors, partners, joint venturers, managing members (and the officers, directors and employees of any such corporation, partnership, joint venture or limited liability company), employees, beneficiaries, agents, independent contractors (including both general contractors and subcontractors), suppliers, visitors, licensees and invitees and those of any affiliate of the Declarant.

1.28 "Declaration" and "this Declaration" means (and, except as otherwise provided in Section 1.71, "herein", "hereto", "hereof", "hereunder" and words of similar import shall refer to) this document together with all exhibits and any amendments to the document and any Supplemental Declarations thereto.

1.29 "Detached Home" means a Lot on which a Unit consisting of single family detached residence, typically referred to as a single family residential home, is constructed. In the event a garage or carport serving the Unit is located on the Lot, the term "Detached Home" shall include such garage or carport regardless of whether it is attached to or forms a part of the structure in which the residence is located. Each Detached Home shall be a separate residential home located on a platted Lot.

1.30 "Eligible Mortgagee" means a First Mortgagee which owns, services, insures or guarantees a First Mortgage encumbering a Unit which has notified the Association in writing of its name and address and status as a holder, insurer or guarantor of a First Mortgage. Such notice will be deemed to include a request

that the Eligible Mortgage Holder be given the notices and other rights described in Article 17.

1.31 "Exterior Maintenance" means all labor, materials, goods and services necessary or desirable to Maintain in good repair and condition, operate, inspect, test, repair, preserve, perform minor alterations, clean, and/or any other action or activity commonly or customarily regarded as Maintenance of the following original exterior portions of an Attached Townhome:

1.31.1 periodic cleaning and periodic painting of exterior paintable surfaces of exterior walls and entry doors, together with caulking;

1.31.2 repair and replacement of the roof of each Attached Townhome, including roof shingles, flashing, fascia, soffit, decking, gutters and downspouts, and boots around vents and fresh air returns, but excluding roof trusses, joists, or any other structural element of the roof; and

1.31.3 such other exterior portions of an Attached Townhome as the Board from time to time may elect to provide on not less than ninety (90) days prior written notice to the Owners of Attached Townhomes.

The cost of Exterior Maintenance for Attached Townhomes shall be an Attached Townhome Expense. As to any Detached Homes, the Association has no obligation to provide Exterior Maintenance unless and to the extent a Supplemental Declaration imposes on the Association the obligation to perform Exterior Maintenance for such Detached Homes.

Exterior Maintenance shall not include repair, replacement or reconstruction of any of the following parts or components of an Attached Townhome: windows or doors; Hardi board, rebar, mortar, tie beams, roof trusses or joists, or any structural element of the exterior walls or roof; all or any portion of the plumbing, electrical or mechanical systems whether located inside or outside of the Attached Townhome; all patios, terraces, decks and stairs; all exterior lighting fixtures and bulbs; and all sidewalks, driveways and front porches (except for the roof and decorative columns of a porch which are the Maintenance responsibility of the Association to the extent described in this Section). All portions of an Attached Townhome other than those which are Maintained by the Association as part of Exterior Maintenance shall be each Owner's responsibility except in the event of a loss or casualty for which the Association has the obligation to Restore the damaged portions of the Insured Attached Townhome Property.

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

1.33 "Future Development Property" means the real property more particularly described in ***Exhibit F*** attached hereto, as amended from time to time, which may be developed as Lots, Units or Common Areas; however, the boundaries, location, size, configuration, and uses of any such Lots, Units, and Common

Areas have not been determined as of the Initial Declaration. The Declarant has no obligation to declare all or any portion of the Future Development Property to be Lots, Units or Common Areas. Declarant makes no representation that it now owns, or will ever own, all or any portion of the Future Development Property.

1.34 "Governing Documents" means collectively the Declaration (including any Supplemental Declaration), Articles, Bylaws, architectural guidelines and the rules and regulations of the Association and all exhibits to any of the foregoing, all as they may be amended, restated or supplemented from time to time.

1.35 "Guest" means any Person who is physically present in or occupies a Unit on a permanent or temporary basis at the invitation of the Owner or Tenant without the payment of consideration. Any Person who is physically present in or occupies a Unit at the invitation of the Owner or Tenant for consideration shall be deemed a "Tenant."

1.36 "Improvement" means any structure or artificially created condition or appurtenance located on the Property, including any building constructed on any Lot, any additions and structural alterations to any Unit or Lot, any walkway, sprinkler pipe, road, driveway, parking area, fence, screening wall, retaining wall, stairway, deck, landscaping, hedge, fountain, tree, planting, shrub, windbreak, pole, swimming pool, pool deck, sign, screen enclosure, sewer, drain, disposal system, grading, paving, or exterior heating, ventilating or air-conditioning equipment or water softener fixture or equipment.

1.37 Include, "includes", or "including" is intended to include of the particular matter described and to be interpreted as if it were followed by either the phrase "without limitation" or "but not limited to," unless otherwise clearly obvious from the context.

1.38 "Initial Declaration" means (and, when following an Article, Section, page or Exhibit designation, the word "hereto" shall refer to) the Declaration as initially recorded in the Registry,

1.39 "Insured Attached Townhome Property" shall have the meaning set forth in Section 8.3.1.1.

1.40 "Lot" means that portion of the Property (.1) which is developed or intended for development, use and occupancy as a Unit and is shown as a numbered or letter parcel on any Subdivision Plat of any part or all of the Property and is declared to be a Lot in the Declaration or Supplemental Declaration to this Initial Declaration, and (.2) which is not a Common Area, dedicated street or transit right of way, or greenway or park lands owned in fee simple by the Town. The Declarant may declare a portion of the Property to be a "Lot" subject to the Governing Documents on a Subdivision Plat, replat, or by the Initial Declaration, any Supplemental Declaration or any other recorded instrument. The term "Lot" shall include any Unit constructed thereon. No portion of the Future Development

Property shall be deemed to be a Lot unless and until it is expressly declared to be a Lot in a Supplemental Declaration.

1.41 "Lot Landscaping" means the following portions of a Lot which are Maintained by the Association, as determined from time to time by the Board (.1) the grass, shrubs, trees and other landscaping materials located in the front, side or back yards, and (.2) those irrigation lines and facilities, if any, installed on a Lot by the Declarant, a Participating Builder or Association. Lot Landscaping does not include any spa, pool, fountain, patio, courtyard paving, screening, landscaping within an enclosed or gated area or similar Improvement located on a Lot.

Initially, Declarant, as a Common Area Expense, agrees to provide the following:

(.1) irrigation to be provided by Association as follows:

(a) Attached Townhomes: irrigation for the front yards (only);

(b) Detached Homes: irrigation for the front yards (only); and

(.2) Lot Landscaping to be provided by Association, in a manner determined appropriate as described in Section 7.2, as follows:

(a) Attached Townhomes: Lot Landscaping for all of the yards;

(b) Detached Homes: Lot Landscaping as follows:

(i) *Lots with Fenced Rear Yards*: Association will Maintain front yard only and Owner will Maintain the rear yard inside the fence;

(ii) *Lots without Fenced Rear Yards*: Association will Maintain front yard and rear yard.

1.42 "Maintain," "Maintenance," "Maintaining," or any similar term used in this Declaration includes any one or more of the following, as the context requires: acquisition, purchase, construction, re-construction, installation, maintenance, inspection, examination, upkeep, cleaning, renewal, alteration, repair, replacement, repainting, remodeling, restoration, removal, improvement, administration, operation, use, planting, mowing, cutting, trimming, pruning, fertilizing, watering and preservation.

1.43 [intentionally deleted]

1.44 [intentionally deleted]

1.45 [intentionally deleted]

1.46 [intentionally deleted]

1.47 "Member" means each Person who or which holds membership in the Association by virtue of his ownership of a Lot.

1.48 "Mortgage" means any mortgage or deed of trust encumbering a portion of the Property, including a Lot. "First Mortgage" means any recorded Mortgage or Deed of Trust with first priority or seniority over other Mortgages or Deeds of Trust on a particular portion of the Property.

1.49 "Mortgagee" means any beneficiary, payee of holder of any Mortgage, and the term Mortgage is deemed to refer to both mortgages and deeds of trust. "First Mortgagee" means any beneficiary, payee of holder of a First Mortgage.

1.50 "Operating Deficit" means the difference between the total amount of the Assessments for a Fiscal Year levied on all Lots and the amount of actual expenditures by the Association during the Fiscal Year for Common Expenses, including funding of reserves, but excluding (.1) amounts levied against a Lot, but which are not paid, and (.2) Special Assessments for capital improvements.

1.51 "Owner" means the record Owner, whether one or more Persons, of fee simple title to any Lot or Future Development Property, and shall include Declarant as to any Lot or Future Development Property owned by Declarant. "Owner" shall not include any Person who holds an interest in a Lot or Future Development Property merely as security for the performance of an obligation or as a Tenant or as a purchaser under an executory contract of sale.

1.52 "Participating Builder" means any Person which acquires any portion of the Property from the Declarant for the purpose of constructing improvements for sale to consumers or who purchases any portion of the Property for development and resale in the ordinary course of its business.

1.53 "Party Wall" shall have the meaning set forth in Section 10.3.1.

1.54 "Party Wall Co-Owner" shall have the meaning set forth in Section 10.3.1.

1.55 "Permitted Users" means the Tenants or Guests of an Owner.

1.56 "Person" includes any natural person, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, governmental entity (including the Town), or other entity.

1.57 "Property" means, collectively, all of the real property and interests in real property subject to any part or all of the terms of this Declaration. The Property is legally described in ***Exhibit A*** hereto (including all Improvements thereon), plus whatever additional real property (together with all Improvements thereon) is declared to be Property in any Supplemental Declaration, less whatever portions of the Property (together with all Improvements thereon) are declared to be withdrawn from the provision of this Declaration in any Supplemental Declaration (in the sole discretion of Declarant).

1.58 "Registry" means the office of the Wake County Register of Deeds (or any successor office under applicable law). All references herein to recording or to Registry refer to the Wake County Registry of Deeds.

1.59 "Restore," "Restoration," "Restoring" or any similar term used in this Declaration includes any one or more of the following, as the context requires: debris removal, alteration, re-construction, installation, inspection, examination, repair, replacement, repainting, restoration of an Improvement lost or damaged by fire or other casualty, deterioration or obsolescence, or any taking by condemnation or eminent domain proceedings.

1.60 "Restoration Costs" shall have the meaning set forth in Section 9.6.3.

1.61 "Site Plan" means the graphic representation of the proposed plan for development of the Community depicted on Sheet C-1.0 entitled "2018 Market – Holly Springs, Wake County, North Carolina – Construction Drawings/Overall Site Plan," last revised March 23, 2016 prepared by Spaulding & Norris, PA under "Project Number 785-14," as approved by the Town, as amended from time to time. A copy of the ***preliminary*** Site Plan for the Community is attached hereto as ***Exhibit D.*** The Declarant reserves the right to alter or modify the Site Plan as it deems desirable in its sole discretion. A map showing the preliminary layout for the initial "Phase 1A" of the Community is attached hereto as ***Exhibit A-2***. The Declarant reserves the right to alter or modify the layout of Phase 1A as it deems desirable in its sole discretion. The Declarant's reserved rights include the right to alter the number and location of lots, the layout of interior roads and/or alleys, and the Common Area. By way of example, the Declarant may change the layout of lots to align roads with easements. Likewise, the Declarant may make other changes to the Site Plan, including Phase 1A and later phases, to accommodate its vision for the Community.

1.62 "Stormwater Covenants" means any stormwater requirements imposed by the Code, including any Stormwater Maintenance Agreement referenced in ***Exhibit G*** attached hereto, relating to stormwater control measures for the Property or any part thereof, and includes all amendments and supplements to the Code and any Stormwater Maintenance Agreement.

1.63 "Subdivision Plat" means any recorded graphic representation drawn to scale showing the location and geographic boundaries of individual Lots, tracts, parcels, blocks, subdivisions, open spaces, rights of way, easements and Common Areas for all or portions of the Community, as approved by the Town, as amended from time to time. The Declarant reserves the right to alter, modify or replat all or any portion of a Subdivision Plat as it deems desirable in its sole discretion.

1.64 "Supplemental Declaration" means any instrument recorded by the Declarant or the Association in the office of the Registry for the purpose of: adding additional property to the Property; declaring Future Development Property or other property to be Lots, Units, Attached Townhomes, Detached Homes, other

Collections or Common Areas; requiring the Association to perform Lot Landscaping for portions of the Property; requiring the Association to perform Exterior Maintenance for portions of the Property; withdrawing property from the Property; or changing the designation of certain property as Lots, Units, Attached Townhomes, Detached Homes, other Collections, Common Areas or Future Development Property.

1.65 "Tenant" means any Person who is physically present in or is entitled to occupy a Unit in exchange for consideration. Tenants shall not be Members of the Association, but shall, through the Owner, be entitled to certain rights and undertake certain obligations with respect to the Unit.

1.66 "Town" means the Town of Holly Springs, North Carolina.

1.67 "Town Code" means all ordinances of the Town of Holly Springs, including its Unified Development Ordinance, and including the Town HOA Requirements (collectively, the "Code").

1.68 "Town HOA Requirements" means those certain requirements set forth in ***Exhibit G*** to this Declaration and incorporated into this Declaration by reference.

1.69 "Unit" means a Lot on which has been constructed an Improvement intended for use as a single residential dwelling unit, whether such unit is located in a single family detached residence (defined herein as "Detached Home") or in a single family attached residence (defined herein as "Attached Townhome"), or other Collection designated by the Declarant.

1.70 "Working Capital Contribution" shall have the meaning set forth in Section 11.23.

1.71 "Interpretation and Flexibility" In the event of any ambiguity or question as to whether any Person, property or Improvement falls within any of the definitions set forth in this Article 1, the determination made by Declarant in such regard (as evidenced by a recorded Supplemental Declaration stating same) shall be binding and conclusive. Moreover, Declarant may also, by way of Supplemental Declaration, alter or amend the application of any portion of the Declaration as to any specified portion(s) of the Property to reflect any unique characteristics thereof. Provided, however, such altered or amended application may not go so far as to be unequivocally contrary to the overall, uniform scheme of development for the Property contemplated in the Declaration.

2. GENERAL PLAN OF DEVELOPMENT; PROPERTY SUBJECT TO THE DECLARATION; ADDITIONS THERETO

2.1 [intentionally deleted]

2.2 General Plan. Declarant is the owner of real property referred to as the "Property" more particularly depicted on ***Exhibit A.*** Declarant presently plans to develop all

or a portion of the Property as a multi-phased, planned community comprised of residential, recreational and related uses.

2.3 Legal Description. The initial real property which shall be held, transferred, sold, conveyed and occupied subject to the Declaration is more particularly described in ***Exhibit A*** attached hereto and shall initially constitute the "Property."

2.4 Future Development Plans.

2.4.1 Initial Phase. Declarant intends to develop the 2018 Market community in phases. Declarant intends to commence development with only ***Phase 1A*** as shown more particularly on ***Exhibit A-2*** attached hereto. Any land not developed within ***Phase 1A*** may be withdrawn by Declarant as provided herein. Platting of ***Phase 1A*** does not diminish, in any way, Declarant's rights, including rights to modify the plat for ***Phase 1A,*** as set forth in this Declaration.

2.4.2 Future Phases of the Development. All other phases will be developed in the sole discretion of Declarant and any land not developed within any future phases may be withdrawn as provided in this Declaration. Declarant does not represent or warrant that the development shown in any Site Plan, drawings, renderings, plans or models for the Phase 1A or any other future phase will be carried out or that the future phase will actually be developed or built. Any Site Plan or drawings, renderings, plans or models for the future phases are conceptual in nature and do not represent a final development or improvement plan. No portion of any future phase shall be deemed to be a Lot, Unit, Attached Townhome, Detached Home, other Collection or Common Area unless and until it is platted by Declarant. The Declarant has no obligation to declare all or any portion of the future phases to be Lots, Units, Attached Townhomes, Detached Homes, other Collection or Common Areas.

2.4.3 Future Development of Future Development Property. Declarant does not represent or warrant that the development shown in any Site Plan, drawings, renderings, plans or models for the Future Development Property will be carried out or that the Future Development Property will actually be developed or built. Any Site Plan or drawings, renderings, plans or models for the Future Development Property are conceptual in nature and do not represent a final development or improvement plan. No portion of the Future Development Property shall be deemed to be a Lot, Unit, Attached Townhome, Detached Home, other Collection or Common Area unless and until it is declared to be such in a Supplemental Declaration executed by the Declarant and the Owner of the Future Development Property if other than the Declarant. The Declarant has no obligation to declare all or any portion of the Future Development Property to be Lots, Units, Attached Townhomes, Detached Homes, other Collection or Common Areas.

The Owners acknowledge, covenant and agree that Declarant will have no liability to the Owners for any changes to, or failure to complete any development

or Improvements in accordance with ***Phase 1A***, the Site Plan, or any drawings, renderings, plans or models. Each Owner acknowledges that the development of the Property may extend over a number of years, and agrees and consents to all changes in the uses or density of Units within the Property and the architectural scheme of the Property. Each Owner acknowledges and agrees that the Owner is not entitled to rely upon, and has not received or relied upon, any representations, warranties, or guarantees whatsoever as to the current or future: (.1) design, construction, completion, phasing, development, use, benefits, or value of land within the Property; (.2) number, types, sizes, prices, or designs of any Unit, structure, building, facilities, amenities or improvements built or to be built in any part of the Property; or (.3) use or development of any land adjacent to or in the vicinity of the Property.

2.5 Supplements. Declarant has the right, but not the obligation, to develop the land constituting the Property in "phases" from time to time and to declare such portions of the Property to be Lots, Units, Attached Townhomes, Detached Homes, other Collection or Common Areas by Supplemental Declaration. So long as the Declarant owns any property in the Community, the Declarant may designate as "Property" other land in the Community or any adjacent property (including the Improvements thereon) by recording Supplemental Declarations, which shall not require the consent of the existing Owners or the Association. If Declarant is not the owner of the land to be added to the Property as of the date the applicable Supplemental Declaration is to be made, then the owner(s) of such land shall join in such Supplemental Declaration. Once so added, such land shall be deemed a part of the Property for all purposes of the Declaration, except as modified pursuant to Section 1.71 hereof, if at all. Nothing in the Declaration shall, however, obligate Declarant to add to real property designated as the Property or to develop the future phases or the Future Development Property or any other real property (adjacent or otherwise) under the common scheme contemplated by the Declaration, nor to prohibit Declarant (or the applicable Declarant-affiliated Owner) from changing the development plans with respect to the Property.

All Owners by acceptance of their deeds to or other conveyances of their Lots thereby automatically consent to any such change, addition, withdrawal or deletion thereafter made by the Declarant (or the applicable Declarant-affiliated Owner thereof) and shall evidence such consent in writing if requested to do so by the Declarant at any time (provided, however, that the refusal to give such written consent shall not obviate the general effect of this provision).

Any such Supplemental Declaration may submit the Property added by it to such additions to and modifications of the Governing Documents as may be necessary or convenient in the Declarant's judgment to reflect or adapt to any changes in circumstances or difference in the character of the added properties or Improvements thereon.

Subject to the Act, and consistent with other terms contained in this Declaration,

the Declarant reserves the right to modify the voting interests, Assessment rates and Assessment commencement dates by Supplemental Declaration.

2.6 Withdrawal. Declarant reserves the right to amend the Declaration unilaterally at any time, without the consent of any Owner, for the purpose of removing any portion of the Property then owned by the Declarant or its affiliates or the Association from the provisions of the Declaration for any of the following reasons:

2.6.1 to the extent included originally in error;

2.6.2 to the extent that Declarant is transferring that portion of the Property to any governmental entity, in which event Declarant shall be entitled to retain all consideration paid for any portion of the Property so conveyed; or

2.6.3 as a result of any change in the plans for the Community desired to be effected by Declarant.

Any withdrawal of land not owned by Declarant shall not be effective without the written consent or joinder of the then-owner(s) of the withdrawn land.

2.7 Disclaimer of Implication. Only the Property described in ***Exhibit A*** hereto is submitted to the Governing Documents by the Initial Declaration. Unless and until a Supplemental Declaration is recorded in the fashion required by Section 2.4 with respect to it, no other portion of the Community, if any, shall be in any way affected by the Governing Documents, and every such portion may be freely sold, conveyed or otherwise disposed of by the respective owner or owners free and clear of the Governing Documents.

2.8 Amendment. This Article 2 shall not be amended without the prior written consent of the Declarant, so long as Declarant (or any of its affiliates) owns any portion of the Community.

3. COMMON AREA PROVISIONS

3.1 Common Areas. Certain portions of the Property are designated as Common Areas and are designed and intended for the common, non-exclusive use of the Declarant, Owners of all Lots that may from time to time constitute part of the Property, and all of the respective Permitted Users and invitees of the Declarant and the Owners, all as provided and regulated herein or otherwise by the Association. Common Areas (when designated as such by Declarant) may include private streets and roadways, entrance features, private alleys, a pool, pool deck, clubhouse, signs erected by Declarant to identify the Community, structures, preserve areas, open space, central mail kiosk, off-street parking areas, sidewalks and street lights and such similar items or property which may hereafter be added by a deed conveying same to the Association or on a Subdivision Plat relating to such Common Area or in a Supplemental Declaration. Common Areas shall not

include (.1) any property owned by any public utility for utility installations on Common Areas and (.2) any other property of Declarant not intended to be made Common Areas. Declarant shall have the right, subject to obtaining all required governmental approvals and permits, to construct on the Common Areas such facilities as Declarant deems appropriate. The timing and phasing of all such construction shall be solely within the discretion of Declarant. The initial Common Area is described on ***Exhibit E***. Common Area, including Common Area listed on ***Exhibit E***, is subject to Declarant's right to withdraw as provided in this Declaration.

At such time as Declarant determines, in its sole discretion, to develop future phases, Common Area may include an existing "pond" as shown on the Site Plan. This pond is partially located upon the Property and partially located upon adjacent property not owned by the Declarant. For that reason, Declarant cannot control the use by third parties of the pond. However, Lot Owners shall not use the Pond unless and until the Association provides rules that allow any use of the Pond by Lot Owners.

Without limiting the generality of Section 1.71, in the event that Declarant determines that a particular portion of the Property is or is not a Common Area hereunder (in the manner provided in Section 1.71), such determination shall be binding and conclusive. It is specifically contemplated that the Common Areas may change from time to time in connection with changes in development plans and other factors not now known (including by increase, decrease or transfer to a governmental entity). Accordingly, references in the Declaration to the Common Areas shall be deemed to refer to the Common Areas as they may exist as of the relevant time.

3.1.1 The Declaration is subject to easements currently of record which affect the Property. These easements include the easements set forth in ***Exhibit H***. The easements disclosed on ***Exhibit H*** are not intended to be an exhaustive list of every easement of record or to be a substitute for a title search by each Lot Owner prior to acquisition of title to a Lot.

Any easement in favor of the Association and its benefits and burdens shall be deemed a Common Area. Additionally, Declarant reserves on behalf of the Association the right to accept any easements in favor of the Association over, under, across or through any portion of the Property or real property which abuts or is adjacent to the Property, and such easements shall be deemed a Common Area to the extent of such easements created. Any real property shall be considered adjacent to or abutting the Property even though a street, lake, pond, or canal may lie between any of such properties.

3.1.2 Declarant will endeavor to specifically identify (by recorded legal description, signage, physical boundaries, site plans or other means)

the Common Areas of the Property, but such identification shall not be required in order for a portion of the Property to be Common Area hereunder. The Association need not have title to a portion of the Property in order for such portion to be designated as a Common Area.

3.2 Prior to Conveyance. The Owners shall have no right in or to any portion of the Community unless and until same is declared to be a Common Area in the Declaration or any Supplemental Declaration and actually constructed, completed, and conveyed to, leased by, dedicated to, and/or Maintained by the Association. The Declarant has no obligation or responsibility to construct or supply any such Common Area of the Association, and no party shall be entitled to rely upon any statement contained in the Declaration as a representation or warranty as to the extent of the Common Areas to be owned, leased by, or dedicated to the Association. So long as Declarant (or any of its affiliates) owns any portion of the Community, the Declarant shall retain the right to add to, delete from, and/or modify any of the Common Areas.

3.3 Conveyance or Dedication of Common Areas. Common Areas shall be conveyed to the Association in fee simple without any encumbrances except this Declaration, drainage, greenway, utility, conservation and other easements, restrictions, reservations, conditions, limitations, and declarations of record at the time of conveyance, zoning, land use regulations and survey matters and the lien of real property taxes not yet due and payable, except for those areas which the Code requires be conveyed to the Town. Title to Common Areas shall be conveyed to the Association at the earlier of the expiration of the Declarant Control Period or when required by the Code or Act. The Association shall accept all Common Areas, including the Improvements installed thereon by Declarant, deeded to it and/or dedicated to it on any recorded Subdivision Plat of the Property, whether or not the conveyance or dedication occurs prior to the time of the conveyance of the first Lot within the applicable phase of the Property. The Association shall be responsible for the Maintenance of all Common Areas (whether or not conveyed or to be conveyed to the Association) in a continuous and satisfactory manner without cost to the general taxpayers of the Town; provided, however, that this provision shall not change the obligation of the Town to maintain certain public improvements which have been, or will be, dedicated or otherwise made available to the Town, such as any greenway trail and any future disc golf course pursuant to any agreements between the Declarant and the Town.

The conveyance or transfer of Common Areas shall be "As Is." The Association shall be deemed to have assumed and agreed to pay all continuing obligations and service and similar contracts relating to the ownership, Maintenance and operation of the Common Area and other obligations relating to the Common Area imposed herein, including any obligations set forth in easements, including those set forth in ***Exhibit H*** attached hereto. The Association hereby agrees to indemnify and hold the Declarant harmless on account thereof. The Association, by its joinder in the Declaration, hereby accepts such dedication(s) or conveyance(s) without setoff, condition, or qualification of any nature. THE

ASSOCIATION AGREES TO ACCEPT "AS IS" THE CONVEYANCE OF THE COMMON AREA AND THE PERSONAL PROPERTY AND IMPROVEMENTS APPURTENANT THERETO, WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IN FACT OR BY LAW, AS TO THE CONDITION OR FITNESS OF THE COMMON AREA, OR PORTIONS THEREOF AND THE PERSONAL PROPERTY AND IMPROVEMENTS THEREON.

3.4 Operation After Conveyance. After the conveyance or transfer of any portion of the Common Area to the Association, the portion of the Common Area so conveyed or transferred shall be owned, operated, Maintained and administered by the Association for the use and benefit of the Owners, in accordance with the Governing Documents. Subject to the Association's right to grant easements, leaseholds and other interests as provided herein, the Association may not convey, transfer or encumber all or a portion of the Common Areas to a third party without (a) the approval of eighty percent (80%) of the total voting interests of the Owners; and (b) the written consent of the Declarant so long as Declarant (or any of its affiliates) owns any portion of the Community.

3.5 Taxes. It is intended that all real estate taxes assessed against the Common Areas owned or to be owned by the Association shall be (or have been, because the purchase prices of the Units have already taken into account their proportionate shares of values of the Common Area) proportionally assessed against and payable as part of the taxes of the Units within the Property. However, in the event that, notwithstanding the foregoing, any such taxes are assessed directly against the Common Areas, the Association shall be responsible for the payment (subject to protest or appeal before or after payment) of the same, including taxes on any Improvements and any personal property thereon accruing from and after the date the Initial Declaration or Supplemental Declaration designating the portion of the Property as Common Areas was recorded. Such taxes shall be prorated between Declarant (or the then Declarant-affiliated Owner thereof) and the Association as of the date of such recordation. Any taxes on the Common Areas shall be Common Expenses of the Association from and after the date this Declaration is recorded.

3.6 Assumption of Risk. Without limiting any other provision herein, each Person using any portion of the Common Areas accepts and assumes all risk and responsibility for liability, injury, loss or damage connected with use of such Common Areas. The Person also expressly indemnifies and agrees to hold harmless the Declarant, the Association and all employees, directors, representatives, officers, agents, and partners of the foregoing, from any and all damages, whether direct or consequential, arising from or related to the Person's use of the Common Areas, including attorneys' fees and costs at trial, upon appeal or otherwise.

3.7 Negligence. The expense of any Maintenance, repair or construction of any portion of the Common Areas necessitated by the negligent or willful acts of an

Owner, its Permitted User or other Person utilizing the Common Areas, through or under such Owner, shall be borne solely by such Owner and the portions of the Property owned by that Owner shall be subject to an Individual Assessment for that expense.

3.8 Partition. Except as permitted in the Declaration, there shall be no judicial partition of the Common Areas or any part thereof, nor shall any Person acquiring any interest in the Property or any part thereof seek any judicial partition of the Common Areas or any part thereof, unless the Property has been removed from the provisions of the Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to the Declaration.

4. MEMBERSHIP, GOVERNANCE AND VOTING RIGHTS IN THE ASSOCIATION

4.1 Membership. Declarant and every Owner within the Property shall be a Member of the Association, and by execution of this Declaration or by acceptance of a deed conveying to such Owner title to any Lot, each Owner consents to be a Member of the Association, subject to the terms of the Governing Documents. Membership shall be appurtenant to and may not be separated from ownership of the Member's Lot. The foregoing is not intended to include any Person that holds an interest merely as security for the performance of an obligation. Upon termination of ownership, an Owner's membership with respect to the transferred Lot shall automatically terminate and be automatically transferred to the new Owner of the Lot.

The Owner of the future phases shall be a Member of the Association but no votes shall be allocated to any portion of the future phases until plats are recorded for each such additional phase, at which time votes shall be accorded as set forth in Section 4.2 below.

The Owner of the Future Development Property shall not be a Member of the Association and no votes shall be allocated to any portion of the Future Development Property unless and until such portion is declared to be Lots by the Declarant and Owner of the Future Development Property, if other than the Declarant.

4.2 Voting Rights. Each Member shall have those voting rights established in this Declaration, which may be different for different classes of membership. The Association shall have two (2) classes of Members:

4.2.1 Class A. Class A Members shall be all Owners of Lots, with the exception of the Declarant so long as the Declarant is a Class B Member. Unless otherwise provided in a Supplemental Declaration, a Class A Member shall be entitled to one (1) vote for each Unit

developed or intended to be developed on a Lot owned by the Class A Member.

4.2.2 Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Class A vote and three (3) votes for Lot owned by a Class B Member. The Class B membership shall cease and be converted to Class A membership on the expiration of the Declarant Control Period.

4.2.3 Co-Owners. When more than one Person holds an interest in any portion of the Property, all such Persons shall be Members of the Association and may attend any meeting of the Association. The votes for such portion of the Property shall be exercised or cast in the manner provided by the Declaration and Bylaws.

4.3 [intentionally deleted]

4.4 Selection of Voting Members. The Person entitled to act as the Voting Member for an Owner shall be determined in accordance with the Bylaws.

4.5 General Matters. When reference is made in the Governing Documents to a majority or specific percentage of Owners, Members (or Voting Members), such reference shall be deemed to be reference to a majority or specific percentage of the voting interests of Members represented by their respective Voting Members at a duly constituted meeting thereof (i.e., one for which proper notice has been given and at which a quorum exists) and not of the number of the Members themselves or number of Lots or the total aggregate number of voting interests unless the Declaration or Act expressly requires a majority or specific percentage of the "total voting interests," in which case the majority or specific percentage shall be computed on the total aggregate number of voting interests in the Association.

5. CERTAIN EASEMENTS AND RIGHTS

5.1 Owners' Rights of Use. Each Owner and Permitted User on the Property shall have a non-exclusive right of use and enjoyment and easement in the Common Areas, including the right rights of ingress and egress to and from all Common Areas throughout the Property, subject to such rules and regulations as are allowed under the Governing Documents to be imposed by the Association and subject to suspension of use rights allowed in the Governing Documents; provided that no suspension of rights shall occur without first providing notice of the charge, opportunity to be heard and to present evidence, and notice of the decision as required by G.S. 47F-3-107.1 of the Act, But the right of access and support, the right to drain stormwater and the right to use stormwater control measures, private streets, private utility services provided to the Lot, future phase, or Future Development Property through easements in Common Area, and any

assigned parking areas shall not be suspended for violation of the Association's rules and regulations.

5.2 Limitations on Use of Common Areas. All rights of use and enjoyment in the Common Areas are subject to the following:

5.2.1 Easements over and upon the Common Areas in favor of the Association and its Members shall not be deemed to grant any easements or use rights which are not specifically granted elsewhere herein or in any other documents to which the Property (or any applicable portion(s) thereof) are now or hereafter made subject.

5.2.2 The Association's rights include the following:

5.2.2.1 To suspend the rights of an Owner and his Permitted Users to use the Common Areas (except legal access and drainage easements) as set forth in Subsection 11.16.6 for any period during which any applicable Assessment remains unpaid subject to the requirements of the Act, Article 13 and Subsection 11.16.6 of the Declaration.

5.2.2.2 To require that vehicles of all or certain types of Owners or Permitted Users bear appropriate decals and may charge a reasonable fee for such decals.

5.2.2.3 To adopt and enforce rules and regulations governing the use of the Common Areas. Any rule and/or regulation so adopted by the Association shall apply until rescinded or modified.

5.2.2.4 To reasonably limit the number of Owners, Permitted Users or invitees using the Common Areas and the hours of operation of the Common Areas (such as "dawn to dusk").

5.2.2.5 To prohibit the use of certain Common Areas, such as the existing pond shown on the Site Plan.

5.2.2.6 To require adult supervision at all times of any children using the Common Areas.

5.2.3 The Declarant shall have the right to construct, erect and build Improvements over such streets, drives, roadways, sidewalks, paths, walks, and parking areas within or upon the Common Area. Notwithstanding the foregoing, as long as the Declarant or any of its affiliates owns any property in the Community, the Declarant, by Supplemental Declaration or other written instrument, may limit or restrict access to certain private alleys, walkways, paths and parking areas within or upon the Common Area.

5.2.4 Declarant and Declarant's Permittees shall have the right from time to time to enter upon the Common Areas and other portions of the Property (including Lots and Units) for the purpose of the installation, construction, reconstruction, repair, replacement, operation, expansion or alteration of any Improvements or facilities on the Common Areas or elsewhere in the Property that the Declarant and Declarants Permittees, as appropriate, elect to effect.

WITH RESPECT TO THE USE OF THE COMMON AREAS, RECREATION FACILITIES AND THE PROPERTY GENERALLY, ALL PERSONS ARE REFERRED TO SECTIONS 20.11 AND 20.13 HEREOF WHICH SHALL AT ALL TIMES APPLY THERETO.

5.3 Right to Grant or Relocate Easements. The Declarant (as long as the Declarant or any of its affiliates owns any property in the Community) and thereafter the Association shall have the right to grant, convey and relocate easements, licenses or rights of way in, on, over or under the Common Areas for purposes consistent with the terms of the Declaration, including constructing, installing, erecting, operating or Maintaining thereon, therein and thereunder: (.1) streets, walks, trails (including greenway trails), driveways, parkways, landscaping, parks, disc golf course, and open space areas; (.2) lines, cables, wires, conduits, facilities and other devices for the transmission of electricity, heating, cooling, water, sanitary sewerage, gas, television, telephone, voice or electronic data and other similar purposes; (.3) stormwater control facilities; (.4) irrigation systems; (.5) any Improvements or uses for the general health or welfare of the Owners, for the Maintenance of the Property, or any portion thereof, or for the purpose of carrying out any provision of the Declaration; and (.6) any similar Improvements or uses not inconsistent with the use of such property pursuant to the Declaration as the Declarant shall deem necessary or desirable. Notwithstanding the foregoing, such easements or the relocation of existing easements will not prevent or unreasonably interfere with the use and enjoyment of the Common Areas or the use of or ingress and egress to the Lots and Future Development Property for their intended purposes.

5.4 Association Easements over Lots and Units. The Association and its duly authorized agents, employees or independent contractors shall have an easement over each Lot and Unit as may be reasonably necessary to carry out any provision of the Declaration, including the Maintenance of Common Areas, performance of Lot Landscaping, Exterior Maintenance, Restoration of the Insured Attached Townhome Property, enforcement of the Declaration, inspection (in a reasonable manner) in order to determine whether any Maintenance is necessary, performance of remedial work, and, to the extent that the Association is obligated or authorized to perform any Lot Landscaping, Exterior Maintenance, or Restoration of the Insured Attached Townhome Property, to perform such Lot Landscaping, Exterior Maintenance, or Restoration of the Insured Attached Townhome Property provided that any such entry is during reasonable hours. Nothing contained in this Section shall be construed or interpreted to impose upon

the Association the obligation to Maintain any of the Property except as expressly set forth in the Declaration. Neither the Declarant, the Association, nor any of their respective directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any portion of the Property or failure to Maintain the same. The Declarant, the Association, or any other authorized Person undertaking such Maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the Maintenance of any portion of the Lots, Units, Common Areas or Improvements thereon or portion thereof. In addition, the Association may, without notice, perform such emergency Maintenance as it may determine is necessary for the safety of any Person or to prevent damage to any property. The provisions of this Section shall not be deemed to create any right of the Association to enter upon the property of the Declarant.

5.5 Utility Easements. Utilities in the Common Areas for the service of the Property shall be installed underground except as otherwise permitted by Declarant.

5.6 Access for Governmental Agencies; Service and Emergency Easements. A non-exclusive, perpetual right of access over all Lots, future phases, and Future Development Property (if subjected to the Declaration) and Common Areas (including private alleys) on the Property is established for the benefit of governmental entities for installing, removing and reading utility meters, Maintaining and replacing utility facilities and lines, and acting for other purposes consistent with public safety and welfare, including law enforcement, fire protection, animal control, emergency services, garbage collection and public or private mail and package delivery.

5.7 Easements for Pedestrian and Vehicular Traffic. In addition to the general easements for use of the Common Area reserved herein, there shall be, and the Declarant hereby reserves and grants for itself and all future Owners and their family members, Permitted Users, invitees, contractors, Mortgagees and the Association, a perpetual, non-exclusive easement for: (.1) vehicular traffic over all streets dedicated to the public use, and private streets, roadways and alleys within or upon the Common Area (except for those private alleys serving as "Limited Common Area" for access specifically to certain adjacent Attached Townhomes); (.2) pedestrian traffic over, upon and across all sidewalks, walkways, walking trails and paths within or upon the Common Area; and (.3) vehicular parking on such portions of the Common Area as from time to time may be intended and designated for general parking purposes by the Board of Directors.

5.8 Encroachments - Easements. If (.1) any Improvement on the Common Area encroaches upon any Lot; (.2) any Improvement on any Lot encroaches upon the Common Area or another Lot; or (.3) any encroachment shall hereafter occur as a result of (a) construction of a Unit or Improvement to a Common Area; (b) settling or shifting of a Unit, Attached Townhome Building or Improvement to Common Area; (c) any alteration or repair to a Unit, Attached Townhome

Building or Improvement to Common Area made by or with the consent of the Owner, Association or the Declarant, as appropriate, or (d) any Restoration of the Improvements to a Unit, Lot, Attached Townhome Building or Common Area (or any portion thereof) damaged by fire or other casualty or any taking by condemnation or eminent domain proceedings of all or any portion of any Unit, Lot or Common Area, then, in such event, a valid easement is granted and shall exist for such encroachment and for the maintenance of the same so long as the Improvements causing the encroachment shall stand. This provision shall not entitle any Owner to intentionally construct Improvements which encroach upon any other portion of the Property and no easement for encroachment shall exist if such encroachment occurred due to the willful and knowing conduct on the part of, or with the knowledge and consent of, an Owner or Permitted User.

5.9 Support and Other Easements for Attached Townhomes. Each Attached Townhome shall have the following easements: (.1) for lateral and subjacent support of, in and to all exterior walls, Party Walls, structural members, roof, footings and foundations of the Unit or other Improvements which abut or support the Attached Townhome; (.2) for Maintenance of common construction improvements, such as footings, supports and foundations, which abut or support the Attached Townhome; (.3) for attachment of the Attached Townhome to the Party Wall(s) it shares with the adjacent Attached Townhome(s); and (.4) of necessity in favor of, all other Units within Attached Townhome Building in which it is located and any other structure or improvement which abuts or supports an Attached Townhome.

5.10 Utility and Other Services; Stormwater Control Facilities. In the event that any Attached Townhome Building contains utilities, telecommunications and security systems, irrigation and other services and systems and/or stormwater control facilities which serve more than one Unit or Lot, then there shall be an easement reserved in favor of the Association and/or the entities providing such utilities, telecommunications and security systems, and irrigation and other services and systems and/or drainage facilities under, through and over each Unit therein and the Lot on which it is located as may be required from time to time in order to Maintain such utilities, telecommunications and security systems, irrigation and other services and systems and drainage facilities so long as the easement does not materially adversely affect the Owner's use and enjoyment of its Unit as a residence. Stormwater control facilities serving more than one Lot shall be Maintained continuously in good condition by the Association and easements are granted hereby over all Lots in favor of all Owners and the Association with respect thereto.

No Owner shall do anything within or outside its Unit that interferes with or impairs, or may interfere with or impair, the provision of such utilities, telecommunications and security systems, and other services and systems and/or stormwater control facilities or the use of easements for the foregoing purposes. The Association or its agent shall have a right of access to each Lot and Unit thereon to Maintain the pipes, wires, ducts, vents, cables, conduits and other

facilities for utilities, telecommunications and security systems, and other services and systems and for stormwater control facilities located on the Lot or elsewhere in the Property and serving an Attached Townhome Building, and to remove any improvements interfering with or impairing such facilities or easements reserved herein. Such right of access, except in the event of an emergency, shall not unreasonably interfere with the Unit Owner's permitted use of the Unit. Except in the event of an emergency (which shall not require prior notice), entry shall be made on not less than one (1) days' notice (which notice shall not, however, be required if the Owner is absent when the giving of such notice is attempted).

5.11 Detached Home Maintenance Easement. If the exterior wall of any Detached Home is located closer than five (5') feet from its side boundary line ("Benefited Lot"), the Owner of the Benefited Lot, the Association and Declarant shall have a perpetual easement over the adjoining Lot ("Burdened Lot"). The easement over the Burdened Lot shall be three (3') feet wide and run parallel to the side boundary line from the front to the rear property line of the Burdened Lot of the abutting Benefited Lot for the following purposes:

5.11.1 For Maintenance and the provision of utilities, telecommunications and security systems, irrigation and other services and systems and/or drainage facilities to serve the Benefited Lot, including electricity, telephones, sewer, water, lighting, irrigation, telecommunication and security facilities and drainage facilities.

5.11.2 Of support in and to all structural members, footings and foundations of the Detached Home or other improvements which are necessary for support of the Detached Home or other improvements on the Benefited Lot. Nothing in this Declaration shall be construed to require the Owner of the Burdened Lot to erect, or permit the erection of, additional columns, bearing walls or other structures on its Lot for the support of the Benefited Lot.

5.11.3 For entry upon, and for ingress and egress through the Burdened Lot, with persons, materials and equipment, to the extent reasonably necessary in the performance of Maintenance of the Detached Home or any Improvements on the Benefited Lot.

5.11.4 For incidental encroachments of the structure, including overhanging troughs or gutters, down spouts, drainage, plumbing clean outs, air conditioning drains, and the discharge of rainwater and the subsequent flow thereof over the easement area and the Common Areas.

An Owner of a Burdened Lot shall do nothing on his Lot which interferes with or impairs the use of this easement other than as permitted in this Section 5.11. Such easement shall become effective upon the commencement of construction of the Detached Home on the Benefited Lot. All work in the easement area shall be performed expeditiously during reasonable hours after prior notice to the Owner of the Burdened Lot (except in the event

of an emergency) and, upon completion of the work, the Owner of the Benefited Lot shall restore the Burdened Lot to as nearly the same condition as that which existed prior to the commencement of the work as is reasonably practicable. No storage shed or similar structure or any other kind of obstruction shall be permitted in the easement area that will obstruct access to the easement area. Any fence or wall erected on the Burdened Lot within the easement area must afford the Owner of the Benefited Lot access to the easement area upon prior notice to the Owner of the Burdened Lot.

5.12 Easements of Support. Whenever any structure included in the Common Areas adjoins any structure included in any other portion of the Property, each said structure shall have and be subject to an easement of support and necessity in favor of the other structure.

5.13 Easements Appurtenant. The easements provided in Article 5 shall be appurtenant to and shall pass with the title to each Lot and, if applicable, title to future phases and Future Development Property (if made subject to the Declaration).

6. FUNCTIONS OF THE ASSOCIATION

6.1 Powers and Duties. Subject only to such limitations expressly set forth in the Governing Documents, the Association (.1) shall have all of the powers of a North Carolina not-for-profit corporation; (.2) shall have and may exercise any right or privilege given to it expressly in the Governing Documents; (.3) shall have and may exercise any right or privilege given to it by the Act or other law and (.4) shall have and may exercise every other right, privilege, power or authority necessary or desirable to fulfill its obligations under the Governing Documents.

6.2 Assessments. The Association shall have the power and duty to impose Assessments on the Owners of Lots with respect to which Assessments have commenced and to collect and enforce payment of such Assessments in accordance with the provisions of Article 11. The Association may exempt portions of the Property from Assessments.

6.3 Maintenance of Other Property. The Association may Maintain other property which it does not own, including property dedicated to the public, (.1) if such Maintenance is required by the Declaration, any covenants or easements binding the Property or any governmental order, (.2) if the Board of Directors determines that such Maintenance is necessary or desirable to cause compliance with the Declaration or to enhance the appearance or value of the Property, or (.3) if the Maintenance is requested by the Person responsible for such Maintenance and the cost of it is charged to such Person with security or other assurances for payment acceptable to the Board. As to any Maintenance performed by the Association pursuant to the Governing Documents as to property it does not own, the Association shall have the right to file, amend, release and terminate claims of lien.

6.4 Rules. The Association shall have the power to adopt, amend and enforce rules and regulations applicable within the Property with respect to any Common Areas and those portions of a Lot or Unit Maintained by the Association, and to implement the provisions of the Governing Documents, including rules and regulations to prevent or reduce fire hazard; to prevent disorder and disturbances of the peace; to regulate pedestrian and vehicular traffic; to regulate parking; to regulate animals; to regulate signs; to regulate use of all Improvements on Common Areas to assure fullest enjoyment of use by the Persons entitled to enjoy and use the same; to promote the general health, safety and welfare of Persons within the Property; and to protect and preserve property, property values and property rights. All rules and regulations adopted by the Association shall be reasonable and shall be uniformly applied, except such rules may differentiate between reasonable categories of the Property and Owners, Permitted Users, invitees and contractors. Notwithstanding the foregoing provisions of this Section, the Association shall not have the right or power to amend the Declaration or impose rules and regulations which limit or interfere with the rights of the Declarant under the Declaration. A copy of the rules, as they may from time to time be adopted, amended or repealed, may be posted in a conspicuous place in the Association's office or may be mailed or otherwise delivered to each Owner. Upon such mailing, delivery or posting, the rules and regulations shall have the same force and effect as if they were set forth herein; provided, however, that the rules and regulations shall be enforceable only to the extent that they are consistent with the Governing Documents, and may not be used to amend any of such documents. If any Owner has actual knowledge of any rules and regulations, such rules and regulations shall be enforceable against such Owner as though notice had been given.

6.5 Borrowing. The Association has the right with the consent of the Declarant, as long as the Declarant or any of its affiliates owns any property in the Community, to borrow money for any purpose, subject to any limitation in this Declaration, to execute promissory notes, other documents evidencing or securing the indebtedness; provided that in the event the aggregate amount of principal indebtedness incurred by the Association in any Fiscal Year exceeds the greater of $500,000, as adjusted by the Consumer Price Index, or forty percent (40%) of the Association's budget for the previous year, then such actions must be approved by Owners holding a majority of the Voting Interests present in person or by proxy at a duly called meeting of the Association at which a quorum is attained. In the event that the Association desires to mortgage, pledge or encumber any or all of its Common Area as security for money borrowed or debts incurred, then the Association must obtain the approval of eighty percent (80%) of the total voting interests of the Owners.

6.6 Marketing. The Association may provide a suitable and continuing program to promote the Community as a desirable residential community, including advertising, organizing and coordinating major events, advertising, placing articles in news media, and establishing uniform standards for promotional events.

6.7 Special Events. The Declarant and the Board of Directors shall have the right, but not the obligation, to grant special use rights, permits and privileges in the Common Area and Improvements thereon for special events, festivals, street fairs, valet parking and other usage. In addition, the Association shall have the right to enter into agreements with others for purposes relating to, the joint or cooperative marketing, advertising and promoting the Community, regulating and providing parking within the Community, including special event parking, and other areas of interest to the Association and its Members.

6.8 Indemnification. The Association shall be obligated to and shall indemnify the Declarant and hold it harmless from all liability, loss, cost, injury, damage and expense, including attorneys' fees, arising with respect to any operations of or services provided by the Association hereunder.

7. MAINTENANCE OF UNITS, LOTS AND COMMON AREAS

7.1 Exterior of Improvements.

7.1.1 To the extent that the Association has the express obligation to perform Attached Townhome Maintenance for any Improvements to the Lot pursuant to the Initial Declaration, any Supplemental Declaration, or other declaration of covenants and restrictions or similar recorded instrument, then the Association shall be responsible for performing those obligations which have been delegated to it in a neat, orderly and attractive manner consistent with the standards set forth in Section 7.6.

7.1.2 The Maintenance of all Improvements located on the Lot which has not been expressly delegated to the Association pursuant to the Initial Declaration, any Supplemental Declaration, or similar recorded instrument shall be the sole obligation of the Owner(s) of such Lot or Unit. Other than the Lot Landscaping Maintained by the Association, each Owner shall Maintain the trees, shrubbery, grass and other landscaping, and all parking, pedestrian, recreational and other open areas on his Lot in a neat, orderly and attractive manner and consistent with the standards set forth in Section 7.6.

By way of example and not limitation, the Association shall provide Attached Townhome Services for each Attached Townhome. However, each Attached Townhome Owner is solely responsible for all other Maintenance to the Unit and Lot which is not expressly included in the definition of Attached Townhome Services. Without intending to limit the foregoing sentence, each Attached Townhome Owner shall Maintain or cause to be Maintained all portions of the Lot and Improvements thereon (including all appliances, interior walls, structural components, and plumbing, electrical and mechanical systems of his Unit) located on his Lot in a neat, orderly and attractive manner consistent with the standards set forth in Section 7.6.

7.2 Lot Landscaping. The Association shall provide the irrigation and Maintain the Lots as described in Section 1.41.

The Association shall not be obligated to Maintain any Lot Landscaping in within any enclosed or fenced areas on a Lot. Nor shall the Association be required to perform Lot Landscaping when an unsafe condition exists on a Lot, including a loose animal. The Maintenance of the Lot Landscaping may include, but shall not necessarily be limited to: the cutting or trimming of grass, trees and shrubs; the re-seeding, re-sodding or replanting of grass; the replanting trees or shrubs; the re-mulching and weeding of mulched areas, the repair and replacement of Lot irrigation installed by the Declarant, a Participating Builder or the Association; and the routine, customary application of fertilizer, pesticide and algaecide or fungicide, if necessary or recommended. The Association shall not be required to Maintain any shrubbery, grass and other landscaping other than the usual and customary landscaping provided by the Declarant or Participating Builder or its replacement provided by the Association. The Association shall have the right to remove any Lot Landscaping which becomes a nuisance. The Association shall have the sole discretion to determine the time at which such Lot Landscaping shall take place, the manner and materials to be used. The replacement of Lot Landscaping of any particular Lot, which is necessitated by deterioration of existing materials, shall also be the responsibility of the Association.

Irrigation shall be suspended during periods of drought in compliance with Section 47F-3-122 of the Act.

7.3 Remedies for Noncompliance.

7.3.1 In the event an Owner fails to Maintain or cause to be Maintained his Improvements and Lot in accordance with this Article 7, the Association shall have the right (but not the obligation), upon five (5) days' prior written notice to the Owner at the address last appearing in the records of the Association, to enter upon the Owner's Lot and perform such work as is necessary to bring the Lot or Improvements, as applicable, into compliance with the standards set forth in Section 7.6. Such work may include, but shall not necessarily be limited to, the repainting or restaining of exterior surfaces of an Improvement, the repair of walls, fences, roofs, doors, windows and other portions of Improvements on a Lot; and such other remedial work as is judged necessary by the applicable entity.

7.3.2 The remedies provided for herein shall be cumulative with all other remedies available under the Declaration or other applicable covenants or deed restrictions (including the imposition of Individual Assessments or the filing of legal or equitable actions).

7.4 Costs of Remedial Work; Surcharges. In the event that the Association performs any remedial work on an Improvement or Lot pursuant to this Article or any other

applicable covenants or deed restrictions, the costs and expenses thereof shall be deemed an Individual Assessment under Article 11 of the Declaration and may be immediately imposed by the Association. In order to discourage Owners from abandoning certain duties hereunder and, additionally, to reimburse itself for administrative expenses incurred, the Association may impose a surcharge of not more than twenty-five percent (25%) of the cost of the applicable remedial work, such surcharge to be a part of the Individual Assessment. No bids need be obtained for any of the work performed pursuant to this Section and the Person(s) performing such work may be selected by the applicable enforcing entity in its sole discretion.

7.5 Right of Entry; Right to File Notices of Lien Rights.

7.5.1 There is hereby created an easement in favor of the Association and its designees, over each Lot including the Unit thereon for the purpose of entering onto the Lot in the performance of Lot Landscaping, Attached Townhome Services, and any other Maintenance for which the Association has Maintenance responsibility, or for which the Association is otherwise permitted or required to perform the Maintenance and any other herein described, provided that the Association shall exercise such easement for entry into a Unit during reasonable hours.

7.5.2 The Association shall have the right to file notices of lien rights, claims of lien, amendments thereto, notices of termination and satisfactions as to any Lot for which it has the obligation to perform Lot Landscaping, Attached Townhome Services, or any other Maintenance, or for which the Association is otherwise permitted or required to perform the Maintenance.

7.6 Standards for Maintenance; Restoration. All Maintenance and Restoration of Property, Units, Lots and the performance of Lot Landscaping and Attached Townhome Services shall be performed in a manner consistent with the general appearance of the developed portions of the Property and, as to Units, the portion of the Property in which the Unit is located. The minimum (though not sole) standard for the landscaping shall be the more stringent of the following: the Community standard or the general appearance of the Property (and the applicable portion thereof as aforesaid) as initially landscaped (such standard being subject to being automatically raised by virtue of the natural and orderly growth and maturation of applicable landscaping, as properly Maintained). The minimum (though not sole) standard for Maintenance and Restoration of Property, Units and Lots shall be the more stringent of the following: the Community standard or the prevailing standard for the portion of the Property in which the Unit is located taking into account, however, normal weathering and fading of exterior finishes, but not to the point of unsightliness, in the judgment of Declarant or the ARB (as hereinafter defined). The Person responsible for Maintenance (the Association or Owner, as applicable) shall repaint, restain, or

refinish, as appropriate, the exterior portions of his Improvements (with the same colors and materials as initially used or as approved by Declarant or the ARB) as often as is necessary to comply with the foregoing standards.

7.7 Other Maintenance Services. The Association may also assume Maintenance responsibilities with respect to any other Lots in addition to those that may be designated in this Declaration or in any Supplemental Declaration. This assumption of responsibility may take place by agreement with Owners of Lots or because, in the opinion of the Board of Directors, the level and quality of service then being provided is not consistent with the standards set forth in Section 7.6. All costs of Maintenance pursuant to this Section 7.7 shall be assessed as a Special Assessment or Individual Assessments only against the Lots to which the services are provided, unless specifically provided otherwise in a Supplemental Declaration. The provision of services in accordance with this Section shall not constitute discrimination within a class.

7.8 Common Area Maintenance. The Association shall at all times Maintain in good repair, operate, manage, insure, and replace as often as necessary the Common Areas and all Improvements situated on the Common Areas (upon completion of construction by Declarant or its affiliates, if applicable) in a neat, orderly and attractive manner consistent with the standards set forth in Section 7.6. Without limiting the generality of the foregoing, the Association shall assume all of Declarant's, its affiliates' (and its and their predecessors') responsibility to the Town, its respective governmental and quasi-governmental subdivisions and similar entities of any kind with respect to the Common Areas, including roads and entry features, and shall indemnify Declarant and its affiliates and hold Declarant and its affiliates harmless with respect thereto.

7.9 Maintenance of Stormwater Control Facilities. If the stormwater control facilities are not owned or Maintained by the Town, the Declarant reserves the right to require the Association to Maintain, operate, repair and replace the stormwater control facilities in accordance with the Stormwater Covenants as a Common Expense in order to provide drainage, water storage, conveyance, or other stormwater management capabilities as required by the Town.

7.10 Street Lighting. The Declarant reserves the right to require that the Association Maintain street lighting (the term "street lighting" shall include light poles and appurtenances thereto, the light bulbs and wiring therefor) located within the Property and on nearby property and the cost of electricity therefor, and the cost and expense for the foregoing in such a case shall be a Common Expense, notwithstanding that such street lighting may be located on portions of the Property which are not owned by the Association or are not Common Areas.

8. INSURANCE FOR COMMON AREAS AND ATTACHED TOWNHOMES

8.1 Insurance for Common Areas. Commencing not later than the time of the first conveyance of a Lot to a Person other than the Declarant, the Association shall

procure and Maintain (.1) property insurance on the Common Areas, insuring against all risk of loss commonly insured against, including fire and extended coverage; (.2) commercial general liability insurance, with combined single limits of not less than two million dollars ($2,000,000) or such higher limits as may be required by the Board from time to time, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use ownership or Maintenance of the Common Areas; (.3) fidelity insurance or bonding covering all persons who control or disburse Association funds, which shall include those individuals authorized to sign Association checks and the president, vice president(s), secretary and treasurer of the Association in such amount as may be determined by the Board; and (.4) director, officer and employee liability insurance for its directors, officers and employees in such amounts as the Board shall deem adequate, utilizing the broad form of policy coverage for all directors and officers and, if reasonably available, committee members of the Association. The Association shall obtain and Maintain such other insurance as required in this Declaration or such other forms of insurance, and in such coverage amounts, as determined by the Board to be required or beneficial for the protection or preservation of the Common Areas and other property of the Association or otherwise is in the best interests of the Association. The premiums for such insurance shall be a Common Expense paid from the Common Assessments as established pursuant to this Declaration.

8.2 Purchase, Custody and Payment of Policies Insuring Attached Townhomes. The Association, acting through the Board of Directors, shall use commercially reasonably efforts to obtain and Maintain at all times insurance which meets or exceeds the insurance requirements set forth in this Article 8. This insurance may consist of one or more standalone policies obtained by the Association or a master or group insurance policy or program available to Attached Townhome Owners provided that such policy or program meets or exceeds the requirements set forth in this Article 8.

8.2.1 Purchase. All insurance policies purchased by the Association shall be issued by insurance companies authorized to do business in North Carolina or by reputable surplus lines carriers offering policies for property in North Carolina.

8.2.2 Named Insured. The named insured on all insurance policies purchased by the Association shall be the Association, individually, and as agent for the Attached Townhome Owners covered by the policy, without naming them, and as agent for their mortgagees, without naming them. The Attached Townhome Owners and their mortgagees shall be deemed additional insureds.

8.2.3 Custody of Policies and Payment of Proceeds. All policies and endorsements thereto shall be held by the Association, and all policies shall provide that payments for losses made by the insurer shall be paid to the Association, as trustee for the Attached Townhome Owners

and their respective Mortgagees, to be held and disbursed in accordance with the provisions of the Declaration.

8.2.4 Copies to Mortgagees. One copy of each insurance policy, or a certificate evidencing such policy, and all endorsements thereto, shall be furnished by the Association upon request to any mortgagee who holds a Mortgage encumbering an Attached Townhome covered by the policy. Copies or certificates shall be furnished not less than ten (10) days prior to the beginning of the term of the policy, or not less than ten (10) days prior to the expiration date of each policy that is being renewed or replaced, as appropriate.

8.2.5 Attached Townhome Personal Property and Liability. Except for the Insured Attached Townhome Property as specifically provided herein, the Association shall not be responsible to any Attached Townhome Owners to obtain any other insurance coverage for the Attached Townhomes, including coverage for the Excluded Property, for the personal liability, living expenses, loss of use or for any other risks of any Owner or Tenant not otherwise insured in accordance herewith.

8.2.6 No Detached Home Coverage. The Association shall not be responsible to any Detached Home Owners to obtain any insurance coverage for the Detached Homes.

8.3 Attached Townhome Building Coverage. The Association shall use commercially reasonable efforts to obtain and Maintain insurance covering the following, the cost of which shall be an Attached Townhome Expense:

8.3.1 Property. A blanket property insurance policy providing "special perils" coverage for the "Building Shell" of each Attached Townhome Building located on the Property from time to time, in an amount not less than one hundred percent (100%) of the full insurable replacement value thereof (before application of reasonable deductibles). If "special perils" coverage is not available, the Board shall obtain, at a minimum, fire and extended coverage, including coverage for vandalism and malicious mischief, in like amounts. Subject to the provisions of this Article 8, the Association may additionally obtain such other property insurance for the Attached Townhomes as the Association may determine to be necessary or desirable.

8.3.1.1 Scope of Property Insurance Coverage for Attached Townhomes. The "Building Shell" shall consist of the following components of each Attached Townhome Building: (.1) all structural components, including the foundation, footers, pilings, girders, beams, supports, walls (including all exterior walls, weight bearing walls, Party Walls and all other walls of an Attached Townhome) and

all studs, drywall, sheetrock, or gypsum board attached to such walls; all slabs, pillars, columns, insulation, exterior finishes or facades attached or affixed to any of the foregoing; all floor slabs; and all roofs, roof trusses, roof support elements, fascia, soffits, roofing materials and insulation; (.2) essential and permanent installations and equipment for electrical, plumbing, and mechanical systems, if any, which are utilized for, serve or pass through more than one Attached Townhome within an Attached Townhome Building; (.3) exterior windows, exterior doors in the perimeter walls bounding an Attached Townhome; garage doors, skylights and exterior glass; and (.4) pipes, conduits, ducts, vents and other service and utility lines which are utilized for, serve, or pass through more than one Attached Townhome; all of the foregoing as shown on the construction plans used to obtain building permits for the Attached Townhome Buildings (collectively the "Insured Attached Townhome Property").

8.3.1.2 Property Excluded from Insured Attached Townhome Property. Notwithstanding the foregoing, the Insured Attached Townhome Property shall not include, and shall specifically exclude the following ("Excluded Property"): all furniture, furnishings, floor coverings, wall coverings and ceiling coverings or other personal property owned, supplied or installed by any Owner, Tenant, Guest or predecessor in interest; all paint, coating, covering, finish, millwork or other item applied to, attached to or suspended from the ceiling; all carpeting, tile, slate, wood, parquet, marble, flooring, paint, coating, covering, finish, millwork or other item of flooring; and all paint, tile, wallpaper, finishes, coatings, coverings, millwork or other item applied to, attached to or suspended from the walls or surfaces of an Attached Townhome; all additions, alterations, betterments or improvements owned, supplied or installed by any Owner, Tenant, Guest or predecessor in interest; and all ventilation, air conditioner and heating equipment and duct work for ventilation, heating and air conditioning systems; all plumbing and electrical fixtures, all appliances; all water heaters and built-in cabinets and countertops, and window treatments within any Attached Townhome; all electrical, plumbing and mechanical lines, chutes, flues, ducts, conduits, wires, pipes, chases, equipment or other apparatus serving only one Attached Townhome; all mechanical, electrical or plumbing equipment outside the exterior walls of an Attached

Townhome but located on a Lot; all Lot Landscaping; and all replacements of any of the foregoing.

8.3.2 Flood Insurance covering loss or damage to the Insured Attached Townhome Property in the event it is located in Flood Zone A or V as defined by the Federal Emergency Management Agency (FEMA). The Association may obtain such insurance through any available governmental programs providing for such coverage.

8.3.3 Liability. The Association has the right but not the obligation to obtain general liability insurance covering loss or damage to Persons or property resulting from the acts or omissions of the Association, its officers, directors, employees, contractors, agents or invitees on or about or in connection with the Attached Townhomes or adjoining driveways and walkways, with such coverage as shall be required by the Board of Directors, but with a minimum combined single limit liability of not less than $2,000,000 (or such higher limits as may be reasonably required by the Board from time to time) for each accident or occurrence, and with a cross liability endorsement to cover liabilities of the Attached Townhome Owners as a group to any Attached Townhome Owner, and vice versa.

8.3.4 Optional Coverage. Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable.

When appropriate and obtainable, each of the foregoing policies shall waive the insurer's right to: (.1) subrogation against the Association and against the Attached Townhome Owners individually and as a group, (.2) pay only a fraction of any loss in the event of coinsurance or if other insurance carriers have issued coverage upon the same risk, and (.3) avoid liability for a loss that is caused by an act of the Board of Directors of the Association, a member of the Board of Directors of the Association, one or more Attached Townhome Owners or as a result of contractual undertakings. Additionally, each policy shall provide that the insurance provided shall not be prejudiced by any act or omissions of individual Attached Townhome Owners that are not under the control of the Association, and that the policy shall be primary, even if an Attached Townhome Owner has other insurance that covers the same loss.

Every property insurance policy obtained by the Association, when deemed appropriate by the Board, shall have the following endorsements: (.1) an agreed value endorsement waiving any co-insurance penalty, (.2) inflation guard, (.3) an ordinance and law coverage endorsement covering increased costs resulting from changes in laws or codes, (.4) costs of demolition and removal of the damaged structure, and (.5) steam boiler coverage, if applicable.

8.4 Additional Provisions. All policies of insurance shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association. Prior to obtaining any property insurance

policy or any renewal thereof, the Board of Directors shall obtain an insurance appraisal or update of a prior appraisal from a reputable appraiser or insurance expert of the full insurable replacement value of the Insured Attached Townhome Property, without deduction for depreciation, for the purpose of determining the amount of insurance to be effected pursuant to this Article 8. The full replacement value of the Insured Attached Townhome Property shall be determined in the foregoing manner at least once every two (2) years.

8.5 Premiums. Premiums for insurance policies purchased by the Association pursuant to Section 8.1 shall be a Common Expense. Premiums purchased by the Association pursuant to Sections 8.2 and 8.3 shall be an Attached Townhome Expense. Premiums may be financed in such manner as the Board of Directors deems appropriate.

8.6 Share of Proceeds.

8.6.1 Common Areas. All insurance policies obtained by or on behalf of the Association pursuant to Section 8.1 shall be for the benefit of the Association.

8.6.2 Attached Townhomes. All insurance policies obtained by or on behalf of the Association pursuant to Sections 8.2 and 8.3 shall be for the benefit of the Association, the Owners of those damaged Attached Townhomes for which the proceeds were paid and their Mortgagees, as their respective interests may appear. The Association shall have the duty to receive such proceeds as are paid and to hold them in trust for the purposes elsewhere stated in the Declaration.

8.7 Association as Agent. The Association is hereby irrevocably appointed as agent and attorney-in-fact for each Attached Townhome Owner and for each owner of a Mortgage or other lien upon an Attached Townhome to adjust all claims arising under insurance policies purchased by the Association for the Insured Attached Townhome Property and to execute and deliver releases upon the payment of claims.

8.8 Distribution of the Proceeds for Damaged Attached Townhomes. Proceeds of insurance policies obtained by the Association for the Insured Attached Townhome Property and received by the Association shall be distributed to or for the benefit of the beneficial owners in the manner hereafter provided in Article 9.

8.9 Attached Townhome Owners' Coverage. Unless the Association elects otherwise, the insurance purchased by the Association for the Insured Attached Townhome Property pursuant to Sections 8.2 and 8.3 shall not insure, and the Association shall not be liable for, (.1) any Improvements or personal property lying within the boundaries of any Lot, including any additions, alterations, betterments or improvements installed by any Owner, Permitted User or predecessor in interest; (.2) any personal property of the Owner or any Permitted User; (.3) liability,

including for claims for bodily injury, death or property damage against an Owner or Permitted User occurring within a Lot or Attached Townhome; (.4) living or occupancy expenses, loss of use, loss of rents, or business interruption; (.5) loss, damage or theft to any Excluded Property; or (.6) any other risks not otherwise insured by the Association. Each Attached Townhome Owner shall be solely responsible for carrying and paying for insurance as to all such and other risks not covered by insurance carried by the Association. Any such policies of insurance purchased .by an Attached Townhome Owner shall, where such provision is available, contain a clause providing that the insurer waives its right to subrogation as to any claim or claims against other Attached Townhome Owners, the Association, and their respective employees, agents, guests and invitees.

8.10 Owners Liability for Uninsured Losses, Underinsured Losses and Excluded Property. Each Owner of an Attached Townhome shall be responsible for (.1) all losses and damage to the Attached Townhome not insured by the Association's insurance policies, (.2) all Restoration Costs for his Attached Townhome other than those covered by the insurance proceeds paid on account of a loss or damage to the Insured Attached Townhome Property; and (.3) all loss or damage to the Excluded Property.

8.11 Benefit of Mortgagees. Certain provisions in this Article 8, applicable to insurance for Attached Townhomes, are for the benefit of mortgagees of Attached Townhomes and may be enforced by such mortgagee.

9. RESTORATION OF ATTACHED TOWNHOMES AFTER FIRE OR OTHER CASUALTY

9.1 Duty to Restore Damaged Townhome. In the event of damage or destruction to an Attached Townhome from any cause, the Association shall promptly proceed to Restore the Attached Townhome at the same location, on the same lines, of the same size, of the same or similar material as reasonably possible to its value, condition and character which existed immediately prior to such damage or destruction, subject to such changes or alterations as are approved by the ARB in conformity with the provisions of the Declaration and modern construction techniques and methods.

9.2 Plans and Procedures for Restoration. The plans and specifications for any Restoration shall be prepared by an architect licensed in the State of North Carolina. All plans and specifications required in connection with any Restoration shall be subject to review and approval by the ARB. The Association's Representative may also be retained to assist the Association in obtaining bids for the restoration from responsible contractors. Unless the Association and a majority of the voting interests of the Owners of the damaged Attached Townhomes shall otherwise agree, plans and specifications for any Restoration shall be consistent with the then existing building plans. The Association shall retain a responsible contractor to perform the Restoration. The contractor shall

work under the administration of the Association and the Association's Representative, if applicable.

9.3 Assessments. If the insurance proceeds are not sufficient to defray the estimated Restoration Costs, or if at any time during Restoration or upon completion of Restoration, the funds for the payment of the Restoration Costs are insufficient, in Association's reasonable judgment, to pay in full the balance of the Restoration Costs, the Association may impose Special Assessments in the amount of the deficiency against the Owner of each damaged Attached Townhome in the same proportion as the Restoration Costs attributable to his or her Attached Townhome bears to all Restoration Costs of all damaged Attached Townhomes in sufficient amounts to fund payment of the Restoration Costs.

9.4 Application of Insurance Proceeds and Other Funds to Restoration. All insurance proceeds paid in connection with a casualty loss to Insured Attached Townhome Property shall be used to their full extent to fund Restoration Costs. Upon completion of the Restoration of any damage to the Insured Attached Townhome Property, the Association shall refund to the Owners and Mortgagee, as their interests may appear, the amount by which the insurance proceeds and any additional funds paid by the Attached Townhome Owners to the Association exceed the actual Restoration Costs. No Mortgagee shall have any right to have any insurance proceeds applied to the reduction of a Mortgage debt, except for actual distributions thereof made to the Owner of the damaged Attached Townhome and Mortgagee pursuant to the provisions of the Declaration after the Restoration is complete and the Restoration Costs have been paid in full.

9.5 Association's Rights. The rights granted to the Association in this Article in the event of any loss, damage or destruction of an Attached Townhome constitute reasonable protections of property values and aesthetic appearance of the Attached Townhomes, and each Attached Townhome Owner agrees to comply with such terms, conditions and procedures as Association may impose.

9.6 Report of Damage. If any part of the Insured Attached Townhome Property is lost, damaged or destroyed, then the Board shall cause a report to be prepared by a construction consultant, architect, contractor or engineer qualified to practice in North Carolina; provided, however, that the Restoration Costs for the damaged Insured Attached Townhome Property shall be estimated by at least three (3) reputable general contractors licensed in North Carolina. The report shall be distributed to the Owners of the damaged Attached Townhomes. The report shall include the following information:

9.6.1 Date and cause of the damage.

9.6.2 Schedule of damage to the Insured Attached Townhome Property for which the Association has responsibility to Restore.

9.6.3 The estimated "Restoration Costs" to Restore the damage to the Insured Attached Townhome Property. "Restoration Costs" means the cost of repairing, replacing, restoring or reconstructing all loss, damage or destruction to the Insured Attached Townhome Property (including the deductible under the applicable insurance policies) or any part thereof, including all costs of adjusting the loss; inspections, investigations and reports as to the damage; permit and inspection fees, architectural and engineering fees; fees of the Association's Representative; demolition, removal and disposal fees; costs of securing and protecting the Insured Attached Townhome Property; accounting fees and costs; and attorneys' fees and costs; construction costs, and the Association's fees and costs for reviewing the plans for the Restoration and holding and disbursing the insurance proceeds and other funds.

9.6.4 The amount of insurance proceeds and the estimated amount, if any, of the deficiency between the estimated Restoration Costs and the amount of insurance proceeds ("Excess Costs").

9.6.5 Which of the following methods the Board recommends in order to pay the Excess Costs: Special Assessments payable on such terms as conditions as determined by the Board or loans to the Association, the debt service of which shall be assessed to the Owners of damaged Attached Townhome as Special Assessments.

9.7 Assessments. The Association may impose Special Assessments against the Owner of each damaged Attached Townhome in the same proportion the Restoration Costs attributable to his or her Attached Townhome bears to all Restoration Costs of all damaged Attached Townhomes in sufficient amounts to provide funds for the payment of the following costs: any required deductible (not included in the Restoration Costs); any losses to the Insured Attached Townhome Property as a result of a casualty not covered by the Association's policies; and if the proceeds of insurance are not sufficient to defray the estimated Restoration Costs, or if at any time during Restoration, or upon completion of Restoration, the funds for the payment of the Restoration Costs are insufficient. Such Special Assessments on account of damage to the Insured Attached Townhome Property shall be in proportion to the Owners' respective share of the total Restoration Costs. Notwithstanding this, if only one Attached Townhome is damaged or if the insurance policy provides that the deductible will apply to each Attached Townhome separately or to each occurrence, each Owner shall be responsible for paying the deductible pertaining to his damaged Attached Townhome, if any.

9.8 Prompt Restoration. Whenever the words "prompt restoration" are used in this Article, they shall mean that the Restoration work shall begin not more than sixty (60) days from the date that (.1) the Board of Directors notifies the Owners of the damaged Attached Townhomes that it holds proceeds of insurance on account of such damage or destruction sufficient to pay the estimated Restoration Costs, or

(.2) the Board of Directors notifies the Owners of the damaged Attached Townhomes that it holds proceeds of insurance on account of such damage or destruction together with Assessments (if necessary) and/or the right to receive loan proceeds sufficient to pay the estimated cost of such work.

9.9 Disbursement of Restoration Funds. Insurance proceeds collected on account of a casualty to Insured Attached Townhome Property and the Special Assessments collected from the Owners of damaged Attached Townhomes on account of such casualty shall constitute a fund which shall be disbursed in payment of the Restoration Costs in the following manner and order:

9.9.1 Association - Lesser Damage. If the amount of the estimated Restoration Costs for the Restoration work which is the responsibility of the Association is less than $500,000, as adjusted by the Consumer Price Index, then the funds shall be disbursed for payment of such costs upon the order of the Board of Directors of the Association in the order of priority set forth in Section 9.10.

9.9.2 Association - Major Damage. If the amount of the estimated Restoration Costs for the Restoration work which is the responsibility of the Association is more than $500,000, as adjusted by the Consumer Price Index, then the funds shall be disbursed for payment of such Restoration Costs in the priority set forth in Section 9.10, together with the approval of a construction consultant, architect, contractor or engineer licensed to practice in North Carolina and retained by the Association to supervise the work and disbursements ("Association's Representative"). Insurance proceeds or other funds for the Restoration shall be disbursed in accordance with safeguards normally associated with construction loan disbursements and the approval of the Association's Representative prior to any disbursement (except if the amount of the casualty is less than $500,000 as adjusted by the Consumer Price Index).

9.10 Priority of Disbursement of Restoration Funds. The insurance proceeds collected on account of a casualty to Insured Attached Townhome Property and the Special Assessments collected from the Owners of damaged Attached Townhomes on account of such casualty shall be disbursed in payment of Restoration Costs in the following priority:

9.10.1 First, to the costs of the following: adjusting the loss; inspections, investigations and reports as to the damage; permit and inspection fees, architectural fees; fees of the Association's Representative; demolition, removal and disposal fees; securing and protecting the damaged Attached Townhomes; accounting fees and costs; and attorneys' fees and costs.

9.10.2 Then, to the costs of the Restoration work to damaged Attached Townhomes for which the Association has the obligation to perform the Restoration work.

In the event of a dispute or lack of certainty as to whether damage to an Attached Townhome constitutes damage to Insured Attached Townhome Property or Excluded Property, such damage shall be presumed to be damage to Insured Attached Townhome Property.

9.11 Excess Restoration Funds. It shall be presumed that the first monies disbursed in payment of Restoration Costs for damage to Insured Attached Townhome Property shall be from the proceeds of insurance policies held by the Association. In the event there is a balance in the restoration fund after payment of all Restoration Costs for which the fund was established, such balance shall be distributed to the beneficial owners of the fund as follows:

9.11.1 Amounts attributable to excess proceeds of insurance policies held by the Association shall be paid jointly to Attached Townhome Owners and their Mortgagees in proportion to their proportionate share of the Restoration Costs.

9.11.2 Amounts attributable to funds paid by an insurer under any insurance policy maintained by an Attached Townhome Owner or by an Attached Townhome Owner as a Special Assessment or other contribution to the restoration fund paid by or on behalf of an Attached Townhome Owner shall be refunded to such Attached Townhome Owner and shall not be made payable jointly to any Mortgagee.

9.12 Legal Variances. If it shall be necessary to obtain a variance, special permit or exception to or change in zoning or other laws ("variance") in order to Restore a damaged Attached Townhome Building to its condition immediately prior to such damage, and if the Association believes It is possible to obtain the variance, and so notifies the Owners of the damaged Attached Townhomes, then the Association shall apply for the variance and the Owners of the Attached Townhomes located in a damaged Attached Townhome Building shall cooperate to obtain the variance. If architectural and/or legal services shall be necessary to obtain the variance, then the Association shall retain an architect and/or attorney to perform such services. The legal and architectural fees and all other costs and expenses of applying for and obtaining the variance shall be considered as part of the Restoration Costs. If a variance is sought in accordance with this Section, there shall be no obligation to commence any Restoration while such variance is diligently being sought.

In the event that any Restoration to be performed pursuant to Article cannot be carried out in compliance with the law, and (.1) the variance is not obtained pursuant to the immediately preceding paragraph within six (6) months of the date of the casualty or (.2) the Board determines that the Association shall not apply for a variance, then necessary

adjustments shall be made in the plans and specifications for such restoration so that the Attached Townhome Building, as Restored, shall comply with applicable law.

9.13 Damage to One Attached Townhome. In the event only one Attached Townhome is damaged as a result of a loss and no other Attached Townhomes are affected by the loss or damage, then the Association may delegate to the Owner of the damaged Attached Townhome the obligation to Restore the Attached Townhome. In such event, the Association shall disburse from time to time as work progresses for application to the Restoration Costs of such damaged Attached Townhome the following: (a) the insurance proceeds in the event the damage was the result of an insured loss, and (b) any Special Assessments imposed for Restoration Costs or any other monies for Restoration which may have been deposited with the Association, subject to such disbursement procedures, terms and conditions as Association may reasonably establish. Such procedures, terms and conditions may include the following:

9.13.1 The Association's prior approval of all contractors, architects, and engineers retained by the Owner of the Attached Townhome for such work;

9.13.2 The Association's prior approval of plans and specifications prepared by a licensed architect, of the budget for the Restoration work and of all changes to the foregoing;

9.13.3 Delivery to the Association of evidence satisfactory to the Association that all permits, licenses and approvals required for the Restoration work have been obtained and are in full force and effect;

9.13.4 Delivery to the Association prior to each disbursement of such affidavits and certificates as to such matters as the Association may request, including certificates of the approved architect or engineer that (.1) all of the work completed has been done in compliance with the approved plans and specifications, if any, (.2) such disbursement is required to reimburse Owner for payments by Owner to, or which are due to, contractors, subcontractors, materialmen, laborers, engineers, architects or other Persons rendering services or materials for the work, (.3) the amount of such disbursement, when added to all sums previously disbursed by the Association, does not exceed the value of the work done to the date of such certificate, and (.4) the amount of insurance proceeds held by the Association after such disbursement (without taking into account any holdbacks) will be sufficient on completion of the work to pay for the same in full;

9.13.5 Delivery to the Association, prior to each disbursement, of waivers or releases of lien for work completed and title searches confirming that there has not been filed with respect to the Attached Townhome any mechanics', construction, or other lien;

9.13.6 Retention of not more than ten percent (10%) of such holdbacks out of each disbursement for Restoration work performed as the Association may deem advisable pending completion of the work;

9.13.7 Deposit with the Association of such sums in excess of undisbursed insurance proceeds (exclusive of holdbacks) as the Association may from time to time determine are required to complete the Restoration work;

9.13.8 Delivery of performance bonds and labor and material payment bonds issued by sureties acceptable to the Association on such terms and in such amounts as the Association shall determine; and

9.13.9 Delivery when the work has been completed of a copy of all certificates required by law to render occupancy of the Attached Townhome legal.

The Association shall not be obligated to make disbursements more frequently than monthly but shall make monthly disbursements if requested by Owner subject to Owners compliance with this Section. The Restoration shall be performed and completed by Owner in an expeditious and diligent fashion and in compliance with all applicable laws, rules and regulations.

9.14 Payment of Claims to Delinquent Attached Townhome Owners, Notwithstanding anything to the contrary herein, in the event of an insured loss under the Association's policy for the Insured Attached Townhome Property for which the Association receives from the insurer payment for a loss sustained by an Owner who is delinquent in the payment of Assessments owed to the Association, then the Association may retain and apply the proceeds to the delinquent Assessments. Any surplus remaining after application of the proceeds to any delinquency shall be paid by the Association to the affected Attached Townhome Owner.

9.15 Benefit of Mortgagees. Certain provisions in this Article 9 are for the benefit of mortgagees of Attached Townhomes and may be enforced by any of them.

10. **OTHER PROVISIONS RESPECTING ATTACHED TOWNHOMES**. To the extent that Townhomes are constructed on the Property, the following provisions shall apply.

10.1 Attached Townhome Services. In order to maintain a uniform appearance and high standards of Maintenance, the Association shall perform the Attached Townhome Services for the Attached Townhomes in a neat, orderly and attractive manner consistent with the standards set forth in Section 7.6. The cost of performing the Attached Townhome Services shall be an Attached Townhome Expense, and the Owner of each such Townhome shall be obligated to pay the Attached Townhome Assessment for its proportionate share of the Attached Townhome Expenses allocated to the Collection in which its Unit is located. However, the Association shall be entitled to reimbursement from an Owner of an

Attached Townhome where the Attached Townhome Service is required as a result of the deliberate, negligent, or intentional acts of the Owner or its Permitted Users.

10.2 Exterior Maintenance of Townhomes. The Association shall have the sole discretion to determine the time at which Exterior Maintenance for the Attached Townhomes shall take place, the manner, materials and color to be used. Exterior Maintenance of any individual Attached Townhome, which is necessitated by deterioration of existing paint or surface, shall also be the responsibility of the Association. If an Owner materially modifies the exterior of his or her Attached Townhome, then the Association shall not be responsible for Maintenance of any modified portion of the Attached Townhome exterior; however, the Owner shall not be relieved of its obligation to pay the Attached Townhome Assessments.

10.3 Party Walls.

10.3.1 Repair and Maintenance Obligations. Wherever one Unit is separated from another Unit by a common, shared or party wall ("Party Wall"), the obligations of each Attached Townhome Owner with respect to its Party Walls shall be governed by this Section 10.3. Each Party Wall shall be the joint obligation of each of the Owners of the adjoining Attached Townhomes ("Party Wall Co-Owners"). Each Party Wall Co-Owner shall be responsible for the Maintenance of the surface portion of the Party Wall which is contained within its Attached Townhome. Any Maintenance and the like, including repairs to the paint, plaster or drywall or gypsum wall board on the surface portion of the Party Wall which is contained within an Attached Townhome, shall be the obligation of that Owner. Each Party Wall Co-Owner shall have the right to use the side of the Party Wall within the Owner's Lot and Attached Townhome in any lawful manner, including attaching structural or finishing materials to it; however, an Owner shall not create windows or doors or place heating or air conditioning equipment in the Party Wall without the consent of the other Party Wall Co-Owner. Any consent given to a Party Wall Co-Owner to create openings in the Party Wall shall be subject to the right of the other Party Wall Co-Owner to revoke its consent on sixty (60) days prior written notice and close up such openings and/or remove such heating or air conditioning equipment. The Party Wall Co-Owners shall be jointly responsible for the structure of the Party Wall; i.e., Maintenance and Restoration of concrete block, rebar, mortar, tie beam, and all other elements of the Party Wall except in the event of a casualty or loss to the Insured Attached Townhome Property for which the Association is responsible for the Restoration.

10.3.2 Easement. Each Party Wall Co-Owner hereby grants to the other Party Wall Co-Owner, its successors and assigns, a perpetual non-exclusive easement and right of entry over and across its respective Lot and Unit

for the purposes of performing Maintenance and Restoration to the Party Wall, provided that any such easement is exercised after prior notice and during reasonable hours.

10.3.3 Notice of Party Wall Damage. Except in those circumstances in which the Association is obligated to perform the Restoration of the Party Wall as a result of a casualty or loss, the following provisions apply:

A Party Wall Co-Owner shall perform Restoration of its Party Wall whenever a condition exists which may result in damage or injury to Person or property if the Restoration work is not undertaken. Upon discovering the possibility of damage or destruction, a Party Wall Co-Owner shall notify the other Party Wall Co-Owner and the Association in writing of the nature of the damage, the work required to remedy the situation, and the estimated cost of the Restoration work (the "Party Wall Repair Notice"). The other Party Wall Co-Owner shall then have twenty (20) days from the receipt of the Party Wall Repair Notice either to object to the Restoration work or to pay the Party Wall Co-Owner's share of the cost of the Restoration work. However, in the event of an emergency (i.e., a condition that is immediately threatening to the safety of Persons or property), the Party Wall Repair Notice shall specify that an emergency exists and the other Party Wall Co-Owner shall then have five (5) days from receipt of the Party Wall Repair Notice to either object to the Restoration work or to pay its share of the cost of the Restoration work.

10.3.4 Interest. Any amounts due and unpaid under this Section 10.3 shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate permitted by law) from the date due until paid in full.

10.3.5 Association Help. If at any time any Attached Townhome Owner (hereinafter in this Subsection, the "Non Performing Owner) shall not be proceeding diligently with any Restoration required of it under this Declaration, then the other Attached Townhome Owner(s) shall give written notice to the Association specifying the respect in which such Non Performing Owner is not proceeding diligently with his or her Restoration work. If, upon expiration of thirty (30) days after the giving of notice, the Restoration work is not proceeding diligently, then the Association may perform such Restoration in accordance with the then existing building plans and may take all appropriate steps to carry out the same, including entry onto the Lot of any Owner to the extent necessary to perform the Restoration work. The Association shall be entitled to impose an Individual Assessment on the Party Wall Co-Owners responsible for the cost of such Restoration.

10.4 Indemnity. Each Townhome Owner agrees to indemnify the Declarant, the Association and the other Party Wall Co-Owner for injury or personal or property

damage, when such injury or damage shall result from, arise out of, or be attributable to its failure to perform or comply with its duties and obligations under Article 10 of the Declaration.

10.5 Transfer of Title. In any transfer of title to an Attached Townhome, the Owner of such Attached Townhome ("Grantor") and the purchaser ("Grantee") of such Attached Townhome shall be jointly and severally liable for all unpaid amounts pertaining to the Party Walls accrued up to the date of the conveyance without prejudice to the rights of the Grantee against the Grantor, but the Grantee shall be exclusively liable for those accruing after the conveyance. The lien rights of any Owner of an Attached Townhome against another Attached Townhome for amounts due under this Article 10 shall be subordinate to the lien of any First Mortgage and Assessment by the Association. If the holder of a First Mortgage or other purchaser acquires title as a result of a foreclosure or deed in lieu of foreclosure of the First Mortgage, the purchaser and any successors and assigns shall not be liable for the amounts which became due prior to the acquisition of title in the foreclosure action. Any unpaid amounts which cannot be collected as a lien against any Lot by reason of the provisions of this Section shall be divided between Party Wall Co-Owners, payable by and a lien against both Lots sharing the Party Wall, including the Lot as to which the foreclosure (or conveyance in lieu of foreclosure) took place.

11. COVENANT FOR ASSESSMENTS AND OTHER AMOUNTS.

11.1 Obligation for Assessments. Each Owner, by execution of this Declaration or by acceptance of a deed or other instrument conveying title to a Lot, whether or not it shall be so expressed therein, is deemed to consent and agree to pay to the Association (or to any Person who may be designated by the Association to collect such monies) all Assessments and other charges required by this Declaration, including the following: (.1) Common Assessments; (.2) Attached Townhome Assessments; (.3) Stormwater Assessments; (.4) Special Assessments; (.5) Individual Assessments for any expense under the Code or this Declaration for which the Association becomes obligated to pay and pays on behalf of an Owner or otherwise is authorized by the Declaration; (.6) fines for violations of the provisions of this Declaration or other Governing Documents or Assessments levied against Owners for misuse and damage to the Common Areas by the Owners or their family members, Tenants, Guests, agents or contractors; (.7) Working Capital Contributions; (.8) late payment charges, interest on unpaid Assessments, costs of collection, including court costs, service charges, and attorneys' fees as provided in the Act, and charges for dishonored checks, all as established by the Board from time to time (and consistent with caps imposed by North Carolina law); and (.9) all other Assessments and charges imposed or allowed to be imposed by this Declaration. No Unit shall be assessed separately from the Lot on which it is situated.

11.2 Purpose of Assessments. The Common Assessment primarily is for the purpose of funding the Common Expenses of the Association, including monies allocated for

reserve funds, for the Fiscal Year to which the Common Assessment applies and in accordance with the budget for that Fiscal Year adopted by the Association, although such Assessments may be used for payment of any Common Expenses as determined by the Board. The Attached Townhome Assessment primarily is for the purpose of funding the Attached Townhome Expenses of the Association for the Attached Townhomes, including monies allocated for reserve funds, for the Fiscal Year to which the Attached Townhome Assessment applies and in accordance with the budget for that Fiscal Year adopted by the Association, although such Assessments may be used for payment of any Attached Townhome Expenses as determined by the Board.

11.3 Classes of Membership. The Declarant has the authority to create different classes of membership in the Association and to impose different levels of Assessments and other Assessments for different classes of membership pursuant to a Supplemental Declaration.

11.4 Amount of Assessments. The Association is at all times empowered to levy Common Assessments against the Lots and the Owners of Lots within the Property for the payment of Common Expenses; to levy Attached Townhome Assessments against the Attached Townhomes and the Attached Townhome Owners within the Property for the payment of Attached Townhomes Expenses and to levy such other Assessments as are authorized by the Declaration.

The Declarant anticipates that Annual Assessments for the initial 2017 budget will be:

Single Family Detached Homes: ***$90.00 per month*** for Common Assessments

Attached Townhomes: ***$140 per month*** for Common Assessments

11.5 Budgets. All budgets of the Association shall be prepared and proposed in good faith and with the intent to cover all reasonably necessary Common Expenses and Attached Townhome Expenses for the applicable Fiscal Year of the Association, including reasonable reserves for replacement and deferred Maintenance. Prior to the beginning of each Fiscal Year, the Board shall adopt budgets for such Fiscal Year which shall estimate all of the Common Expenses and Attached Townhome Expenses of the Association during the Fiscal Year, including reserves.

In determining the budget for Common Expenses, the budget shall be based on the estimated Common Expenses for the Lots which have been declared to be part of the Property and any additional Lots reasonably anticipated to be added to the Property during the Fiscal Year to which the budget relates. In determining the budget for Attached Townhome Expenses, the budget shall be based on estimated Attached Townhome Expenses for the Attached Townhomes which have been declared to be part of the Property and have been conveyed by the Declarant or a Participating Builder and any additional Attached Townhomes reasonably anticipated to be added

to the Property and conveyed by the Declarant or a Participating Builder during the Fiscal Year to which the budget relates.

The budgets shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than the amount to be generated through Common Assessments and Attached Townhome Assessments.

The Board shall then establish the Common Assessments for each Lot and the Attached Townhome Assessment for each Attached Townhome and shall notify each Owner in writing of the amount, frequency, and due dates of such Assessments. The Board may round any Assessments charged by the Association to the nearest dollar.

The Board of Directors of the Association shall fix the date of commencement and the amount of the Assessments against each Lot or Attached Townhome for each Assessment period, to the extent practicable, at least thirty (30) days in advance of such date or period, except as to emergency Assessments. The Association shall at that time prepare a roster of the Lots, the Owners thereof and the Assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Owner or First Mortgagee. In the event no such notice of a new Assessment is given, the Assessment amounts payable shall be equal to the Assessment as established in the periodic budget last ratified pursuant to G.S. 47F-3-103(c).

No Assessment shall be due less than ten (10) days from the date of the notification of such Assessment.

11.6 Common Assessments. The Board of Directors shall assess all Lots for the actual and estimated Common Expenses incurred by the Association, which may include a reasonable reserve for capital repairs and replacements, all as may be determined from time to time by the Board of Directors in accordance with the Declaration. Unless the Initial Declaration, a Supplemental Declaration or any other recorded instrument shall provide otherwise, the Owner of a Lot shall become obligated to pay the full amount of the Common Assessment commencing on the day the Declarant or a Participating Builder conveys the Unit thereon to an Owner other than the Declarant or a Participating Builder. Prior to the time a Unit is constructed on a Lot and conveyed to a Person other than the Declarant or a Participating Builder, the Owner of a Lot shall be obligated to pay Common Assessments equal to fifty percent (50%) of the amount of the Common Assessment assessed against a constructed and conveyed Unit; provided, however, the Declarant may exercise its rights to pay the Operating Deficit under Section 11.22 in lieu of paying Common Assessments on its Lots. At the time that the budget for the Common Expenses is prepared by the Board as required by Section 11.5 above, the Board shall determine the amount of the Common Assessments that are applicable to each Lot for such Fiscal Year. In determining the amount of each Lot's Common

Assessment, the Board may also consider the estimated income from Common Assessments on any additional Lots reasonably anticipated to be added to the Property by the Declarant during the Fiscal Year to which the budget relates.

11.7 Special Assessments for Common Expenses. In addition to the Common Assessments on the Lots, the Board of Directors may assess, from time to time, Special Assessments to defray, in whole or in part, (.1) unbudgeted expenses or expenses in excess of the amounts budgeted for Common Expenses; (.2) expenses incurred by the Association for repair, replacement or reconstruction of any Improvements on any portion of the Common Areas or Association Property; (.3) expenses incurred by the Association for installation or construction of any Improvements in the nature of a capital improvement on any portion of the Common Areas or Association Property. In the event that the amount of the Special Assessments for Common Areas payable in any one Fiscal Year in the aggregate exceeds one hundred percent (100%) of the Common Assessments (including reserves) allocated to such Lot for the previous Fiscal Year, then such Special Assessments shall require the vote or written consent of a majority of the Board and the vote of a majority of the voting interests of the Owners present in person or by proxy at a duly called meeting of the Association. It is the intent of this Section that any expenses costing less than the aforesaid amount be paid for by Common Assessments, with an appropriate adjustment to the budget of the Association and the Common Assessments assessed thereunder, if necessary. No action authorized in this Section 11.7 shall be taken without the prior written consent of the Declarant as long as the Declarant or any of its affiliates owns any property in the Community.

11.8 Attached Townhome Assessments. The Board of Directors shall assess the Attached Townhomes for the actual and estimated Attached Townhome Expenses incurred by the Association for the benefit of Attached Townhomes or Owners within a particular Collection, which may include a reasonable reserve for capital repairs and replacements, all as may be determined from time to time by the Board of Directors in accordance with the Declaration. Unless the Initial Declaration, a Supplemental Declaration or any other recorded instrument shall provide otherwise, each Attached Townhome shall become obligated to pay the full amount of the Attached Townhome Assessment commencing on the day the Declarant or a Participating Builder conveys the Unit to an Owner other than the Declarant or a Participating Builder. Prior to the time an Attached Townhome is constructed on a Lot and conveyed to a Person other than the Declarant or a Participating Builder, the Owner of the Lot shall be obligated to pay Attached Townhome Assessments equal to fifty percent (50%) of the amount of the Attached Townhome Assessment assessed against a Unit; provided, however, the Declarant may exercise its rights to pay the Operating Deficit under Section 11.22 in lieu of paying the applicable Attached Townhome Assessments.

At the time that the budgets for Attached Townhome Expenses for each Collection are prepared by the Board as required by Section 11.5 above, the Board shall determine the amount of the Attached Townhome Assessments that

are applicable to the Lots in such Collection for such Fiscal Year. In determining the amount of a Lot's Attached Townhome Assessments, the Board may also consider the estimated income from Attached Townhome Assessments on any additional Lots designated for Attached Townhomes which are reasonably anticipated to be added to the Property by the Declarant during the Fiscal Year to which the budget relates.

11.9 Special Assessments for Attached Townhome Expenses. In addition to the Attached Townhome Assessments, the Board of Directors may assess, from time to time, Special Assessments on the Attached Townhomes to defray, in whole or in part, (.1) unbudgeted expenses or expenses in excess of the amounts budgeted for Attached Townhome Expenses; or (.2) expenses incurred by the Association for installation or construction of any Improvements in the nature of a capital improvement to the Attached Townhomes in connection with Attached Townhome Services. No action authorized in the preceding sentence shall be taken without the prior written consent of the Declarant as long as the Declarant or any of its affiliates owns any property in the Community. In the event of a casualty or loss and the insurance proceeds are insufficient to pay the Restoration Costs or in the event the damage or loss resulted from an uninsured loss, then the Association may assess a Special Assessment against the Owners of the damaged Attached Townhomes in the same proportion which the Restoration Costs attributable to their Attached Townhomes bears to all Restoration Costs of the damaged Attached Townhomes.

11.10 Individual Assessments. Each Owner shall be liable to the Association for all damage to any portion of the Common Areas, Association Property or other Lots resulting from misuse, negligence, failure to Maintain or otherwise caused by the Owner, its Permitted Users or the Tenants, contractors, subcontractors, licensees, invitees, employees, directors, officers, family members or guests of either. The Association shall have the right to levy an Individual Assessment therefor against such Owner or Owners. The Association may also levy an Individual Assessment against an Owner to reimburse the Association for costs incurred in any enforcement action or in bringing any Lot or Unit into compliance with the Governing Documents. To the extent permitted by law, such Individual Assessment shall be a lien against the Lot as provided in Article 11 hereof and shall be subject to the provisions of the Act relating to notice, filing of a claim of lien, collection and enforcement of delinquent Assessments.

11.11 Future Development Property. No Assessments shall be imposed against any portion of the Future Development Property unless and until such portion of the Future Development Property is declared to be a Lot in a Supplemental Declaration by the Declarant and Owner of the Future Development Property, if other than the Declarant.

11.12 Due Dates. The Common Assessments and Attached Townhome Assessments shall be payable in advance in quarterly installments, or if so determined by the Board of Directors in monthly, semi-annual or annual installments; provided,

however, the Board reserves the right to accelerate Assessments as provided in Section 11.16.2 below. The Board shall have the right to collect Attached Townhome Assessments at more frequent intervals than the Common Assessments are collected. The Assessment amount (and applicable installments) may be changed at any time by the Board from that originally stipulated or subsequently adopted. The original Common Assessments and Attached Townhome Assessments for any Fiscal Year shall be assessed for the Fiscal Year (but may be reconsidered and amended, if necessary, at any time), but the amount of any revised Assessments to be assessed during any period shorter than a full Fiscal Year shall be in proportion to the number of months (or other appropriate installments) remaining in such Fiscal Year. The due date of any Special Assessments (whether relating to a Common Area or Attached Townhomes) shall be fixed in the Board resolution authorizing such Assessment.

11.13 Ratification of Budgets. The Board of Directors shall adopt a proposed budget for the Association at least annually. Within thirty (30) days after the adoption of the proposed budgets for the Assessments, the Board shall provide to each Owner a copy of those budgets for the Assessment(s) applicable to the Owner's Lot together with a notice of an Owners' meeting to consider ratification of the budgets including a statement that the budgets may be ratified without a quorum. The Board shall set the date for such meeting not less than 10 days or more than 60 days after the mailing of the budgets and notice. Such meeting may, but need not be, combined with the annual meeting of the Owners. There shall be no requirement that a quorum of the Owners be present at the meeting in person or by proxy to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget for Common Expenses shall be deemed ratified unless at that meeting Owners having eighty percent (80%) or more of the total voting interests of the entire membership vote to reject such budget.

The budget for Attached Townhome Expenses, as determined by the Board of Directors will be deemed ratified unless Attached Townhome Owners having eighty (80%) percent or more of the total voting interests of the Attached Townhome Owners in a Collection vote at a duly called meeting of the applicable Attached Townhome Owners to reject the budget. Only the Owners of Attached Townhomes within a Collection will be eligible to vote on the budget for Attached Townhome Expenses for such Collection.

Notwithstanding the foregoing, in the event the proposed budgets are disapproved or in the event the Board of Directors fails for any reason to determine the annual budgets and to set the Assessments, then and until such time as the budgets and Assessment have been determined as provided herein, the budgets and Assessments will be the default budgets and default Assessments calculated in accordance with Section 11.14 of this Declaration.

The provisions of this Section shall not apply to, nor shall they be a limitation upon, any change in the Assessment incident to a merger or consolidation as provided in G.S. 47F-2-121 of the Act.

11.14 Determination of Default Budget and Default Assessments. Upon the failure of the Board of Directors to adopt a budget, or upon the rejection of any budget pursuant to Section 11.13, the default budgets and default Assessments will be the equal to the budgets and Assessments as established in the periodic budget last ratified pursuant to G.S. 47F-3-103(c).

11.15 Certificate of Payment. The Association shall, within ten (10) business days after receipt of a written request from an Owner, Mortgagee or the Owners authorized agent, and for such reasonable charge as the Board may determine, furnish a certificate signed by an officer of the Association, or by a Person or employee of any Person employed by the Association and to whom the Association has delegated the authority to issue such certificates, setting forth whether the Assessments and other charges against a specified Lot have been paid. If such certificate states that an Assessment has been paid, such certificate shall be conclusive evidence of payment and is binding on the Association, the Board, and every Owner.

11.16 Monetary Defaults and Collection of Assessments.

11.16.1 Late Fees and Interest. If any Assessment is not paid within twenty (20) days after the due date, the Association shall have the right to charge the defaulting Owner a late fee of ten percent (10%) of the amount of the Assessment or Twenty ($20.00) Dollars, whichever is greater, plus interest at the rate of eighteen percent (18%) per year or the highest rate of interest allowed by the Act (whichever is lower) from the due date until paid. If there is no due date applicable to any particular Assessment, then the Assessment shall be due twenty (20) days after written demand by the Association.

11.16.2 Acceleration of Assessments. If any Owner is in default in the payment of any Assessment owed to the Association for more than thirty (30) days after written demand, the Association shall have the right to accelerate and require such defaulting Owner to pay to the Association the Assessments for the balance of the Fiscal Year, based upon the then existing amount and frequency of such Assessments. In the event of such acceleration, the defaulting Owner shall continue to be liable for any increases in the Assessments and for all other amounts payable to the Association.

11.16.3 Effect of Non-Payment; Lien Rights. No Owner shall be exempt from liability for any Assessment for reason of non-use of the Common Area or such Owners Lot, or abandonment or leasing of such Owners Lot, or unavailability of the use or enjoyment of the Common Area.

All Assessments and other charges shall be established and collected as provided in the Declaration. All Assessments and other charges

remaining unpaid for thirty (30) days or longer, together with late charges, interest, and the costs of collection thereof, including attorneys' fees, shall be charged on the Owner's Lot as provided in G.S. 47F-3-116 of the Act and, upon filing of a claim of lien in the office of the clerk of Superior Court of the County in the manner provided in G.S. 47F-3-116, shall be a continuing lien upon the Lot against which such Assessment is made until paid in full. The Association shall be obligated to comply with all conditions precedent set forth in the Act to filing a claim of lien for Assessments. The lien may be foreclosed by the Association in any manner permitted under the Act or by law. When the holder of a First Mortgage or other purchaser of a Lot who obtains title to the Lot as a result of a foreclosure of a First Mortgage, such purchaser and its successors and assigns shall not be liable for the Assessments and other charges against such Lot which became due prior to the acquisition of title to such Lot by such purchaser. Each Assessment and other charges due hereunder, together with late charges, interest, the costs of collection thereof, including attorneys' fees, shall also be the personal obligation or corporate obligation of each Person who was Owner of the Lot at the time when the Assessment or other charge first became due and payable and may be collected by appropriate action at law. If more than one Person held an ownership interest in the Lot at the time the Assessment or other charge first became due, then each Person shall be both jointly and severally liable. An Owner's personal obligation for payment of such Assessments and other charges shall not become the personal obligation of a subsequent Owner unless expressly assumed by the subsequent Owner, although the lien shall continue against the Lot until the amounts due are paid. Upon payment in full of all sums secured by the lien, the Person making the payment is entitled to a satisfaction of the lien.

11.16.4 Collection and Foreclosure. The Association may bring an action in its name to foreclose its lien for Assessments in the manner a mortgage on real property is foreclosed pursuant to a power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes. If the debt consists solely of fines imposed by the Association or of service, collection, consulting, or administrative fees not authorized in the Declaration, then the Association may bring an action in its name to foreclose its lien for such Assessments by judicial foreclosure as provided in Article 29A of Chapter 1 of the North Carolina General Statutes. The Association may also bring an action at law against the Owner(s) personally obligated to pay the Assessments due the Association to recover a money judgment for such unpaid Assessments without waiving any claim of lien. The Association shall have such other remedies for collection and enforcement of Assessments as may be permitted by applicable law. All remedies are intended to be and shall be cumulative. The Association may pursue one or more of such remedies at the same time or successively. The

Owner shall be liable to the Association for all costs and expenses incurred by the Association in connection with the collection of the Assessments due the Association, and the filing, administration, enforcement, or foreclosure of the Association's lien, including reasonable attorneys' fees and costs and costs of the action, in accordance with G.S. 47F-3-116 and all sums advanced and taxes paid and payments made on account of superior Mortgages, liens or encumbrances by the Association in order to preserve and protect the Association's lien. In the event a judgment is obtained, such judgment shall include all amounts provided above. The Association shall also be entitled to attorneys' fees and costs in connection with any alternative dispute resolution or appellate proceedings. The Board is authorized to settle and compromise the Association's lien if the Board deems a settlement or compromise to be in the best interest of the Association.

11.16.5 Rental and Receiver. The Association shall be entitled to the appointment of a receiver to collect the rent (.1) if the Unit is leased during the pendency of the foreclosure; or (.2) if an Owner, any family member or Permitted User remains in possession of a Unit after the claim of lien against a Unit is foreclosed, and the court in its discretion requires the Owner to pay a reasonable rental for the Unit.

11.16.6 Suspension of Rights of Delinquent Owner. In addition to any other rights and remedies of the Association as set forth in this Article 11, in the event an Owner is delinquent in payment of Assessments or other monetary obligations to the Association for more than thirty days (30) days, the Association may suspend: (.1) the voting rights of such Owner in Association matters, (.2) the right of such Owner, its family members, Permitted Users, licensees or invitees to use the Common Areas, Association Property and/or common facilities, and (.3) any "non-essential services" which are provided to, by, or on behalf of the Association to such Owner, its family members, Permitted Users, licensees or invitees until such time the Owner pays in full all obligations due to the Association, including delinquent Assessments, Prior to suspension of the foregoing rights, the Association shall give the Owner written notice of the delinquency, an opportunity to be heard, to present evidence and written notice of the decision in accordance with Article 13. For the purposes of this Declaration, "non-essential services" shall be defined as those facilities, services or amenities that are not absolutely necessary or crucial to the health or safety of the Owner, or Common Areas that are not required for legal access to or drainage for the Unit. Examples of non-essential services include cable, internet, telecommunications and wireless local area network system ("Wi-Fi") services, recreational facilities, and other facilities, services or amenities provided to, by or on behalf of the Association within the Common Areas or the Association Property,

Lot Landscaping, Attached Townhome Services (as to the Attached Townhomes) either now or in the future, or such other facilities, services or amenities provided to, by or on behalf of the Association within the Common Areas or the Association Property as are designated as "non-essential services" in writing by the Board of Directors from time to time in its reasonable discretion.

11.17 Collection of Assessments. The Association shall have the legal duty and responsibility to collect and enforce payment of the Assessments owed to the Association by the Owner. Failure to send or deliver bills or notices of Assessments shall not relieve Owners from their obligations hereunder. All Assessments owed by the Owner of a Lot, together with late fees, interest, penalties, fines, attorneys' fees and other sums provided for herein shall accrue to the benefit of the Association.

Any fine imposed shall be subject to any cap set forth in the Act.

11.18 Priority of Liens. To the extent allowed by law, the Association's lien shall relate back to the recording of the Initial Declaration in the Registry. Any unpaid Common Assessments or Special Assessments for Common Expenses which cannot be collected as a lien against any Lot by reason of the provisions of this Section shall be deemed to be a Common Expense divided among, payable by and a lien against all Lots, including the Lot as to which the foreclosure (or deed in lieu of foreclosure) took place. Any unpaid Attached Townhome Assessment or Special Assessment for Attached Townhome Expenses which cannot be collected as a lien against any Attached Townhome by reason of the provisions of this Section shall be deemed to be an Attached Townhome Expense divided among, payable by and a lien against all Attached Townhomes, including the Attached Townhome as to which the foreclosure (or deed in lieu of foreclosure) took place.

11.19 Association's Right to Collect Rents. To the extent not prohibited by law, if a Unit is occupied by a Tenant and the Owner is delinquent in paying any monetary obligation due to the Association, the Association may make a written demand that the Tenant pay to the Association the subsequent rental payments and continue to make such payments until all monetary obligations of the Unit Owner related to the Unit have been paid in full to the Association. The Tenant must pay the monetary obligations to the Association until the Association releases the Tenant or the Tenant discontinues tenancy in the Unit.

11.19.1 The Association must provide the Tenant a notice, by hand delivery or United States mail, in substantially the following form:

Pursuant to Section 11.19 of the Declaration of Covenants, Restrictions and Easements for 2018 Market, the Association demands that you pay your rent directly to the Association and continue doing so until the Association notifies you otherwise.

Payment due the Association may be in the same form as you paid your landlord and must be sent by United States mail or hand delivery to ...(full address)...payable to...(name)...

Your obligation to pay your rent to the Association begins immediately, unless you have already paid rent to your landlord for the current period before receiving this notice. In that case, you must provide the Association with written proof of your payment within 14 days after receiving this notice and your obligation to pay rent to the Association would then begin with the next rental period.

11.19.2 The Association must mail written notice to the Owner of the Association's demand that the Tenant make payments to the Association.

11.19.3 The Association shall, upon request, provide the Tenant with written receipts for payments made.

11.19.4 The Owner/Landlord hereby releases and waives any claim against the Tenant and Association related to the rent paid by the Tenant to the Association after the Association has made written demand on the Tenant as a result of the Owner's delinquency in paying any monetary obligation due the Association. Each Owner/Landlord hereby indemnifies and agrees to hold harmless the Tenant, Association and its officers and directors from any and all claims, liabilities, losses, costs, injuries, and expenses (including attorneys fees and costs at trial and appellate levels) arising out of or related to any claim related to the rent paid by the Tenant to the Association after the Association has made written demand.

11.19.5 If the Tenant paid rent to the Owner/Landlord for a given rental period before receiving the demand from the Association and provides written evidence to the Association of having paid the rent within fourteen (14) days after receiving the demand, the Tenant shall begin making rental payments to the Association for the following period and shall continue making rental payments to the Association to be credited against the monetary obligations of the Unit Owner until the Association releases the Tenant or the Tenant discontinues tenancy in the Unit.

11.20 Use of Common Areas. In addition to the rights of collection of Assessments stated in this Article, any Person acquiring title to or any interest in a Lot as to which the Assessments are delinquent, other than Persons acquiring title by foreclosure of a First Mortgage pursuant to a power of sale or judicial foreclosure or by or deed in lieu of foreclosure, shall not be entitled to use, occupy, or lease

such Lot or enjoy the Common Areas until such time as all unpaid and delinquent Assessments due and owing from the selling Owner have been fully paid.

11.21 Common Areas and Certain Other Property. The following property shall be exempt from payment of Assessments: Common Areas, parks and similar open spaces, land owned by or dedicated to the Town or County or any other governmental entity and any land owned by a publicly-regulated utility company as long as such land is used for or in connection with the provision of utilities (exclusive of business offices, retail outlets and the like). In the event of any ambiguity or doubt as to whether any particular open space or other land is subject to assessment, the determination of the Declarant (or, if there is no Class B Voting Member, the Board of Directors of the Association) shall be final and conclusive (and not subject to later change unless the use of the property in question changes).

11.22 Declarant's Right to Fund Deficits Credit for Overpayments. During the Declarant Control Period, Declarant shall have the right to pay Assessments on its Lots at the applicable rates or to fund any Operating Deficit. In the event the Declarant elects to fund the Operating Deficit, the Declarant, at its option, may fund it by any one or more of the following means: (.1) payment to the Association; (.2) payment directly to a Person providing the services or materials to the Association, or (.3) providing, directly or indirectly, to or for the Association, services or materials related to Common Expenses (the value of which shall be determined by the Board in its reasonable discretion, giving due consideration to what the fair market value of such services or materials would be if they had been furnished by a Person other than Declarant). Declarant may change its election from time to time upon ninety (90) days prior written notice to the Association.

Declarant's election to fund Operating Deficits may be enforced against the Declarant and collected by the Association in the same manner as enforcement and collection of Assessments applicable to other Owners.

At the end of the Declarant Control Period, in the event Declarant elected to fund the Operating Deficit and Declarant's payments to the Association exceed its obligation thereunder, the Declarant, at its sole option, shall be entitled to receive from the Association either a refund of the amount of its overpayment or a credit toward payment of Assessments due and payable by Declarant thereafter for Lots owned by Declarant until the overpayment has been credited in full. Declarant may not charge or collect interest or any other charge or fee on any monies paid by the Declarant for Operating Deficits.

11.23 Association Working Capital Fund. The Declarant shall establish in the name of the Association a fund ("Association Working Capital Fund") for the purpose of having funds available for initial and non-recurring items, capital expenses, permit fees, licenses, utility deposits, advance premiums for insurance policies and coverages and other expenses for operation of the Association pursuant to this Declaration. Each Unit's Working Capital Contribution shall be collected at the

time of closing or settlement of the sale of the Unit and transferred to the Association within ten (10) days thereafter. The Association shall have a lien against the Unit in the event the Working Capital Contribution for the Unit is not received by the Association within ten (10) days after closing or settlement of such Unit as provided in Article 11 and subject to the provisions of the Act relating to notice, filing of a claim of lien, collection and enforcement of delinquent amounts due the Association. A Unit's Working Capital Contribution shall not be considered as advance payment of Common Assessments and Attached Townhome Assessments (if applicable). Notwithstanding the foregoing, the Declarant shall have the right to use the Association Working Capital Fund to pay for Common Expenses and Attached Townhome Expenses of the Association during the Declarant Control Period. In the event the Declarant, a Participating Builder or purchasing Owner fails to satisfy its obligations under this Section 11.23, the defaulting party shall indemnify the Association for the amount of the Unit's Working Capital Contribution which such purchasing Owner failed to pay or which the Declarant or Participating Builder failed to collect and transfer to the Association hereunder.

11.23.1 Initial Working Capital Contribution. Each time the Declarant conveys a Unit to a purchaser other than a Participating Builder, the Declarant shall collect from the purchaser of the Unit an amount equal to:

- *Single Family Detached Homes*: **$200.00** (master capital contribution)
- *Attached Townhomes*: **$200.00** (master capital contribution) and **$250.00** (Attached Townhome capital contribution)

assessed by the Association to the purchaser's Unit (collectively, the master capital contribution and, where applicable, the Attached Townhome capital contribution, the "Working Capital Contribution").

Each time a Participating Builder conveys a Unit to a purchaser, the Participating Builder shall collect from the purchaser of the Unit the amount of the Unit's applicable Working Capital Contribution.

11.24 Declarant Subsidy. Declarant may, but shall not be obligated to, reduce the Assessments by payment of a subsidy, which may be in the form of a contribution, a loan, in-kind services or an advance against future Assessments due from the Declarant, in Declarant's sole and absolute discretion. Payment of such subsidy in any Fiscal Year shall not obligate the Declarant to continue the subsidy in future Fiscal Years unless expressly provided in a written agreement with the Association.

11.25 Association Funds. Amounts collected by the Association shall be held by the Association in accounts clearly identified as the Association's and may be invested in interest bearing accounts or in certificates of deposit or other like

instruments or accounts available at banks and financial institutions, the deposits of which are insured by an agency of the United States.

11.26 Act controls. In the event of conflict between any provisions of this Declaration and the Act, the Act controls; provided, however, where the Act allows the Declaration to vary from the Act, such variance as provided in this Declaration controls.

12. CERTAIN RESTRICTIONS, RULES AND REGULATIONS

12.1 Applicability. The provisions of this Article 12 shall apply to all of the Lots and Common Areas and the use thereof but shall not apply to the Declarant or its designees. Nor shall this Article 12 apply to any Participating Builder who purchase Lots or portions of the Property from Declarant and is expressly exempted by Declarant from all or some of the provisions of this Article.

12.2 Land Use and Building Type. Each Lot and Unit constructed thereon shall be used solely for residential purposes, except for such ancillary or other commercial uses permitted by applicable zoning codes and other laws and ordinances. However, without limiting the generality of Section 12.1, Declarant, its affiliates, Declarant's Permittees and Participating Builders may use Lots and Units for model homes, sales displays, parking lots, sales offices, rental and resale offices, management offices and other offices, or any one or any combination of such uses. No changes may be made in Units erected or approved by the Declarant (except if such changes are made by the Declarant) without the consent of Declarant and the ARB as provided herein.

12.3 Easements. Easements for installation and Maintenance of utilities are reserved as shown on the recorded Subdivision Plats covering the Property and as provided herein. The area of each Lot covered by an easement and all Improvements in the area shall be Maintained continuously by the Owner of the Lot, except as provided herein to the contrary and except for installations for which a public authority or utility company is responsible. The appropriate utility companies, telecommunications providers, the Association, and Declarant and its affiliates, and their respective successors and assigns, shall have a perpetual easement for the Maintenance of water, sewers, storm sewers, electric, gas, telecommunications and cable television lines, cables and conduits, under and through the utility easements as shown on a Subdivision Plat or otherwise recorded in the Registry.

12.4 Nuisances. No noxious, offensive or unlawful activity shall be carried on upon the Property, nor shall anything be done thereon which may be or may become an annoyance or nuisance to other Owners.

12.5 Temporary Structures. No structure of a temporary character, trailer, mobile home or recreational vehicle shall be permitted on any Lots at any time or used at any time as a residence, either temporarily or permanently, except by the Declarant, its affiliates, Declarant's Permittees on Participating Builders during construction.

12.6 Signs and flags. No sign, poster, display or billboard of any kind shall be displayed to the public view on any Lot, entryways or outside walls of any Unit, any fences on the Property, any Common Areas, dedicated areas, or any vehicles within the Property, except for the following signs: (.1) any signs regardless of size used by the Declarant and their respective affiliates or as authorized by Declarant or ARB (in locations and in accordance with applicable design standards); (.2) one sign per Lot not to exceed 144 square inches indicating that the Unit is monitored by an alarm or monitoring service; or (.3) not more than two (2) "political signs" per Lot as defined in G.S. 47F-3-121(2), the maximum dimensions of any such sign shall not exceed twenty-four (24) inches by twenty-four (24) inches. Political signs may not be displayed on a Lot earlier than forty-five (45) days before the applicable election and must be removed not later than seven (7) days after the election day. No sign of any kind which shall be visible outside the Unit shall be permitted inside a Unit or on a Lot, except as authorized by Declarant or ARB (in locations and in accordance with applicable design standards). So long as Declarant (or any of its affiliates) owns any portion of the Community, Declarant may authorize Declarant, its affiliates, Declarant's Permittees or Participating Builders to place signs on the Property in connection with construction, sales, leasing, resales and other marketing activities.

The Association shall enact rules and regulations governing flags consistent with Section 47F-3-121.

12.7 Pets, Livestock and Poultry. Not more than three (3) household pets may be kept in any Unit (regardless of the number of joint Owners or Permitted Users). Any pets permitted under this Section 12.7 shall only be allowed to remain in the Unit if such pet is (.1) [intentionally deleted], (.2) not left unattended on patios or terraces, (.3) not kept or maintained for commercial purposes or breeding, and (.4) generally, not a nuisance to Owners or Permitted Users of other Units or Lots. No reptiles, wildlife, livestock or poultry of any kind shall be kept on any Lot or any Common Areas. This prohibition applies to chicken, whether enclosed in a chicken coop or not. This prohibition also applies to goats. Any exception to the pet restrictions set forth in this Declaration must be approved by the Board, shall apply only to the specific pet and the justification for the exception and the Owner to which it applies must be set forth in writing and become a part of the official records of the Association.

All pets must be kept on a leash of a length that affords reasonable control over the pet at all times when outside the Unit. No household pets shall be permitted to leave excretions on any Common Areas, except areas designated by the Association, and Owners shall be responsible to clean up any such improper excretions. For purposes hereof, "household pets" means dogs, cats and other animals expressly permitted by the Association, if any. Nothing contained herein shall prohibit the keeping of fish or domestic (household type) birds, as long as the latter are kept indoors and do not become a source of annoyance to neighbors. By acceptance of a deed, any Owner who keeps or maintains (or whose Permitted User keeps or maintains) a pet within the Property agrees to indemnify and hold

harmless Declarant and all other Owners from and against any loss, claim or liability of any kind or character whatsoever arising by reason of keeping or maintaining such pet within the Property. Pets shall also be subject to all applicable rules.

12.8 Commercial Trucks, Trailers, Campers and Boats.

12.8.1 Within Lots. No campers, mobile homes, motorhomes, boats, house trailers, boat trailers, or trailers of every other description shall be permitted to be parked or to be stored at any place on any Lot, except (.1) during the periods of approved construction on a Lot or (.2) when stored out of view in an enclosed garage on such Lot. Small pick-up trucks (one ton or less), sports utility vehicles and/or vans of the type commonly used as private passenger vehicles may be parked or stored in approved parking areas on such Lot, so long as no commercial equipment and no sign, lettering, graphics or logo referring to any commercial undertaking or enterprise is exposed to view. Commercial vehicles shall not be permitted to be parked or stored on a Lot unless that the commercial vehicle is stored out of view in an enclosed garage on such Lot. The term "commercial vehicle" shall include all automobiles, trucks, vans, sports utility vehicles or other vehicles designated by the Board, including station wagons, which bear a sign, lettering, graphics or logo or shall have printed thereon some reference to any commercial undertaking or enterprise. These restriction on parking shall not apply to temporary parking of trucks and commercial vehicles, such as for pick-up, delivery, and other commercial services or to law enforcement vehicles of an Owners or Permitted User of a Unit. No vehicle which is unlicensed or inoperable may be kept or stored on the Property except out of view in an enclosed garage on a Lot. No repair work to any type of motor vehicle, boat or trailer shall be conducted on any Lot other than minor repairs, cleaning or waxing which is completed in less than twenty-four (24) hours.

12.8.2 Common Areas. Restrictions on commercial vehicles, campers, mobile homes, motorhomes, boats, house trailers, boat trailers, or trailers (particularly as to the parking or storage thereof) shall be imposed and enforced by the Association; provided, however, that no commercial vehicles, campers, mobile homes, motorhomes, boats, house trailers, boat trailers, or trailers shall be parked or stored within the Common Areas if the Association prohibits such parking or storage by regulation or otherwise.

Subject to applicable laws and ordinances, any vehicle parked in violation of these or other restrictions contained herein or in the rules and regulations now or hereafter adopted by the Board may be towed by the Association at the sole expense of the owner of such vehicle if such vehicle remains in violation for a period of two (2) or more hours

from the time a notice of violation is placed on the vehicle. The Association shall not be liable to the owner of such vehicle for trespass, conversion or otherwise, nor guilty of any criminal act, by reason of such towing and once the notice is posted, neither its removal, nor failure of the owner to receive it for any other reason, shall be grounds for relief of any kind. An affidavit of the Person posting the aforesaid notice stating that it was properly posted shall be conclusive evidence of proper posting.

12.9 Garbage and Trash Disposal. No garbage, refuse, trash or rubbish shall be deposited except as permitted by the Association. The requirements from time to time of the applicable governmental authority, trash collection company or the Association (which may, but shall not be required to, provide solid waste removal services) for disposal or collection of waste shall be complied with. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. All solid waste containers shall comply with the standards adopted by the Association (or the ARB) for such containers (the later to control over the former in the event of conflict).

12.10 Alleys. All alleys are Limited Common Areas and shall be used for ingress and egress only to the garages which they serve and for the furnishing of services by the Association, its agents, vendors or contractors to the Units and Common Areas. The alleys shall at all times be free from obstructions. No parking, stopping, recreational activities, dumping or storage shall be permitted in any alley. The speed limit for all vehicles using the alleys shall be twelve (12) miles per hour.

12.11 Sight Triangles. The Subdivision Plat(s) may identify certain Lots and Common Areas as being subject to "sight triangles" ("Sight Triangles"). As to any Lot or Common Area subject to a Sight Triangle, no sight obstructing or partially obstructing wall, fence, foliage, berm, parked vehicle or sign between two (2) feet and eight (8) feet tall, as measured above the curb line elevation or the nearest traveled way if no curb exists shall be placed within any area designated on a Subdivision Plat as a Sight Triangle or other similar designation. An easement is reserved over all Sight Triangles for the benefit of the Declarant, Association, Town and their respective agents and contractors for the purpose of removing any such obstruction. A person entering onto a Lot or Common Area pursuant to such easement for the purpose of removing such obstruction shall not be deemed a trespasser and shall not be liable for damages to the Association or Owner of the Lot with respect to the obstruction removed from the Sight Triangle. It shall be the responsibility of the Association as to Common Areas or Owner as to his or her Lot, as soon as reasonably practicable following removal of any obstruction from the Sight Triangle, to restore the portion of the Property previously occupied by the removed obstruction to the condition required or permitted by the Code and the Governing Documents.

12.12 Seasonal or Holiday Decorations. Seasonal or holiday decorations (e.g., Christmas trees and lights, pumpkins, Easter decorations) shall be removed from each Unit within a reasonable period of time after such holiday passes. The Declarant during the Declarant Control Period and thereafter the Board has the sole discretion to determine what is a reasonable period of time for seasonal or holiday decorations to exist after the holiday passes and its determination shall be final. The Board shall have the right to require an Owner or Permitted User to remove seasonal or holiday decorations which create a nuisance in the reasonable judgment of the Board.

12.13 Exterior Antennas etc. No exterior antenna satellite dishes or similar equipment shall be installed on any Lot, Common Area, or Improvement thereon, unless such antennae, satellite dishes and similar equipment are approved by the ARB and conform to the conditions and requirements imposed by the ARB. No radio or shortwave operations of any kind shall be permitted to operate on any Common Areas or any Unit. The Declarant may erect an antenna or a master antenna or a cable television antenna for the use of all the Owners, and Declarant grants and hereby reserves easements for such purposes as more particularly set forth in Article 15. Notwithstanding the foregoing, to facilitate compliance with The Telecommunications Act of 1996, the following provisions apply to installation of DBS, MDS, ITFS, and LMDC dishes less than one (1) meter in diameter, and TVBS antennas:

12.13.1 No payment of any fee shall be required as a condition of installation.

12.13.2 Any installation must be placed on the Lot in a location which in not visible from any street, unless such placement would: (a) unreasonably delay or prevent installation, Maintenance or use; or (b) unreasonably increase the cost of installation, Maintenance or use; (c) preclude reception of an acceptable quality signal.

12.13.3 The Owner must take reasonable measures to screen the installation. "Reasonable" means an installation which is consistent with the overall landscape standards of the Community, but does not (a) unreasonably delay or prevent installation, Maintenance or use, (b) unreasonably increase the cost of installation, Maintenance of use; or (c) preclude reception of an acceptable quality signal.

12.14 Trees, Shrubs and Artificial Vegetation. No tree or shrub, the trunk of which exceeds two (2) inches in diameter, may be cut down, destroyed or removed from any Lot without the prior approval of the ARB. No artificial grass, plants or other artificial vegetation or sculptural landscape decor shall be placed or maintained upon the exterior portion of any Lot without the prior approval of the ARB.

12.15 Games and Play Structures. No play or game structures including basketball hoops or tennis courts shall be located on any Lot unless approved in advance by the ARB. Additionally, no platform, doghouse, playhouse, storage shed or

auxiliary structure of any kind or nature shall be constructed on any part of a Lot unless approved in advance by the ARB.

12.16 Fences and Walls. The composition, location, color and height of any fence or wall to be constructed on any Lot is subject to the approval of the ARB. The ARB shall, among other things, require that the composition of any fence or wall be consistent with the material used in the surrounding buildings and other fences, if any. Declarant hereby discloses that its present intent is to permit only black aluminum fencing, although Declarant reserves the right to change the type of fencing permitted in its sole discretion. No chain link fences shall be permitted on any Lot or portion thereof, unless installed by Declarant, its affiliates, Declarant's Permittees or Participating Builders during construction periods or as otherwise approved by Declarant or the ARB.

Declarant hereby discloses that it does not intend to permit fencing for any part of the Attached Townhomes.

12.17 Utility Connections. Permanent building connections for all utilities installed after the date hereof, including water, electricity, gas, telecommunications and television, shall be run underground from the proper connecting points to the structure in such a manner to be acceptable to the Town and applicable utility. The foregoing shall not apply, however, to transmission lines, transformers and other equipment installed by public utility companies.

12.18 Off-Street Motor Vehicles. No motorized vehicle may be operated off of paved roadways and drives except as specifically approved in writing by the Declarant or Association for the purpose of Maintenance or similar purposes and except as operated by the Association, Declarant or their respective contractors, subcontractors or designees.

12.19 Additional Use Restrictions. The Board of Directors of the Association may adopt such additional use restrictions, rules or regulations, applicable to all or any portion of the Property. The Association may waive or modify application of those use restrictions which it has authority to enforce with respect to any Lot(s) or Unit(s) as the Board deems appropriate.

12.20 Exemption for Declarant. To enable the development of the Property as a fully occupied residential community, neither the Association, nor any Owner shall do anything to interfere with the activities of the Declarant. For so long as the Declarant owns any property within the Community, nothing in the Governing Documents shall be understood or construed to :

12.20.1 Prevent Declarant, its successors or assigns, or its contractors or subcontractors, from doing on any property owned or controlled by Declarant, or its successors or assigns whatever they determine to be necessary or advisable in connection with the completion of the development of the Property, including the alteration of its

construction plans and designs as Declarant deems advisable in the course of development. (All models or sketches showing plans for future development of the Property may be modified by the Declarant at any time and from time to time, without notice);

12.20.2 Prevent Declarant, its successors or assigns, or their respective contractors, subcontractors or representatives, from erecting, constructing and Maintaining on any property owned or controlled by Declarant, or its successors or assigns, such structures as may be reasonably necessary for completing said development and establishing the Property as a community and disposing of the same by sale, lease or otherwise;

12.20.3 Prevent Declarant, its successors or assigns, or its contractors or subcontractors, from conducting on any property owned or controlled by Declarant, or its successors or assigns, the business of developing, subdividing, grading and constructing Improvements in the Property, or of disposing of Lots and/or Units by sale, lease or otherwise;

12.20.4 Prevent Declarant, its successors or assigns, from determining in their sole discretion the nature of any type of Improvements to be initially constructed as part of the Property;

12.20.5 Prevent Declarant, its successors or assigns or its or their contractors or subcontractors, from Maintaining such sign or signs on any property owned or controlled by Declarant, or its successors or assigns as may be necessary in connection with the operation of any of the Property owned or controlled by Declarant, or its successors or assigns, and the sale, resale, lease or other marketing of Lots and/or Units;

12.20.6 Prevent Declarant, or its successors or assigns from filing Supplemental Declarations which modify or amend the Declaration, or which add or withdraw additional property as otherwise provided in the Declaration; or

12.20.7 Prevent Declarant from modifying, changing, re-configuring, removing or otherwise altering any Improvements located on the Common Areas.

In general, the Declarant shall be exempt from all restrictions set forth in the Declaration to the extent such restrictions interfere in any matter with Declarant's plans for construction, development, use, sale, leasing, resale or other disposition of the Property.

13. COMPLIANCE AND ENFORCEMENT

13.1 Compliance by Owners. Every Owner, and its Permitted User, Tenant, Guest, invitee, officer, employee, contractor, subcontractor and agent shall comply with the

Governing Documents. No immunity, exculpation or indemnification provision of this Declaration shall relieve one or more Owners from its liabilities as an Owner under this Declaration and other Governing Documents.

13.2 Enforcement. Failure to comply with any of the Governing Documents shall be grounds for immediate action which may include an action to recover sums for damages, injunctive relief or any combination thereof.

13.3 Individual Assessments; Suspension of Rights. In addition to all other remedies and to the maximum extent lawful, and in compliance with the Act, the Board of Directors of the Association shall have the right to (.1) impose Individual Assessments for fines on an Owner for failure of an Owner or any of the other parties described in Section 13.1 to comply with the Declaration or with any rule or regulation, or (.2) suspend the rights of an Owner whose Assessments are more than 30 days delinquent; provided that no suspension of rights shall occur or Individual Assessments for fines shall be imposed without **first** providing notice of the charge, opportunity to be heard and to present evidence, and notice of the decision as required by G.S. 47F-3-107.1 of the Act.

13.3.1 Payment of Individual Assessments. Individual Assessments shall be paid not later than fifteen (15) days after notice of the imposition or assessment of the fines.

13.3.2 Collection of Individual Assessments. As to Owners, to the extent no prohibited by law, Individual Assessments shall be treated as a lien for Assessments subject to requirements of the Act for perfecting a lien and the provisions of Article 11 for the collection of Assessments.

13.3.3 Application of Individual Assessments. All monies received from Individual Assessments shall be allocated as determined by the Association.

13.3.4 Non-exclusive Remedy. The imposition of an Individual Assessment or suspension of rights shall not be construed to be exclusive and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; however, any Individual Assessment paid by the offending Owner shall be deducted from or offset against any damages which the Association may otherwise be entitled to recover by law from such Owner.

14. DEVELOPMENT REVIEW; GENERAL POWERS

The following provisions of this Article 14 are subject to those of Article 15 hereof.

14.1 Members of ARB. The Architectural Review Board of the Association, which is sometimes referred to in the Declaration as the "ARB", shall initially consist of three (3) members. The Declarant shall be entitled to appoint all members of the ARB for so long as Declarant (or any of its affiliates) owns any portion of the

Community. After the Declarant no longer owns any portion of the Community, the Board of Directors shall have the right to change the number of, appoint and remove all members of the ARB. Each new member of the ARB shall be appointed by the Board of Directors and shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein.

The members of the ARB shall not be compensated for their services as such, although they may be reimbursed for their reasonable out of pocket expenses incurred in connection with the performance of their duties under the Declaration. Such expenses shall be a Common Expense of the Association. The ARB may, with the approval of the Board of Directors as to amounts, require the payment of a nonrefundable filing fee as a condition to the consideration of any matter presented to it, such fees to be applied to expenses of the ARB (including overhead, development, review, enforcement and other Association expenses reasonably allocable to the ARB) and fees for professional services and consultants. In addition, the Board of Directors may require, at its sole discretion, that a structural engineer, architect, or other professional review proposed construction, with such review to be at the Owner's sole expense.

In addition to the power and duties set forth herein, the ARB shall have the right and duty to enforce such design and development review, architectural control, Maintenance and other requirements and restrictions imposed on any portion of the Property by Declarant as Declarant may, in its sole discretion, elect to have it enforce (subject at all times to Declarant's right to modify or revoke such right and duty). Such election may be made by Declarant by means of deed restrictions, contract or by way of an exclusive or non-exclusive assignment of Declarant's rights to enforce same. Further, Declarant may provide for specific criteria and procedures to be used by the ARB in such regard (subject to later modification). Absent such provision the ARB shall proceed in the manner set forth in this Article.

14.2 Review of Proposed Construction. Subject to Section 14.8 below, no Unit, fence, wall or other structure or Improvement (including landscaping, basketball hoops, birdhouses, other pet houses, asphalting or other improvements or changes thereto of any kind) shall be commenced, altered, removed, painted, erected or Maintained on any Lot or Common Area, nor shall any addition, removal, change or alteration (including paint or exterior finishing) visible from the exterior of any Unit be made, nor shall any awning, canopy or shutter be attached to or placed upon outside walls or roofs of Units or other Improvements, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same have been submitted to, and approved in writing by the ARB. The ARB shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alteration, removal or addition contemplated thereby in the location(s) indicated will not be detrimental to the appearance of the Community as a whole, and that the appearance of any structure affected thereby will be in harmony with the surrounding structures and is otherwise

desirable. The ARB may condition its approval of proposals and plans and specifications as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The ARB may also issue rules or guidelines setting forth procedures for the submission of plans for approval. The ARB may require such detail in plans and specifications submitted for its review as it deems proper, including floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors. Until receipt by the ARB of any required plans and specifications, the ARB may postpone review of any plans submitted for approval. Upon such receipt, the ARB shall have thirty (30) days in which to accept, accept with conditions or reject any proposed plans. If the ARB does not reject the plans and specification within such period, they shall be deemed approved.

All changes and alterations shall also be subject to all applicable permit requirements, to all applicable governmental laws, statutes, ordinances, rules, regulations, orders and decrees.

14.3 Meetings of the ARB. The ARB shall meet from time to time as necessary to perform its duties hereunder. The ARB may from time to time, by resolution unanimously adopted in writing, designate an ARB representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the ARB, except the granting of variances or exemptions from the requirements of this Article 14. In the absence of such designation, the vote of any two (2) members of the ARB shall constitute an act of the ARB.

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

14.5 Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

14.5.1 Upon the completion of any work for which approved plans are required under this Article, the Owner shall give written notice of completion to the ARB.

14.5.2 Within sixty (60) days thereafter, the ARB or its duly authorized representative may inspect such Improvement. If the ARB finds that such work was not effected in substantial compliance with the approved plans, it shall notify the Owner in writing of such noncompliance within such sixty (60) day period, specifying the particulars of noncompliance, and shall require the Owner to remedy them.

14.5.3 If the Owner fails to correct such noncompliance within thirty (30) days from the date of notice, the ARB shall notify the Board in writing of such failure. The Board shall then determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall correct or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may either remove the non-complying Improvement or correct the noncompliance. The Owner shall reimburse the Association upon demand for all expenses incurred in connection therewith, plus an administrative charge to be determined by the Association (to cover the Association's administrative expenses in connection with the foregoing and to discourage the Owner from failing to comply). If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy Individual Assessments against the Owner and his Lot for reimbursement.

14.5.4 If for any reason the ARB fails to notify the Owner of any noncompliance within sixty (60) days after receipt of written notice of completion from the Owner, the Improvement shall be deemed to have been made in accordance with the approved plans.

14.6 Non-Liability of ARB Members. Neither the ARB nor any member thereof, nor its duly authorized representative, shall be liable to the Association or to any Owner or any other Person for any claim, loss, damage or injury arising out of or in any way connected with the performance or non-performance of the ARB's duties hereunder. The ARB shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition solely on the basis of aesthetic considerations and benefit or detriment which would result to the immediate vicinity and to the Community. The ARB shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and may consider exemptions pursuant to the procedures set forth herein for demonstrated hardship as to any such designee.

14.7 Restrictions on Contractors, Workers. The Board of Directors of the Association shall have the right to adopt restrictions and conditions relating the terms on which construction, Maintenance and Restoration of a Unit can be performed, including the review and approval of plans, design, structural integrity, aesthetic appeal, construction details, lien protection, Association oversight, contractors access, deliveries, and storage of materials and hours of construction and other matters relating to such work. The Association shall have the right to approve the contractor performing the work, to require that the work be performed only during certain specified hours or only on certain days so as to minimize the disruption and inconvenience to the other Owners, and to require that the contractor fulfill such bonding and insurance requirements as the Board may reasonably require.

Any contractor, worker or other Person who does not comply with the Association's regulations and requirements regarding construction in and about a Unit shall be denied access to the Property and shall not be permitted to perform further work at the Property. The Owner shall further be responsible for any claim, loss, damage or injury to the Common Areas or other Lots or Units by any contractor, worker or other Person performing work in a Unit and such claim, loss, damage or injury shall be the subject of Individual Assessments against the Unit Owner by the Association.

14.8 Exemptions. Declarant, its affiliates and designees shall be exempt from the provisions hereof with respect to Improvements, alterations and additions and removals desired to be effected by any of them and shall not be obligated to submit plans and specifications to or obtain Association or ARB approval for any construction or changes which any of them may elect to make at any time. It is specifically contemplated that Declarant may, from time to time, exempt Participating Builders or Owners from all or some of the provisions of this Article and all or some of the procedures set forth herein and, without limiting the generality of Section 1.71 hereof, may alter the procedures set forth herein as to any such exempted party.

Notwithstanding any provision elsewhere in the Declaration to the contrary, the matters set forth in this Section and in any Supplemental Declaration relating to this Section executed by Declarant in connection with the sale of any Lot cannot be amended or modified without the written consent of the Owner of the particular Lot in question.

15. ADDITIONAL SPECIAL DECLARANT RIGHTS

15.1 General. Notwithstanding any other provision in the Declaration to the contrary, the Declarant and each affiliate of the Declarant shall have, in addition to the other special Declarant rights set forth in the Act or the Governing Documents, the rights described below in Subsections 15.1.1 through 15.1.8 so long as the Declarant owns any portion of the Community:

15.1.1 Effectuation of General Plan of Development. The right to modify the Site Plan and Subdivision Plat, execute all documents and take all actions affecting any portion of the Property owned or controlled by it which, in its sole discretion, are desirable or necessary to effectuate or facilitate the development of the Community.

15.1.2 Platting. The right to plat, re-plat, subdivide and re-subdivide any portion or portions of the Property owned or controlled by it.

15.1.3 Development Planning. The right to determine, in its sole discretion, the type of Improvements, if any, to be constructed on any portion of the Property owned or controlled by it and the Common Areas and the right to revise its plans concerning such Improvements.

15.1.4 Construction. The right to construct and Maintain, on any portion of the Property owned or controlled by it or the Common Areas, any Improvements it considers desirable; and the right to construct and Maintain sales, marketing, leasing, management or other general business offices, temporary construction offices, and storage facilities. The rights shall include a right of ingress and egress by any and all types of vehicles and equipment to, through, over and about the Common Areas during whatever period of time the Declarant, Declarant's Permittees or a Participating Builder is engaged in any construction or improvement work on or within the Community as well as an easement for the parking and storage of materials, vehicles, tools, equipment and the like which are being utilized in such work.

15.1.5 Marketing. The right to sell, lease, resell, market, promote, operate, and manage existing and planned Units (and portions thereof), which right shall include the right to construct and Maintain marketing, sales and leasing offices and models and to be open for business seven (7) days per week on any portion of the Property owned or controlled by it and the Common Areas, to solicit and receive the visits of unlimited numbers of prospective purchasers and Tenants (all of whom shall have the right while visiting to use parking spaces on the Common Areas), and to place signs, lighting, flags, banners and other promotional devices on any portion or portions of the Property owned or controlled by it or the Common Areas without regard to the size or aesthetic appeal of such signs or devices.

15.1.6 Alteration of Common Areas. The right, without the vote or consent of the Association or Owners, to expand, alter or add to all or any part of the Common Areas or any Improvements thereon.

15.1.7 Assignment. Without limiting the generality of Section 1.71 hereof, the right to assign the foregoing rights, in whole or in part, to any one or more Declarants or Declarant's assignees by a written assignment recorded in the Registry.

15.1.8 Use of Common Areas. Anything to the contrary in the Declaration notwithstanding, as long as the Declarant or any of its affiliates owns any property in the Community, the Declarant and the Declarant's Permittees shall have the right to non-exclusive use of the Common Areas, without charge, for sales, leasing, promotions, special events, signage, display, access, ingress, egress, construction and exhibit purposes during the period of construction, development, sale or lease of any land, Lots or Units owned by Declarant and its affiliates within the Community. Further, the Declarant shall have the right to permit Persons other than Owners, their Permitted Users to use certain portions of the Common Areas under such terms as Declarant, its successors and assigns, may from time to time desire without

interference from the Association. Without limiting the generality of the foregoing, the Declarant may grant employees of the Declarant and their families the right to use all Common Areas.

15.2 Easement. There is hereby created and reserved a blanket easement for the Declarant and each affiliate of the Declarant to enable each of them and (to the extent authorized in writing by Declarant) the Declarant's Permittees or Participating Builders to exercise the rights set forth in the Governing Documents free of any interference by the Association or any Owner.

15.3 Injunctive Relief for Interference. The Declarant and each affiliate or assignee of the Declarant shall be entitled to injunctive relief for any actual or threatened interference with its or their rights under this Article, in addition to whatever remedies at law it or they might be entitled to.

16. **LEASING AND OCCUPANCY OF UNITS.** No Owner other than the Declarant may occupy or lease a Unit except by complying with the following provisions:

16.1 Residential Use Only. Use and occupancy of the Units is restricted to residential uses only. These use restrictions shall not be construed in such a manner as to prohibit an Owner or Permitted User from maintaining his personal professional library, keeping his personal business or professional records or accounts or handling his personal, business or professional telephone calls, electronic transmissions or correspondence in and from his Unit to the extent permitted by applicable law; provided such activities do not interfere with the quiet enjoyment of other Units. Notwithstanding the foregoing, the Declarant, its successors and assigns, shall be permitted to use Units which the Declarant owns or leases as model apartments, as sales, leasing, construction, management or other offices.

16.2 Leased Units. An Owner may lease his Unit; provided, however, that any lease must be for not less than ***twelve months***. Only entire Units may be leased. No subleases or assignments of leases of a Unit are allowed. All leases shall be in writing and shall contain the following provisions:

16.2.1 Each Tenant shall comply, and all leases shall require the Tenant to comply, with the covenants, terms, conditions and restrictions of the Governing Documents. A violation of any of the terms of any of the Governing Documents shall constitute a material breach of the lease and shall constitute grounds for damages, termination of the lease and eviction by the Association.

16.2.2 Pursuant to Section 11.19 of this Declaration, the Association has the right to collect all rental payments due to the Owner and apply them against unpaid Assessments if, and to the extent that, the Owner is in default in the payment of Assessments.

16.2.3 The Board of Directors shall have the power and authority to terminate the lease and/or bring proceedings to evict the Tenant in the name of the

Owner if either the Tenant defaults under the lease or the Association forecloses a lien for unpaid Assessments on the Unit.

16.2.4 This Declaration and other Governing Documents then in effect must be given to the Tenant by or on behalf of the Owner at or before the commencement of the lease term; provided, however, that such Tenant's obligations under this Section 16.2 shall not be affected by the failure to receive the Governing Documents. All tenancies are hereby made subordinate to any lien filed by the Association, whether prior or subsequent to such lease.

If an Owner fails to include any of the foregoing provisions in any lease, the provisions shall be deemed to be included and part of the lease.

Prior to the time a Tenant takes possession of the Unit, the Owner shall furnish the Association with a copy of the lease for the Unit. Each Owner or Tenant of a leased Unit shall be obligated to deliver a copy of the lease to the Association within seven (7) days after request by the Association.

16.3 Owner Responsible for Conduct of Permitted Users. The Owner of a Unit is responsible for all conduct of each Permitted User of the Unit, including any claim for injury, loss or damage to Persons or property caused by the acts or omissions of the Owner's Permitted User(s). Each Owner shall be jointly and severally liable with the Permitted User to the Association for any amount which is required by the Association to repair any injury, loss or damage to the Common Area resulting from acts or omissions of the Permitted User and to pay any claim for injury, loss or damage to property caused by the negligence of the Permitted User, and the Association may levy an Individual Assessment against the Unit therefor.

16.4 Use of Common Areas. When a Unit is leased, the Permitted User shall have all use rights in Common Areas and Association Property otherwise readily available for use generally by Owners, and the Owner of the leased Unit shall not have such rights, except as a Guest of another Owner or the Tenant. Nothing herein shall interfere with the access and eviction rights of the Owner as a landlord pursuant to North Carolina law. The Association shall have the right to adopt rules to prohibit dual usage by an Owner and a Permitted User of Common Areas.

16.5 Declarant's Use. The Declarant, its successors and assigns, shall be permitted to use units which the Declarant owns, leases or manages for any activities relating to marketing, selling, purchasing, reselling, leasing or promoting those Units, as well as for models, sales, resales, leasing, and management offices, overnight accommodations by its designees or any other lawful purpose.

17. ADDITIONAL RIGHTS OF ELIGIBLE MORTGAGEES.

17.1 Books and Records. Any Eligible Mortgagee shall have the right, during normal business hours, to examine copies of the Governing Documents, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement for the immediately preceding Fiscal Year.

17.2 Notice to Eligible Mortgagees. Eligible Mortgagees shall be entitled to timely written notice of:

17.2.1 A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;

17.2.2 Association's meetings and attend such meetings;

17.2.3 Any alleged default by any Owner whose Lot is subject to a First Mortgage it holds or has insured or guaranteed, if the default is not cured within sixty (60) days after notice of the default to the Owner;

17.2.4 Any condemnation or casualty loss which affects a major portion of the Common Areas;

17.2.5 A copy of, within reasonable time after it requests it, financial statement of the Association for the immediately preceding Fiscal Year;

17.2.6 Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

17.2.7 Any proposed action by the Association which would require hereunder the consent or approval of a specified percentage of Eligible Mortgagees.

17.3 Approval of Eligible Mortgagees. After the expiration of the Declarant Control Period, unless at least a majority of the Eligible Mortgagees based on the original principal amount of their First Mortgages encumbering Units have given their prior written approval, the Association shall not:

17.3.1 By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer Common Areas or any other real property which is owned, directly or indirectly, by the Association. The granting of easements or relocation of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this subsection.

17.3.2 Change the method of determining the obligations, Assessments, dues or other charges which may be levied against a Unit;

17.3.3 Fail to maintain property insurance on insurable improvements on the Common Area on a current replacement cost basis in an amount not

less than one hundred percent (100%) of the full insurable replacement value;

17.3.4 Use the proceeds of any property insurance policy covering losses to any part of the Common Area for other than the repair, replacement or reconstruction of the damaged Improvements; or

17.3.5 Use the proceeds of any property insurance policy covering losses to any part of any Attached Townhomes in accordance with the terms and provisions of Article 9 of this Declaration for other than the repair, replacement or reconstruction of the damaged Improvements, if so applicable.

17.4 Payment of Taxes and Insurance Premiums. Eligible Mortgagees, jointly or singularly, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Common Area and may pay delinquent premiums on property insurance policies or secure new property insurance coverage upon the lapse of a policy covering the Common Areas or Association Property. The Eligible Mortgagees making such payments shall be owed immediate reimbursement therefor by the Association.

18. **AMENDMENTS.** The Declaration, Articles and Bylaws shall be amended as follows:

18.1 By the Declarant. During the Declarant Control Period, and in compliance with G.S. 47F-2-117(a), this Declaration, the Articles and Bylaws may be amended, changed or added to at any time and from time to time by an instrument executed by Declarant and recorded in the Registry without the requirement of the consent of the Association or any of the Owners or their mortgagees; provided, however, the Association shall, forthwith upon request of the Declarant, join in any such amendments or modifications and execute such instruments to evidence such joinder and consent as the Declarant shall, from time to time, request.

18.2 By the Association. After the Declarant Control Period, this Declaration, the Articles and Bylaws may be amended, changed or added to at any time and from time to time by the affirmative vote or written consent of the Class A Members (through their respective Voting Members) having not less than sixty-seven percent (67%) of the voting interests of Class A Members and, to the extent not prohibited by law, the affirmative vote or written approval of the Declarant so long as the Declarant is a Member.

18.3 Scrivener's Errors. Amendments for correction of scrivener's errors or other nonmaterial changes may be made by the Declarant alone so long as the Declarant owns any portion of the Community, and thereafter by the Board without the need for approval of the Owners.

18.4 Limitations on Amendments Affecting Declarant Rights. No amendment shall be permitted which changes the rights, privileges and obligations of the Declarant, a Participating Builder or any affiliate of the Declarant respectively without the

prior written consent of whichever of them is affected. Nothing contained herein shall affect the right of the Declarant to make whatever amendments or Supplemental Declarations are otherwise expressly permitted hereby without the consent or approval of any Owner or Mortgagee.

18.5 Amendments Required by Secondary Mortgage Market. Notwithstanding anything herein to the contrary, the Declarant shall have an absolute right to make any amendments to the Declaration (without any other party's consent or joinder including the Association or any Owners) that are requested or required by or necessitated by a change in the guidelines of the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac"), U.S. Department of Housing and Urban Development ("HUD") and U.S. Department of Veterans Affairs ("VA"), the Government National Mortgage Association, or any other governmental, quasi-governmental or government-chartered entity which owns or expects to own one or more Mortgages on Lots or portions of the Property within the Community or to insure or guarantee the payment of one or more such Mortgages or that are requested or required by any institutional First Mortgagee to enhance the salability of its Mortgages on Lots or portions of the Property to one or more of the foregoing.

18.6 Mortgagee's Consent. No amendment may be adopted which would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities granted or reserved to mortgagees or make any materially adverse change in the sections hereof entitled "Insurance for Common Areas and Attached Townhomes" (Article 8) or "Restoration of Attached Townhomes after Fire or Other Casualty" (Article 9) unless a majority of the Eligible Mortgagees whose Mortgages encumber Attached Townhomes (based on the original principal amount of the Mortgages held by the Eligible Mortgagees) shall join in the amendment. Except as specifically provided herein, the consent and/or joinder of any lien or mortgage holder on a Unit shall not be required for the adoption of any amendment to this Declaration and, whenever the consent or joinder of a lien or mortgage holder is required, such consent or joinder shall not be unreasonably withheld or delayed. Whenever the consent or approval of an Eligible Mortgagee or other mortgagee is required by the Governing Documents, or any applicable statute or law to any action of the Association or to any other matter relating to the Association, the Board, or by the Governing Documents, the Association shall request such consent or approval of such Eligible Mortgagee or other mortgagee by written request sent by certified mail, return receipt requested. Any Eligible Mortgagee or other mortgagee receiving such request shall be required to consent to or disapprove the matter for which the consent or approval is requested in writing within sixty (60) days after the Eligible Mortgagee or other mortgagee receives such request. The response of the Eligible Mortgagee or other mortgagee must be sent by certified mail, return receipt requested (or equivalent delivery evidencing such request was delivered to and received by the Association) and the response must be received by the Association. If such response is not timely received by the Association, the Eligible Mortgagee or other mortgagee shall be deemed to have consented to and approved the matter for which such approval or consent was

requested. Such consent or approval given or deemed to have been given, where required, may be evidenced by an affidavit signed by a majority of the Directors, the President or Secretary of the Association, which affidavit, where necessary, may be recorded in the Register's Office for the County. Such affidavit shall be conclusive evidence that the applicable consent or approval was given as to the matters therein contained.

18.7 Effective Date. Amendments to this Declaration are valid from the later of the time of recording in the Registry or such later date specified in the amendment.

18.8 Challenge. No action to challenge the validity of an amendment adopted pursuant to this Article may be brought more than one (1) year after the amendment is recorded.

19. **EFFECT AND DURATION OF COVENANTS.** This Declaration shall run with, bind, benefit and burden all of the Property, and shall run with, bind, and be enforceable by and against the Declarant, the Association, every Owner, and the respective legal representatives, heirs, successors and assigns of each, for a term of thirty (30) years from the date the Initial Declaration is recorded. After that time they shall be automatically extended for successive periods of ten (10) years each unless an instrument has been recorded in which eighty percent (80%) of the then Owners and majority of the Eligible Mortgagees (based on the original principal amount of the Mortgages held by the Eligible Mortgagees) agree by signing it to revoke this Declaration in whole or in part.

20. **GENERAL PROVISIONS**

20.1 Exculpation. No personal liability is assumed by nor shall at any time be asserted or enforceable against the Declarant on account of any representation, covenant, undertaking or agreement of the Declarant contained in the Declaration either expressed or implied. All such personal liability, if any, is expressly waived and released by the Association, the Owners and by all Persons claiming by, through or under the Owners.

20.2 Notice. Any notice required to be sent to any Member or Owner under the provisions of the Declaration shall be deemed to have been properly sent when personally delivered or mailed, postpaid, to the last known address of the Person who appears as Member or Owner on the records of the Association at the time of such mailing. It shall be the duty, of each Owner to keep the Association advised of his name and addresses and any changes therein.

20.3 Severability. Invalidation of any part, clause or word of the Governing Documents, or the application thereof in specific circumstances, by judgment or court order shall not affect any other provisions or applications in other circumstances, all of which shall remain in full force and effect.

20.4 Performance of Association's Duties by Declarant. Declarant shall have the right from time to time at its sole discretion, to perform at Declarant's expense the duties and obligations required hereunder to be performed by the Association. In

connection therewith Declarant shall have the right to reduce the budget of the Association and the Assessments payable by the Owners; provided, however, that any such performance on the part of Declarant may be discontinued by Declarant at any time, and any such performance shall not be deemed to constitute a continuing obligation on the part of Declarant.

20.5 Conflict. The provisions of this Article control over any inconsistent provisions of any other portion of this Declaration, any Supplemental Declaration or any other Governing Documents. In the event of a conflict between any of the Governing Documents, the following order of precedence shall apply:

First, this Declaration (except as to matters of compliance with the North Carolina Nonprofit Corporation Act, in which event the Articles shall control)
Second, Articles of Incorporation of the Association
Third, Bylaws of the Association
Fourth, rules and regulations of the Association.

In the event of a conflict between the Governing Documents and the Act, the Act shall control.

20.6 Effective Date. The Declaration shall become effective upon its recordation in the Registry.

20.7 Standards for Consent, Approval, Completion, Other Action and Interpretation. Whenever the Governing Documents shall require the consent, approval or other action by the Declarant or its affiliates, Association or Architectural Review Board, such consent, approval or action may be withheld in the sole and reasonable discretion of the party requested to give such consent or approval or take such action. All matters required to be completed or substantially completed by the Declarant or its affiliates, Association or ARB shall be deemed so completed or substantially completed when such matters have been completed or substantially completed in the reasonable opinion of the Declarant, Association or ARB, as appropriate. As to matters relating to the Common Areas or the Association, the Governing Documents shall be interpreted by the Board of Directors and an opinion of counsel of the Association rendered in good faith that a particular interpretation is not unreasonable shall establish the validity of such interpretation.

20.8 Easements. If any easement provided for in the Declaration fails because at the time of creation there may be no grantee having the capacity to take and hold such easement, then any such grant of easement shall nevertheless be considered as having been granted directly to the Association as agent for such intended grantees for the purpose of allowing the original parties to whom the easements were originally to have the benefit of such easement. The Owners hereby designate the Declarant and the Association (or either of them) as their lawful attorney-in-fact to execute any instrument on such Owners' behalf as may

hereafter be required or deemed necessary for the purpose of later creating such easement as it was intended to have been created herein.

20.9 CPI. Whenever a specific dollar amount is recited in Governing Documents, unless limited by law or by the specific text hereof or unless held to be unconscionable, such amounts shall be increased from time to time by application of a nationally recognized consumer price index using the date of recordation of the Initial Declaration as the base year. The index used shall be that published by the United States Department of Labor, Bureau of Labor Statistics, designated as "Consumer Price Index, all urban consumers, United States, 1982-84 = 100, all items." If the Bureau of Labor Statistics shall change the method for determining the consumer price index or in the event the Bureau of Labor Statistics shall cease to publish said statistical information and it is not available from any other source, public or private, then the Board shall choose a reasonable alternative to compute such increases.

20.10 Attorneys' Fees; Enforcement Costs. Unless limited by the Act (including G.S. 47F-3-116 (f)(12)), in the event that any legal action or other proceeding is brought for the enforcement of the Governing Documents, including because of any Assessments, fines, or any alleged dispute, breach, default or misrepresentation in connection with any provisions of the Governing Documents, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees, court costs and all expenses even if not taxable as court costs (including all such fees, costs and expenses incident to appeals), incurred in that action or proceeding, in addition to any other relief to which such party or parties may be entitled.

20.10.1 Mediation. Pursuant to G.S. Section 7A-38.3F, the Association shall provide annual written notice to the Members of the opportunity to initiate mediation to try to resolve a dispute between a Member and the Association.

20.11 CONSTRUCTION AND OTHER ACTIVITIES. ALL OWNERS AND PERMITTED USERS OF THE PROPERTY ARE HEREBY PLACED ON NOTICE THAT DECLARANT OR ITS AGENTS, CONTRACTORS, SUBCONTRACTORS, LICENSEES AND OTHER DESIGNEES MAY BE, FROM TIME TO TIME, CONDUCTING EXCAVATION, CONSTRUCTION AND OTHER ACTIVITIES WITHIN OR IN PROXIMITY TO THE COMMUNITY. BY THE ACCEPTANCE OF THEIR DEED OR OTHER CONVEYANCE OR MORTGAGE, LEASEHOLD, LICENSE OR OTHER INTEREST, AND BY USING ANY PORTION OF THE PROPERTY, EACH SUCH OWNER AND PERMITTED USER AUTOMATICALLY ACKNOWLEDGES, STIPULATES AND AGREES (.1) THAT NONE OF THE AFORESAID ACTIVITIES SHALL BE DEEMED NUISANCES OR NOXIOUS OR OFFENSIVE ACTIVITIES, HEREUNDER OR AT LAW GENERALLY, (.2) NOT TO ENTER UPON, OR ALLOW THEIR CHILDREN OR OTHER PERSONS UNDER THEIR CONTROL OR DIRECTION TO ENTER UPON (REGARDLESS OF WHETHER SUCH ENTRY IS A

TRESPASS OR OTHERWISE) ANY PROPERTY WITHIN OR IN PROXIMITY TO THE COMMUNITY WHERE SUCH ACTIVITY IS BEING CONDUCTED (EVEN IF NOT BEING ACTIVELY CONDUCTED AT THE TIME OF ENTRY, SUCH AS AT NIGHT OR OTHERWISE DURING NON-WORKING HOURS), (.3) DECLARANT AND THE OTHER AFORESAID PARTIES WILL NOT BE LIABLE BUT, RATHER, SHALL BE HELD HARMLESS, FOR ANY AND ALL LOSSES, DAMAGES (COMPENSATORY, CONSEQUENTIAL, PUNITIVE OR OTHERWISE), INJURIES OR DEATHS ARISING FROM OR RELATING TO THE AFORESAID ACTIVITIES, (.4) ANY PURCHASE OR USE OF ANY PORTION OF THE COMMUNITY HAS BEEN AND WILL BE MADE WITH FULL KNOWLEDGE OF THE FOREGOING, AND (.5) THIS ACKNOWLEDGMENT AND AGREEMENT IS A MATERIAL INDUCEMENT TO DECLARANT TO SELL, CONVEY, LEASE OR ALLOW THE USE OF THE APPLICABLE PORTION OF THE COMMUNITY.

20.12 COVENANTS RUNNING WITH THE LAND. IT IS THE INTENTION OF ALL PARTIES AFFECTED HEREBY (AND THEIR RESPECTIVE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS) THAT THE COVENANTS IN THE GOVERNING DOCUMENTS SHALL RUN WITH THE LAND AND WITH TITLE TO THE PROPERTY. WITHOUT LIMITING THE GENERALITY OF ARTICLE 19 HEREOF, IF ANY PROVISION OR APPLICATION OF THE COVENANTS IN THE GOVERNING DOCUMENTS WOULD PREVENT THE COVENANTS FROM RUNNING WITH THE LAND AS AFORESAID, SUCH PROVISION OR APPLICATION SHALL BE JUDICIALLY MODIFIED, IF AT ALL POSSIBLE, TO COME AS CLOSE AS POSSIBLE TO THE INTENT OF SUCH PROVISION OR APPLICATION AND THEN BE ENFORCED IN A MANNER WHICH WILL ALLOW THE COVENANTS IN THE GOVERNING DOCUMENTS TO SO RUN WITH THE LAND; BUT IF SUCH PROVISION OR APPLICATION CANNOT BE SO MODIFIED, SUCH PROVISION OR APPLICATION SHALL BE UNENFORCEABLE AND CONSIDERED NULL AND VOID IN ORDER THAT THE PARAMOUNT GOAL OF THE PARTIES AFFECTED HEREBY (THAT THE OTHER COVENANTS IN THE GOVERNING DOCUMENTS RUN WITH THE LAND) BE ACHIEVED.

20.13 NOTICES AND DISCLAIMERS AS TO WATER BODIES. NEITHER DECLARANT, THE ASSOCIATION, NOR ANY OF THEIR OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES, MANAGEMENT AGENTS, CONTRACTORS OR SUB-CONTRACTORS (COLLECTIVELY, THE "LISTED PARTIES") SHALL BE LIABLE OR RESPONSIBLE FOR MAINTAINING OR ASSURING THE WATER QUALITY OR LEVEL IN ANY LAKE, POND, CANAL, CREEK, STREAM OR OTHER WATER BODY WITHIN THE COMMUNITY, EXCEPT AS SUCH RESPONSIBILITY MAY BE SPECIFICALLY IMPOSED BY OR CONTRACTED FOR WITH AN APPLICABLE GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY OR AUTHORITY, ALL PERSONS ARE HEREBY NOTIFIED THAT FROM

TIME TO TIME WILDLIFE MAY INHABIT OR ENTER INTO WATER BODIES WITHIN THE COMMUNITY AND MAY POSE A THREAT TO PERSONS, PETS AND PROPERTY, BUT THAT THE LISTED PARTIES ARE UNDER NO DUTY TO PROTECT AGAINST, AND DO NOT IN ANY MANNER WARRANT AGAINST, ANY DEATH, INJURY OR DAMAGE CAUSED BY SUCH WILDLIFE.

20.14 Principles of Interpretation and Definitions. In this Declaration, unless the context requires otherwise: (.1) the singular includes the plural, and the plural includes the singular; (.2) the pronouns "it", "its", "he", "his", "she", "her", "they" and "their" include the masculine and feminine; (.3) references to contracts and agreements shall be deemed to include all amendments thereto; (.4) references to an "Article", "Section", "section", or "paragraph" shall mean an article or section of this Declaration; (.5) headings and titles of sections, paragraphs, and articles are for convenience only and shall not be construed to affect the meaning of this Declaration; (.6) the word "shall" is mandatory; and (.7) all exhibits, attachments, or documents attached or referred to in this Declaration are incorporated by reference as if fully set forth herein.

20.15 Disclosures.

20.15.1 Greenway Trail. The Declarant hereby discloses to all Lot Owners that Declarant intends to install a public greenway trail through the community as shown on the Site Plan.

20.15.2 Adjacent Public Park/School. The Declarant hereby discloses that the Property is adjacent to both a public park and a school. In connection with the public park, there is a path which encroaches from the park onto the Property as shown on the Site Plan. Also, as illustrated on the Site Plan, there are future plans for a proposed disc golf course on a portion of the Common Area. These are areas of the Property where the public will have a right to be on the Common Area.

20.15.3 Pond. The Declarant hereby discloses that a portion of a future phase includes a pond that is partially located on the Property and partially located upon adjacent property. For that reason, the Declarant cannot control if a third party uses the pond. The Declarant hereby discloses that neither Lot Owners nor Permitted Users may use the pond absent express written approval of rules and regulations imposed by the Declarant (which the Declarant, in its sole discretion, may determine not to grant).

20.15.4 Colonial Pipeline Easements. The Declarant hereby discloses that prior owners of the Property granted various easements to Colonial Pipeline for a buried pipeline under a portion of the Property (including under a portion of streets and Common Area). This right of Colonial Pipeline came with the Property rights acquired by Declarant and thus the Property is subject to this right. All Lot Owners shall take precaution of the buried pipeline and so advise their

Permitted Users. No digging in Common Area shall be permitted.

20.15.5 Other Easements. The Declarant hereby discloses that the community is the beneficiary of certain off site easements for road access and signage easements as more particularly described in the partial list of easements affecting the Property set forth in ***Exhibit H*** attached hereto.

20.15.6 Adjacent Properties. The Declarant hereby discloses that certain parcels along Holly Spring Road may be developed as commercial uses. Lots along Holly Springs Road are not now owned by Declarant and Declarant has no control over how those lots are developed by the property owners.

[remainder of page left blank]

IN WITNESS WHEREOF, the Declarant has executed and delivered this Declaration as of the date first above written.

LENNAR CAROLINAS, LLC,
a Delaware limited liability company

By: _____ (SEAL)

Name: Patricia E Hanchette

Title: VP & Div President

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, KATHY A. HARRIS, Notary Public of County and State aforesaid, do hereby certify that Patricia E Hanchette, as VP & Div Pres of Lennar Carolinas, LLC, a Delaware limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of Lennar Carolinas, LLC.

KATHY A. HARRIS NOTARY PUBLIC ORANGE COUNTY NC

(OFFICIAL STAMP)

Date: 11.9.2016

Kathy A Harris
Notary Public

My Commission Expires: 4.30.2018

EXHIBIT LIST

A.	Property subject to this Declaration (subject to Declarant's right to withdraw)
A-1.	Plat of Property owned by Declarant and subject to this Declaration (Lot 2, Book of Maps 2015, Page 2077, Wake County Registry)
A-2.	Map illustrating "Phase 1A"
B.	Articles of Incorporation for 2018 Market Homeowners Association, Inc.
C.	Bylaws for 2018 Market Homeowners Association, Inc.
D.	Site Plan (preliminary version)
E.	Partial List of Common Areas
F.	Description of Future Development Property
G.	Provisions required by the Town of Holly Springs
H.	Partial list of easements affecting the Property

EXHIBIT A

Property subject to this Declaration
(subject to Declarant's right to withdraw)

Being all of Lot 2 (+/- 67.458 acres) as shown on the "Recombination Map – McLeod and Jones Properties" recorded in the Book of Maps 2015, Page 2077, Wake County Registry.

A copy of the plat showing the Property is attached hereto as Exhibit A-1.

EXHIBIT A-1

Plat of Property owned by Declarant and subject to this Declaration
(Lot 2, Book of Maps 2015, Page 2077, Wake County Registry)

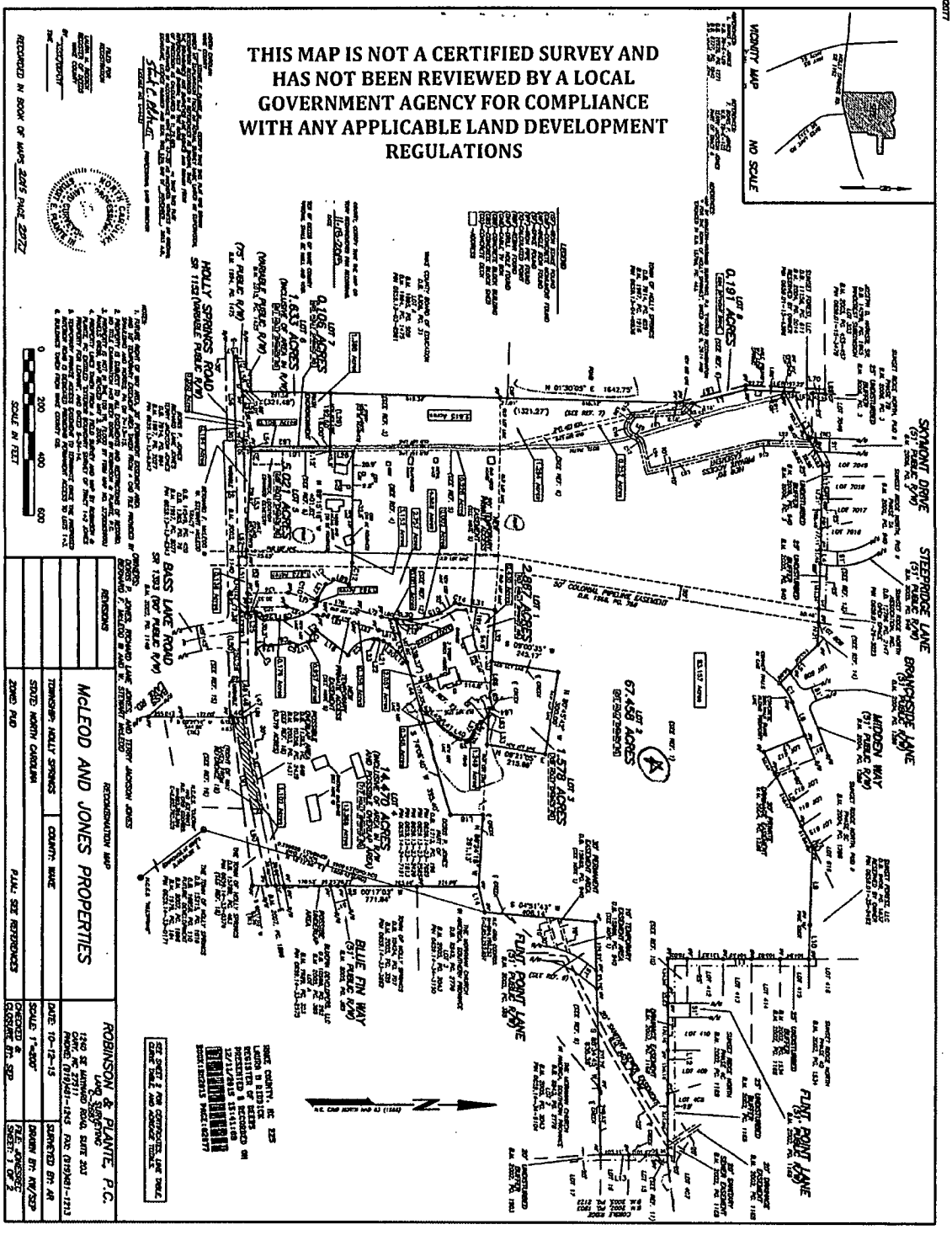
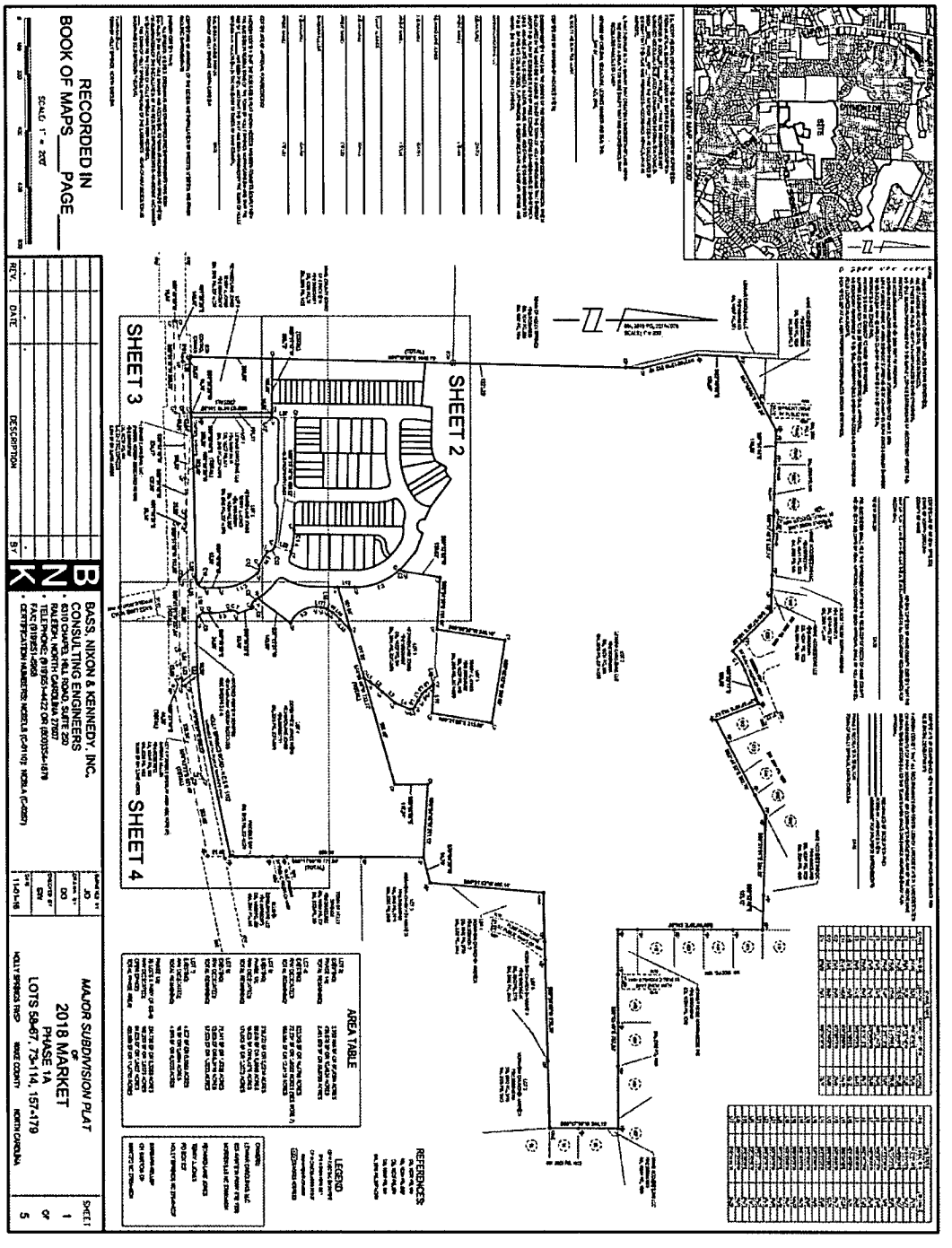
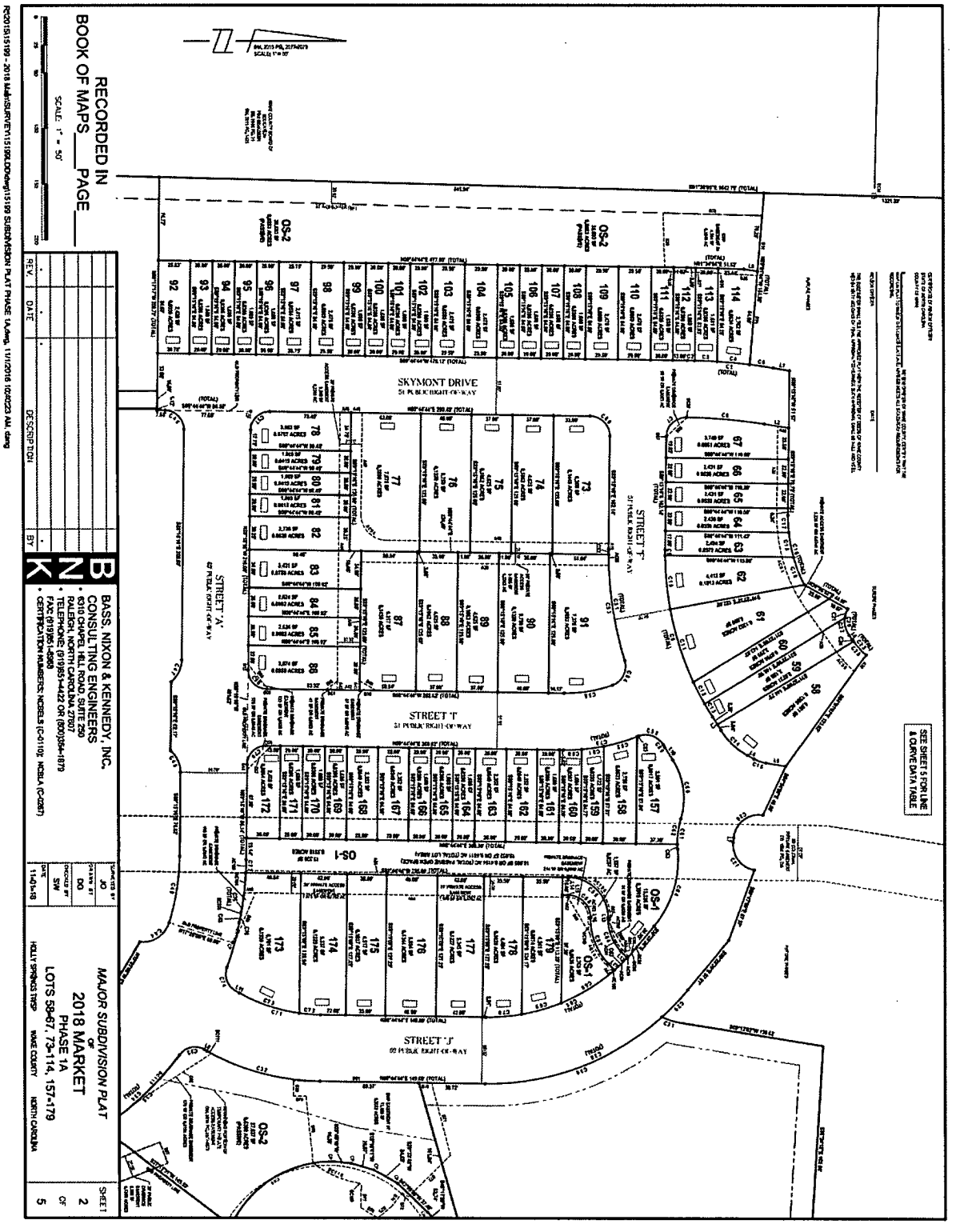

THIS MAP IS NOT A CERTIFIED SURVEY AND HAS NOT BEEN REVIEWED BY A LOCAL GOVERNMENT AGENCY FOR COMPLIANCE WITH ANY APPLICABLE LAND DEVELOPMENT REGULATIONS
VICINITY MAP
NO SCALE
HOLLY SPRINGS ROAD
SR 1131 (MARGIE PUBLIC R/W)
BASS LAKE ROAD
SR 1303 (NO PUBLIC R/W)
SKYMONT DRIVE
STEEPRIDGE LANE
BRANCHSIDE LANE
HIDDEN WAY
FLINT POINT LANE
BLUE FIN WAY
9.191 ACRES
9.106 ACRES
1.633 ACRES
5.621 ACRES
2.881 ACRES
67.458 ACRES
14.491 ACRES
SCALE IN FEET
RECORDED IN BOOK OF MAPS 2015 PAGE 2272
ROBINSON & PLANTE, P.C.
LAND SURVEYING
McLEOD AND JONES PROPERTIES
RECOMBINATION MAP
TOWNSHIP: HOLLY SPRINGS
COUNTY: WAKE
STATE: NORTH CAROLINA
ZONED: PUD
P.I.N.#: SEE REFERENCES
DATE: 10-12-15
SCALE: 1"=400'
CHECKED BY: GEORGE BY, SR
SURVEYED BY: AR
DRAWN BY: KW/SR
SHEET 1 OF 2

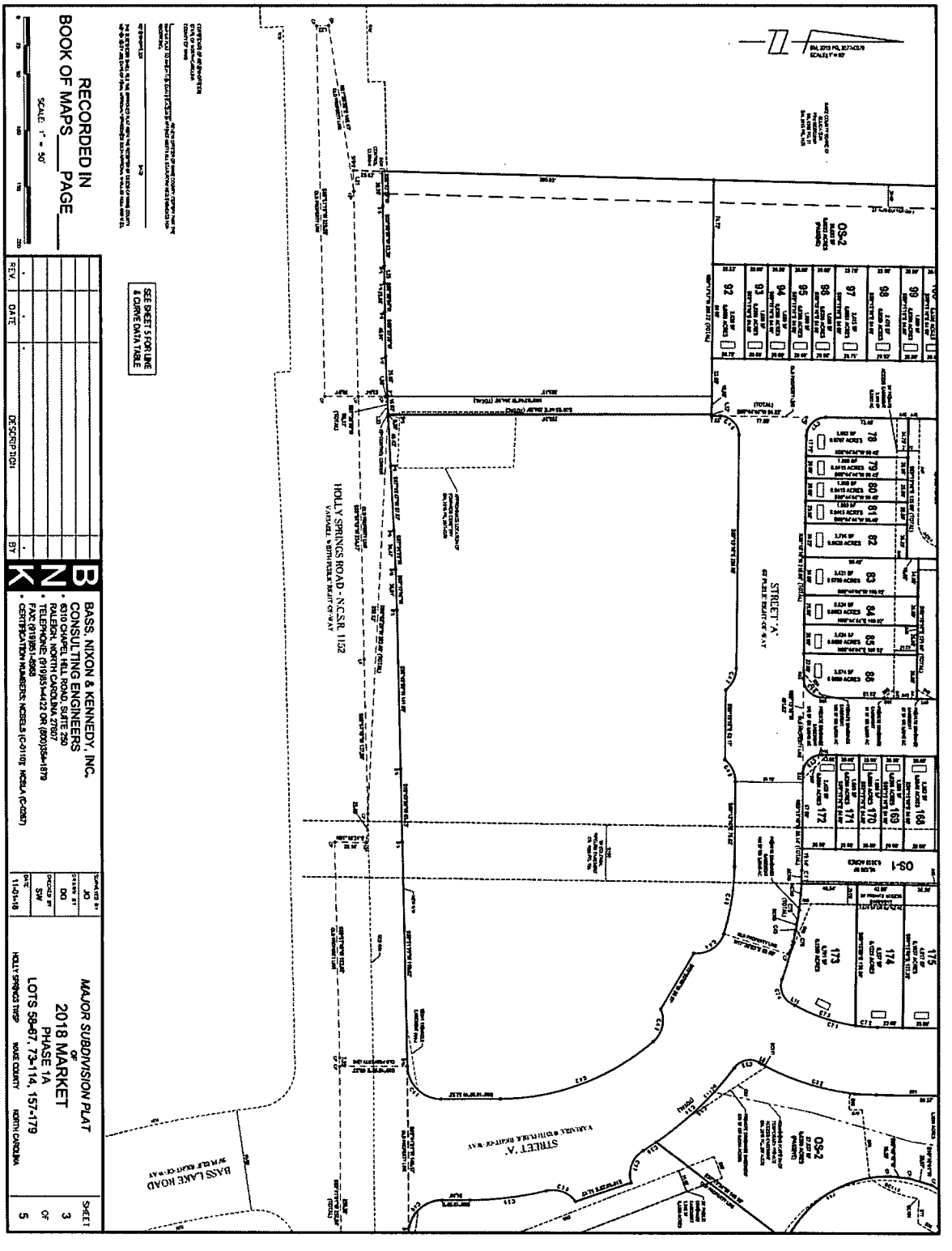
EXHIBIT A-2

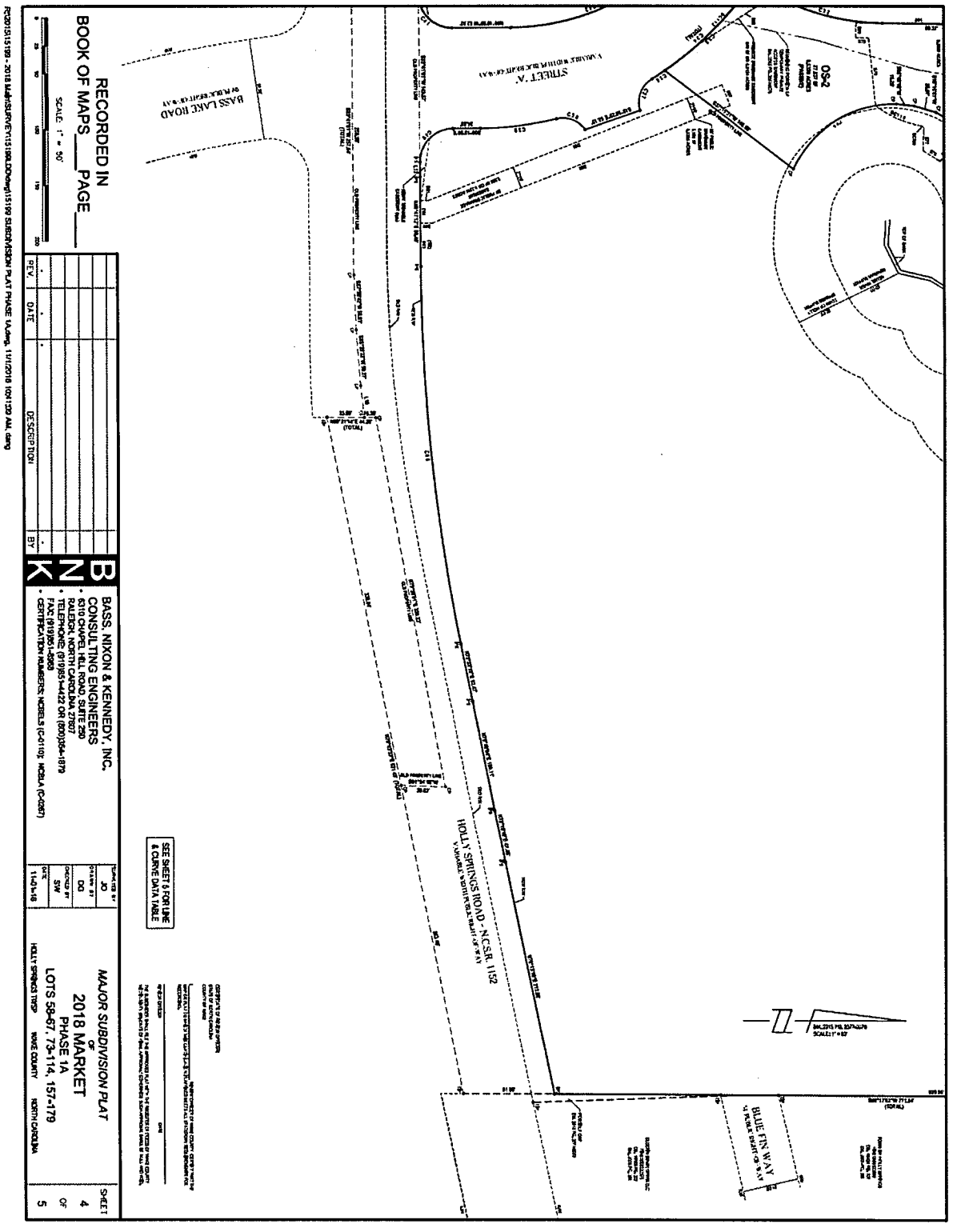
Map of "Phase 1A"

THIS MAP IS NOT A CERTIFIED SURVEY AND HAS NOT BEEN REVIEWED BY A LOCAL GOVERNMENT AGENCY FOR COMPLIANCE WITH ANY APPLICABLE LAND DEVELOPMENT REGULATIONS.


SHEET 2
SHEET 3
SHEET 4
AREA TABLE
LEGEND
REFERENCES
RECORDED IN
BOOK OF MAPS ____ PAGE ____
BASS, NIXON & KENNEDY, INC.
CONSULTING ENGINEERS
MAJOR SUBDIVISION PLAT
2018 MARKET
PHASE 1A
LOTS 58-67, 73-114, 157-179
HOLLY SPRINGS TWSP
WAKE COUNTY
NORTH CAROLINA


RECORDED IN
BOOK OF MAPS___PAGE___
SKYMONT DRIVE
STREET 'A'
STREET 'F'
STREET 'I'
STREET 'J'
OS-1
OS-2
OS-3
OS-4
SEE SHEET 4 FOR LINE & CURVE DATA TABLE
BASS, NIXON & KENNEDY, INC.
CONSULTING ENGINEERS
MAJOR SUBDIVISION PLAT
OF
2018 MARKET
PHASE 1A
LOTS 58-67, 73-114, 157-179
HOLLY SPRINGS TWSP
WAKE COUNTY
NORTH CAROLINA


RECORDED IN
BOOK OF MAPS ___ PAGE ___
SCALE: 1" = 50'
SEE SHEET 5 FOR LINE & CURVE DATA TABLE
HOLLY SPRINGS ROAD - N.C.S.R. 1152
VARIABLE WIDTH PUBLIC RIGHT-OF-WAY
STREET 'A'
60' PUBLIC RIGHT-OF-WAY
BASS LAKE ROAD
90' PUBLIC RIGHT-OF-WAY
OS-1
OS-2
BASS, NIXON & KENNEDY, INC.
CONSULTING ENGINEERS
6310 CHAPEL HILL ROAD, SUITE 250
RALEIGH, NORTH CAROLINA 27607
TELEPHONE: (919)851-4422 OR (800)334-1879
FAX: (919)851-4582
CERTIFICATION NUMBERS: NCBELS (C-0110); NCBLA (C-0267)
MAJOR SUBDIVISION PLAT
OF
2018 MARKET
PHASE 1A
LOTS 58-67, 73-114, 157-179
HOLLY SPRINGS TWSP
WAKE COUNTY
NORTH CAROLINA
SHEET 3 OF 5
DESCRIPTION
DATE
REV.
SCALE: 1" = 50'
JO
DD
SW
11-01-18


RECORDED IN
BOOK OF MAPS ___ PAGE ___
SCALE: 1" = 50'
BASS, NIXON & KENNEDY, INC.
CONSULTING ENGINEERS
6310 CHAPEL HILL ROAD, SUITE 250
RALEIGH, NORTH CAROLINA 27607
TELEPHONE: (919)851-4422 OR (800)364-1879
FAX: (919)851-8910
CERTIFICATION NUMBERS: NCBELS (C-0110); NCBLA (C-0267)
MAJOR SUBDIVISION PLAT
OF
2018 MARKET
PHASE 1A
LOTS 58-67, 73-114, 157-179
HOLLY SPRINGS TWSP
WAKE COUNTY
NORTH CAROLINA
SHEET 4 OF 5
SEE SHEET 6 FOR LINE & CURVE DATA TABLE
HOLLY SPRINGS ROAD - N.C.S.R. 1152
BASS LAKE ROAD
STREET 'A'
BLUE FIN WAY
OS-2

RECORDED IN
BOOK OF MAPS ____ PAGE ____

BASS, NIXON & KENNEDY, INC.
CONSULTING ENGINEERS
6310 CHAPEL HILL ROAD, SUITE 250
RALEIGH, NORTH CAROLINA 27607
TELEPHONE: (919)851-4422 OR (800)334-1679
FAX: (919)851-4950
CERTIFICATION NUMBERS: NCBELS (C-0110); NCBELA (C-0257)

DRAWN BY: JO
CHECKED BY: DG
CHECKED BY: SW
DATE: 11-01-18

MAJOR SUBDIVISION PLAT
OF
2018 MARKET
PHASE 1A
LOTS 58-67, 73-114, 157-179
HOLLY SPRINGS TWSP WAKE COUNTY NORTH CAROLINA

SHEET 5 OF 5

REV. | DATE | DESCRIPTION | BY

R:\2015\15199 - 2018 Market\SURVEY\15199LDDdwg\15199 SUBDIVISION PLAT PHASE 1A.dwg, 11/1/2018 10:41:39 AM, dang

EXHIBIT B

Articles of Incorporation for 2018 Market Homeowners Association, Inc.

SOSID: 1533859
Date Filed: 7/29/2016 12:40:00 PM
Elaine F. Marshall
North Carolina Secretary of State
C2016 202 00370

State of North Carolina
Department of the Secretary of State

ARTICLES OF INCORPORATION
NONPROFIT CORPORATION

Pursuant to §55A-2-02 of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.

1. The name of the nonprofit corporation is: 2018 Market Homeowners Association, Inc.

2. ____ (Check only if applicable.) The corporation is a charitable or religious corporation as defined in NCGS §55A-1-40(4).

3. The name of the initial registered agent is: Cristina Hobbs

4. The street address and county of the initial registered agent's office of the corporation is:

   Number and Street: 909 Aviation Parkway, Suite 1500

   City: Morrisville State: NC Zip Code: 27560 County: Wake

   The mailing address *if different from the street address* of the initial registered agent's office is:

   Number and Street or PO Box: _____

   City: _____ State: NC Zip Code: _____ County: _____

5. The name and address of each incorporator is as follows:

   William M. Wilcox

   P.O. Box 3463

   Greensboro, NC 27402

6. (Check either a or b below.)
   a. ☑ The corporation will have members.
   b. ☐ The corporation will not have members.

7. Attached are provisions regarding the distribution of the corporation's assets upon its dissolution.

8. Any other provisions which the corporation elects to include are attached.

CORPORATIONS DIVISION P. O. BOX 29622 RALEIGH, NC 27626-0622
Revised September, 2013 *Form N-01*

9. The street address and county of the principal office of the corporation is:

Principal Office Telephone Number: _____

Number and Street: 909 Aviation Parkway, Suite 1500

City: Morrisville State: NC Zip Code: 27560 County: Wake

The mailing address *if different from the street address* of the principal office is:

Number and Street or PO Box: _____

City: _____ State: _____ Zip Code: _____ County: _____

10. (Optional): Please provide a business e-mail address: _____.
The Secretary of State's Office will e-mail the business automatically at the address provided at no charge when a document is filed. The e-mail provided will not be viewable on the website. For more information on why this service is being offered, please see the instructions for this document.

11. These articles will be effective upon filing, unless a future time and/or date is specified: _____

This is the 5th day of July ,20 16.

_____
(Incorporator / Business Entity Name)

William M. Wilcox
Signature of Incorporator

William M. Wilcox
Type or print Incorporator's name and title, if any

NOTES:
1. Filing fee is $60. This document must be filed with the Secretary of State.

CORPORATIONS DIVISION P. O. BOX 29622 RALEIGH, NC 27626-0622
Revised September, 2013 *Form N-01*

Attachment A
to the
Articles of Incorporation
of
2018 Market Homeowners Association, Inc.

Distribution of the Corporation's Assets Upon Dissolution

Upon dissolution of the corporation, all liabilities and obligations of the corporation shall be paid and discharged, or adequate provision shall be made therefor, and the remainder of the corporation's assets shall be distributed as required by the terms of N.C.G.S. Section 47F-2-118, as amended, of the North Carolina Planned Community Act.

NPGBO1:2374769.1

EXHIBIT C

BYLAWS

OF

2018 MARKET HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1

NAME AND LOCATION

1.1 Name and Location. The name of the corporation is **2018 MARKET HOMEOWNERS ASSOCIATION, INC.**, hereinafter referred to as the "Association." The principal office of the Association shall be located at the Property, or at such other place within Wake County, North Carolina ("County") as may be designated by the Association's Board of Directors ("Board").

ARTICLE 2

DEFINITIONS

2.1 Definitions. For convenience, these Bylaws shall be referred to as the "Bylaws" and the Articles of Incorporation of the Association as the "Articles." The terms used in these Bylaws shall have the same definitions as those set forth in the **Declaration of Covenants, Restrictions, and Easements for 2018 Market** (the "Declaration"), recorded or to be recorded in the office of the Register of Deeds for the County, unless provided to the contrary in these Bylaws, or unless the context otherwise requires. The term "Governing Documents" means the Declaration, any Supplemental Declaration, the Articles, Bylaws, and the rules and regulations of the Association and all exhibits to any of the foregoing, all as they may be amended from time to time. The North Carolina Nonprofit Corporation Act, Chapter 55A of the North Carolina General Statutes, as it may be amended from time to time, is referred to in these Bylaws as the "Nonprofit Act." The North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes, as it may be amended from time to time, is referred to in these Bylaws as the "Planned Community Act."

2.2 Applicability. The provisions of these Bylaws apply to the Association which operates the Common Areas of the Property as defined in the Declaration.

ARTICLE 3

MEETING OF MEMBERS AND VOTING

3.1 Annual Meeting. The first meeting of the Members, whether an annual or a special meeting, shall be held on such day and at such time as the Board, by majority vote, shall determine and which meeting shall occur not more than

twelve (12) months following the date of closing of the sale of the first Unit in the Property. Subsequent annual meetings of the Members shall be held on a date and time set by the Board, but not more than thirteen (13) months after the date of the previous annual meeting.

3.2 Special Meetings. Special meetings of the Members shall be promptly scheduled at any time by the Board upon vote of a majority of the Board of Directors or upon written request by the President. A special meeting of the Members shall be called upon written demand delivered to the Secretary by the Members representing ten percent (10%) of the total voting interest of the Association. For purposes of determining the ten percent (10%), the record date shall be the date the first Member signs the demand for a special meeting.

3.3 Notice and Place of Meetings. Unless otherwise provided in the Governing Documents or in the Nonprofit Act, written notice of each meeting of the Members, annual or special shall be given by, or at the direction of, the Secretary or Person authorized to call the meeting at least ten (10) days but not more than sixty (60) days before such meeting to each Member addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Notice shall be given to a Member by hand delivery, U.S. Mail, or such other means as shall be permitted under North Carolina law, including, but not limited to (if allowed), overnight courier service, electronic transmission or by any other technology or medium, now existing or hereafter devised, provided in every such case the Association retains proof of transmission and receipt.

In the case of written demand of Members representing ten percent (10%) of the total voting interests of the Association, written notice of such meeting shall be given not more than thirty (30) days after written demand is delivered to the Association. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting, and shall provide for voting by proxy. In the event the Association fails to send notice of a special meeting within thirty (30) days following delivery of written demand aforesaid any Member signing the demand may set the time and place of the special meeting and give notice thereof to all Members in accordance with the Nonprofit Act. If action is proposed to be taken at any meeting for approval for any of the following proposals, the notice shall also state the general nature of the proposal: (a) removing a Director without cause; (b) filling vacancies in the Board of Directors by the Members; or (c) amending the Declaration, Articles, or Bylaws. Meetings shall be held within the Property or at a meeting place within the County.

Notice of a meeting of Members need not be given to any Member who signs a waiver of notice, in person or by proxy, either before or after the meeting. The waiver must be delivered to the Association for inclusion in the minutes or filing with the corporate records. Attendance of a Member at a meeting, in person or by proxy, shall of itself constitute a waiver of notice, except when the Member

attends a meeting solely for the purpose of stating his objection, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened. Objection by a Member shall be effective only if written objection to the holding of the meeting or to any specific action so taken is filed with the Secretary of the Association.

3.4 Quorum.

(a) Unless otherwise provided herein, in the Declaration, Articles, or Nonprofit Act a quorum is present throughout any meeting of the Association whenever Persons entitled to cast ten percent (10%) of the total voting interests are present in person or by proxy at the beginning of the meeting. If business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. Notwithstanding any provision to the contrary in the Governing Documents, the quorum requirements at the next meeting shall be one-half (1/2) of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business will be conducted.

(b) The Members present at a duly called or held meeting at which a quorum of the voting interests is present may continue to do business until adjournment, notwithstanding the withdrawal from the meeting of enough Members to leave less than such required quorum, and provided further that any action taken shall be approved by a majority of the Members required to constitute such quorum. Unless otherwise provided, any reference hereafter to "voting interests cast" at a duly called meeting shall be construed to be subject to the quorum requirements established by this Section 3.4. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed in Section 3.3.

3.5 Ballots and Representative Voting.

(a) Voting Referendum; Written Ballots. Any vote of the Members on a matter that would be cast at an annual, regular or special meeting may be taken, without a meeting, by written ballot delivered to ever Member by the Association. The ballot shall set forth the matter to be voted upon and provide therein a place to vote for or against such matter. Approval by written ballot without a meeting shall be effective only when the number of votes cast by ballot equals or exceeds the quorum required to be present had the matter been considered at a meeting, and the number voting for the matter equals or exceeds the number of votes required to approve it had the matter been considered at a meeting at which the requisite quorum is present.

A solicitation of votes by ballot shall (i) indicate the record date for the Members eligible to vote; (ii) indicate the number of returned ballots voting for or against the matter that is required to satisfy the quorum requirement; (iii) state the required number of votes or percentage voting in favor of the matter required to approve it (except in the case of election of Directors, which shall be by plurality); and (iv) state the date and time by which a Member's completed ballot must be received by the Association in order to be counted in the vote to be taken. Once a written or electronic ballot is received by the Association, it may not be revoked. A Member's signed ballot shall be delivered to the Association by hand delivery, U.S. mail or such other means as shall be permitted under North Carolina law, including, but not limited to and if allowed, overnight courier service, electronic transmission or any other technology or medium, now existing or hereafter devised, provided in every such case the sender retains proof of transmission and receipt.

Within ten (10) days after the deadline for receipt of the completed ballots, notice must be given to all Members whether the matter(s) set forth in the ballot were approved. Ballots cast in accordance with the foregoing have the effect of a meeting vote and may be described as such in any document.

(b) Proxies. At all meetings of Members, each Member may vote in person or by proxy. The appointment form of proxy shall be in writing and received by the Secretary before the appointment time of the meeting. Every proxy appointment shall automatically cease upon conveyance by the Member of his Unit, or upon receipt of written notice by the Secretary of the death or judicially declared incompetence of a Member prior to the counting of the vote, upon revocation of the appointment of the proxy in accordance with the Nonprofit Act, or upon the expiration of the proxy. The proxy shall expire eleven (11) months from the date of the proxy unless a different period is expressly provided in the appointment form; provided, however the duration of a proxy shall not exceed three (3) years from the date of the proxy. Unless the proxy appointment form otherwise states, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Association and to exercise the voting interests of the Member. Any proxy appointment form distributed by any Person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon set forth in the notice of the meeting. The appointment shall provide that, where the Member specifies a choice, the vote shall be cast by the proxy in accordance with that choice. The form shall also identify the Person acting as the proxy and the length of time it will be valid. In addition, voting by a proxy shall comply with any other applicable requirements of the Nonprofit Act. The Member's signed proxy appointment form shall be delivered to the Association by hand delivery, by U.S. mail, and by such other means as shall be permitted under North Carolina law, including, but not limited to and if allowed, overnight courier service, electronic transmission or any other technology or medium, now existing or hereafter devised, provided in every such case the sender retains proof of transmission and receipt.

3.6 Membership and Voting.

(a) Voting. The Association shall have the classes of Members and the weighted voting as provided in the Declaration.

(b) Class B Veto Rights.

(i) During the Declarant Control Period, the Class B Member shall have a right to disapprove actions of the Board and any committee, as is more fully provided in this Section 3.6(b). This veto power shall be exercisable only by the Class B Member, its successors, and assigns who specifically take this power in a recorded instrument.

(ii) No action authorized by the Board of Directors or any committee shall become effective during the Declarant Control Period, nor shall any action, policy, or program be implemented until and unless:

(A) In the absence of the physical presence of any employee or agent of the Class B Member who waives written notice, the Class B Member shall have been given written notice of each meeting and the actions approved at the meeting of the Board or any committee. Such written notice shall be given by certified mail, return receipt requested, or by personal delivery at the address the Class B Member has registered with the Secretary of the Association, as it may change from time to time; and

(B) The Class B Member shall have and is hereby granted veto power over any such action, policy, or program approved by any committee or the Board of Directors and to be taken by any committee or Board of the Association or any member of the Association if Board, committee, or Association approval is necessary for said action. This veto may be exercised by the Class B Member at any time within ten (10) days following the meeting held pursuant to the terms and provisions of these Bylaws. Any veto shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board or the Association.

(iii) This Section 3.6(b) may not be amended during the Declarant Control Period without the express written consent of the Class B Member.

(c) Voting Groups. In order to assure representation on the Board of Directors for the Members owning Detached Homes and Members owning Attached Townhomes, separate voting groups (individually, a "Voting Group" and jointly, the "Voting Groups") shall be established as follows: (1) Members owning Detached Homes shall constitute the "Detached Home Voting Group," and (2) Members owning Attached Townhomes shall constitute the "Attached Townhome Voting Group." At the first election after the expiration of the Declarant Control Period, the Board shall be increased to five (5) Directors chosen as follows: (1) the Detached Home Voting Group shall be entitled to elect one Director (the "Detached Home Director"); (2) the Attached Townhome

Voting Group shall be entitled to elect or appoint one (1) Director ("Attached Townhome Director"); (3) One (1) Director shall be elected at large by all of the voting interests other than the Declarant ("At Large Director"); and (4) the Declarant shall be entitled to appoint or elect two (2) Directors so long as the Declarant owns any portion of the Community. When the Declarant no longer owns any portion of the Community or such earlier date as the Declarant elects not to appoint or elect any Directors to the Board, the five (5) Directors shall be chosen as follows: (1) the Detached Home Voting Group shall be entitled to elect two (2) Detached Home Directors; (2) the Attached Townhome Voting Group shall be entitled to elect or appoint two (2) Attached Townhome Directors; and (3) the fifth Director shall be elected at large by all of the voting interests ("At Large Director").

(d) Majority Vote. Unless the Nonprofit Act, the Planned Community Act, the Declaration, Articles or these Bylaws require a greater percentage vote or voting by class, any action approved by a "majority of the voting interests cast" shall be binding upon all Members for all purposes. An abstention shall be counted as a negative vote in calculating the majority. Unless otherwise provided in a Supplemental Declaration, Owners of Units in all phases shall have the same voting rights.

Any reference to the "majority of the voting interests cast" or "majority of the Owners" in the Governing Documents shall mean a majority of the voting interests eligible to be cast at a duly called meeting of the Members at which a quorum is present in person or by proxy. The terms "majority of the voting interests" or "majority of the Owners" shall not mean a majority of the Members themselves, or the Owners, or the number of Units or the total membership. Similarly, if some greater percentage of the voting interests of the Members is required in any Governing Document, it shall mean such greater percentage of the votes of Members and not of the Members themselves, the Owners, the Units, or the total membership; notwithstanding the foregoing, certain specified actions set forth in the Planned Community Act or Governing Documents require the approval of a percentage of the "total voting interests."

3.7 Eligibility to Vote. Voting rights attributable to a Class A Member shall not vest until the Association has levied Assessments against the Unit owned by a Class A Member. Only Members in good standing are eligible to vote on any issue or matter presented to the Members for approval. In order to be in good standing, as of the record date, no Assessments levied against the Member's Unit(s) can be more than thirty (30) days delinquent and the Member cannot be subject to any suspension of voting privileges as a result of disciplinary proceeding conducted in accordance with the Declaration. A Member's good standing shall be determined as of the record date established in accordance with Section 3.9.

3.8 Acceptance of Votes.

(a) Criteria. The Association shall apply the following criteria in accepting the vote, ballot, consent, waiver, or proxy appointment of a Member:

(i) If the name signed on a vote, ballot, consent, waiver, or proxy appointment corresponds to the name of a Member, the Association, if acting in good faith, is entitled to accept the vote, ballot, consent, waiver, or proxy appointment and give it effect as the act of the Member.

(ii) If two or more Persons hold the Membership as co-Owners (including, but not limited to, a husband and wife), the vote, ballot consent, waiver, or proxy appointment shall be cast only in accordance with the agreement of a majority in interest of the co-Owners. If the name signed purports to be the name of at least one of the co-Owners and the Person signing appears to be acting on behalf of all the co-Owners, a majority agreement is conclusively presumed, and the Association, if acting in good faith, is entitled to accept the vote, ballot, consent, waiver, or proxy appointment and give it effect as the act of all the co-Owners; unless any of the other co-Owners protest such co-Owner's vote promptly to the Person presiding at the meeting.

(iii) If the name signed on a vote, ballot, consent, waiver, or proxy appointment does not correspond to the record name of a Member, the Association, if acting in good faith, is nevertheless entitled to accept the vote, ballot, consent, waiver, or proxy appointment and give it effect as the act of the Member if:

(A) the Member is an entity and the name signed purports to be that of a director, officer, manager or managing member, general partner, or agent of the entity;

(B) the name signed purports to be that of an attorney-in-fact of the Member and, if the Association requests, evidence acceptable to the Association of the signatory's authority to sign for the Member has been presented with respect to the vote, ballot, consent, waiver, or proxy appointment;

(C) If the name signed purports to be that of a trustee, administrator, executor, guardian, or conservator representing the Member and, if the Association requests, evidence of fiduciary status acceptable to the Association has been presented with respect to the vote, ballot, consent, waiver, or proxy appointment; and

(D) the name signed purports to be that of a receiver or trustee in bankruptcy of the Member and, if the Association requests, evidence of this status acceptable to the Association has been presented with respect to the vote, ballot, consent, waiver, or proxy appointment.

(b) The Association is entitled to reject a vote, ballot, consent, waiver, or proxy appointment if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Member.

(c) The Association and its officer or agent who accepts or rejects a vote, ballot, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this section are not liable in damages to the Member for the consequences of the acceptance or rejection.

(d) Corporate action by the Association based on the acceptance or rejection of a vote, ballot, consent, waiver, or proxy appointment under this Section 3.8 is valid unless a court of competent jurisdiction determines otherwise.

3.9 Record Dates.

(a) Record Dates Established by the Board. For the purposes of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting or exercise any rights in respect to any other lawful action, the Board may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles, by agreement, or in the Nonprofit Act. The record dates established by the Board pursuant to this Section shall be as follows:

(i) Record Date for Notice of Meetings. In the case of determining those Members entitled to notice of a meeting, the record date shall be no more than ninety (90) nor less than twenty (20) days before the date of the meeting;

(ii) Record Date for Voting. In the case of determining those Members entitled to vote at a meeting, the record date shall be no more than thirty (30) days before the date of the meeting;

(iii) Record Date for Action by Written Ballot Without Meeting. In the case of determining Members entitled to cast written ballots, the record date shall be no more than thirty (30) days before the day on which the first written ballot is mailed or solicited; and

(iv) Record Date for Other Lawful Action. In the case of determining Members entitled to exercise any rights in respect to other lawful action, the record date shall be no more than thirty (30) days prior to the date of such other action.

(b) "Record Date" Means as of the Close of Business. For purposes of Section 3.8(a), a Person holding a membership as of the close of business on the record date shall be deemed the Member of record.

(c) Failure of Board to Fix a Record Date. If the Board, for any reason, fails to establish a record date, the provisions set forth in the Nonprofit Act shall apply.

3.10 Action Without Meeting. Any action that may be taken at any annual or special meeting of Members (except the election of Directors) may be taken without a meeting in accordance with the provisions of the Nonprofit Act. Any form of written ballot distributed by any Person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the written ballot. The written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice.

3.11 Order of Business. The order of business at all meetings of the Members shall (unless waived) be as follows: (a) roll call to determine the Members and their voting interests represented at the meeting in person or by proxy; (b) proof of notice or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports on the financial condition and activities of the Association; (e) reports of committees; (f) election of Directors; (g) unfinished business; and (h) new business. Meetings of Members shall be conducted by the officers of the Association, in order for their priority.

3.12 Conduct of Meetings. Meetings of the Members of the Association shall be conducted in accordance with the latest edition of Roberts Rules of Order or such parliamentary procedures as the Association may adopt. Except as otherwise provide by law, any proper matter may be presented at the meeting for action. Members of the Association shall have access to Association records in accordance with the Nonprofit Act.

ARTICLE 4

PARTICIPATION BY MEMBERS

4.1 Board Meetings. No Member of the Association shall have any right as a Member to attend any meeting of the Board, except such meetings of the Board as the Board of Directors shall, in the exercise of its sole discretion, open to the membership or any other Person.

4.2 Membership Meetings. Subject to the following and such further reasonable restrictions as may be adopted from time to time by the Board, Members shall have the right to speak at annual and special meetings of the Members. A Member does not have the right to speak with respect to items not specifically designated on the agenda; provided, however, that the Board may permit a Member to speak on such items in its discretion. Every Member who desires to speak at a meeting, may do so, provided that the member had filed a written request with the Secretary of the Association prior to the scheduled time for commencement of the meeting.

4.3 Restrictions. Unless waived by the chairman of the meeting (which may be done in the chairman's sole and absolute discretion and without being deemed to constitute a waiver as to any other subsequent speakers), all Members speaking at a meeting shall be limited to a maximum of three (3) minutes per speaker. Any Member may tape record or videotape a meeting, subject to the following and such further reasonable restrictions as may be adopted from time to time by the Board:

(a) The only audio and video equipment and devices which Members are authorized to utilize at any such meeting is equipment which does not produce distracting sound, light or heat emissions;

(b) Audio and video equipment shall be assembled and placed in position in advance of the commencement of the meeting; and

(c) Anyone videotaping or recording a meeting shall not be permitted to move about the meeting room in order to facilitate the recording.

ARTICLE 5

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

5.1 Number. A Director must be a natural person who is 18 years of age or older. A Director need not be an Owner. The initial Board of Director shall consist of three (3) Directors who shall be appointed by the Declarant. The Declarant shall have the sole right to appoint and remove any member or members of the Board of Directors of the Association pursuant to the Declaration until the expiration of the Declarant Control Period. After the Declarant Control Period, the affairs of the Association shall be managed by a Board of Directors consisting of five (5) Directors. At the expiration of the Declarant Control Period, the Members other than the Declarant shall be entitled to elect a majority of the Directors. The Association shall give not less than thirty (30) days' and not more than sixty (60) days' notice of, such meeting of the Members to elect the Board of Directors, or the date on which the Association shall count the written ballots distributed to the Members with such notice for the election of the Board of Directors. Each year thereafter, the Members shall elect such number of Directors as shall exist whose terms are expiring.

The Declarant may transfer control of the Association to the Class A Members prior to the expiration of the Declarant Control Period in its sole discretion by causing enough of its appointed Directors to resign, whereupon it shall be the affirmative obligation of Class A Members to elect a majority of the Directors and assume control of the Association. Provided at least thirty (30) days' notice of Declarant's decision to cause its appointees to resign is given to the Members, neither the Declarant, nor such appointees, shall be liable in any

manner in connection with such resignations even if the Class A Members refuse or fail to assume control.

5.2 Term of Office. The election of Directors shall be by plurality of the voting interests eligible to vote for the applicable vacancies on the Board. At the expiration of the Declarant Control Period or such other date following expiration of the Declarant Control Period when written ballots are to be counted for the election of such Directors pursuant to Section 5.1, the Directors shall be elected to staggered terms as follows:

(a) the following nominees shall elected as Directors for a term commencing at the Director's election and extending until the earlier of two (2) years or until such Director's successor is duly elected or until the Director is removed in the manner elsewhere provided: (i) the nominee for Detached Home Director receiving the highest number of voting interests cast by the Members owning Detached Homes; (ii) the nominee for Attached Townhome Director receiving the highest number of voting interests cast by the Members owning Attached Townhomes; and (c) the nominee for the At Large Director receiving the highest number of votes cast by the Members. The other Directors shall be elected or appointed for a term commencing at the Director's appointment or election and extending until the earlier of one (1) year or until such Director's successor is duly appointed or elected.

(b) At each subsequent election, the term of each Director's service shall commence at the Director's election and extend until the later of two (2) years or until such Director's successor is duly elected and has taken office, or until the Director is removed in the manner elsewhere provided.

(c) In the event there is only one candidate for a particular vacancy on the Board, the Association is not required to conduct an election to fill the vacancy.

5.3 No Term Limits. Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms during which he or she may serve. Any Director appointed or elected by the Declarant shall serve at the pleasure of the Declarant and may be removed and replaced by the Declarant at any time.

5.4 Vacancies and Removal.

(a) Any Director elected by the voting interests (other than Directors appointed by the Declarant) may be recalled and removed, with or without cause. A Detached Home Director may only be recalled or removed by a majority of the voting interests of the Members owning Detached Homes present in person or by proxy at a meeting at which a quorum of such Members exists, and an Attached Townhome Director may only be recalled or removed by majority of the voting interests of the Members owning Attached Townhomes present in person or by proxy at a meeting at which a quorum of such Members exists. The At Large Director may only be recalled or removed by a majority of the voting interests

present in person or by proxy at a meeting of the Members at which a quorum exists.

(b) The Directors appointed or elected by the Declarant shall be subject to removal by the Declarant without the necessity of any meeting. In the event of any vacancy in a position appointed by the Declarant, the Declarant shall be entitled to appoint or elect a replacement without the necessity of any meeting.

(c) A Director whose removal is proposed to be voted upon at any meeting shall be given notice of the proposed removal not less than twenty (20) days prior to the date of the meeting and shall be given an opportunity to be heard at the meeting.

(d) In the event of death, resignation, recall, or removal of a Director, the vacancy shall be filled by majority vote of the Board at a duly held meeting or by the sole remaining Director. A successor Director shall serve for the unexpired term of his or her predecessor. The Board may call an election at any time to allow the Members to fill any vacancy not filled by the remaining Directors.

5.5 Compensation. No Director shall receive compensation for any service rendered to the Association unless approved by a majority of the voting interests cast. However, any Director may be reimbursed for his actual expenses, if reasonable and documented in writing, incurred in the performance of his or her duties, including, but not limited to, travel expenses.

5.6 Indemnification of Directors, Officers, and Corporate Agents. The Association shall indemnify any present or former Director, Officer, employee, or other agent of the Association to the fullest extent authorized under the Nonprofit Act, or any successor statute, and may advance to any such person funds to pay expenses that may be incurred in defending any action or proceeding on receipt of an undertaking by or on behalf of such person to repay such amount unless it is ultimately determined that such person was not entitled to indemnification under this provision.

5.7 Resignation of Directors. A Director may resign at any time by delivering written notice to the Board of Directors, its presiding Officer, the President, or the Secretary. A resignation is effective on the date of receipt unless the notice specifies a later date. If the resignation is made effective at a later date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date.

ARTICLE 6

NOMINATION AND ELECTION OF DIRECTORS

6.1 Nomination. Nomination for election to the Board of Directors may be made by a Nomination Committee established by the Board of Directors, otherwise upon motion or other procedure adopted therefor by the Board. Notice to the Members of the meeting shall include the names of all of those who are nominees at the time the notice is sent and whether the nominee is a candidate for the position of a Detached Home Director, Attached Townhome Director and/or At Large Director. Nominations to be placed on the ballot may also be solicited by the Nominating Committee or the Board from the membership, and if the election is to take place at a meeting and not solely by written ballot, nominations may also be made from the floor at the meeting. The Nominating Committee shall consist of a Chairman, who may be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than sixty (60) days prior to the annual meeting of the Members at which the election is to be held, or if the election is to take place solely by written ballot not less than sixty (60) days prior to the date set on the ballot as the election date when ballots are to be counted, and shall serve until the close of the election. The Nominating Committee shall make as many nominations for the election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.

6.2 Election. At any election after the expiration of the Declarant Control Period, the eligible Members or their proxies may cast as many votes as they are entitled to exercise under the provisions of the Declaration. Eligible Members owning Detached Homes shall be entitled to vote in any election for any vacancy in the Detached Home Director position(s) and the At Large Director position. Eligible Members owning Attached Townhomes shall be entitled to vote in any election for any vacancy in the Attached Townhome Director position(s) and the At Large Director position. No cumulative voting shall be permitted. Voting for Directors at a meeting shall be by secret written ballot. Voting for Directors may also be conducted by written ballot pursuant to Section 3.5(a).

ARTICLE 7

MEETING OF DIRECTORS

7.1 Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually at such place within the Property, and at such date and hour as may be fixed from time to time by resolution of the Board. If a larger meeting is required than exists within the Property, the Board shall select a location convenient to the Property.

7.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) Directors. Notice of the special meeting shall specify the time and place of the meeting and the nature of the special business to be considered.

7.3 Quorum. A majority of the Directors then in office (but not less than two (2)) shall constitute a quorum for the transaction of business. Every act performed or decisions made by the majority of the Directors present at the duly held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by a majority of the required quorum for that meeting.

7.4 Executive (Closed) Session. In the event the Board elects to meet in open session, the Board may, with approval of a majority of the Directors present at a meeting in which a quorum for the transaction of business has been established, adjourn a meeting and reconvene in executive (closed) session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, the discipline of a Member, and business of a similar nature. The nature of any business to be considered in executive (closed) session shall first be announced in open session.

7.5 Telephone Meetings. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another [and the Members attending the meeting can hear them]. All such Directors shall be deemed to be present in person at such meeting. An explanation of the action shall be filed with the Minutes of the proceedings of the Board.

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

7.7 Notice of Adjourned Meeting. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

7.8 Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the Minutes of the proceedings of the Board.

7.9 Notices Generally. Notice of any meeting of the Board of Directors, whether regular or special, shall be given to each Director by one (1) of the following methods: (a) by personal delivery; (b) written notice by U.S. Mail, postage-prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate such notice promptly to the Director; or (d) by electronic transmission to the Directors, with proof of transmission and receipt thereof being retained in the Minutes of the meeting. All such notices shall be given or sent to the Director's address, telephone number, fax number, or e-mail address as shown on the records of the Association. Such notice shall be sent to all Directors not less than five (5) days prior to the scheduled time of the meeting (except in the case of an emergency). Notices given by personal delivery, telephone, electronic transmission shall be delivered, telephoned, or electronically transmitted, as the case may be, at least five (5) days before the time set for the meeting (except in the case of an emergency). Notice of any meeting need not be given to any Director who has signed a waiver of notice or written consent to holding of the meeting. Notices of each Board meeting shall be continuously posted in a conspicuous location on the Property for a period of forty-eight (48) hours prior to the meeting.

7.10 Class B Veto Rights. Action by the Board of Directors or any committee of the Board is subject to the Class B veto rights set forth in Section 3.6(b) above. This Section 7.10 may not be amended during the Declarant Control Period without the express written consent of the Class B Member.

ARTICLE 8

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 Duties. The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association and may take all acts, through the proper officers of the Association, in exercising such powers, except such acts which by law or the Governing Documents may not be delegated to the Board of Directors by the Members. Such powers and duties of the Board of Directors shall include, without limitation (except as limited elsewhere herein), the following:

(a) Maintenance. Perform the maintenance described in the Declaration.

(b) Insurance. Maintain insurance as required by the Declaration.

(c) Discharge of Liens. Discharge by payment, if necessary, any lien against the Common Areas and assess the cost thereof to the Member or Members responsible for the existence of the lien (after notice and hearing as required by these Bylaws).

(d) Assessments. Fix, levy, collect, and enforce Assessments as set forth in the Declaration.

(e) Expenses and Obligations. Pay all expenses and obligation incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association.

(f) Records. Cause to be kept minutes of annual and special meetings of Members and to present such minutes to the Members at the next annual meeting of the Members; and to keep adequate and correct books and records of account, minutes of proceedings of the Board and its committees, a roll of its Members giving their names and addresses and classes of membership, and all other records required to be kept by the Nonprofit Act or Planned Community Act.

(g) Supervision. Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed.

(h) Review of Financial Records. Review on at least a quarterly basis a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget, an income and expense statement for the Association's operating and reserve accounts, an accounts receivable aging report and accounts payable aging report. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts. For purposes herein, "reserve accounts" shall mean monies that the Association's Board has identified for use to defray (i) the future Maintenance of or additions to the improvements to the Common Areas, which the Association is obligated to maintain; and (ii) the future Maintenance or provision of Attached Townhome Services which the Association is obligated to provide.

(i) Reserve Account Withdrawal Restrictions. Require that at least two (2) signatures are needed for the withdrawal of monies from the Association's reserve accounts, at least one (1) of whom shall be a member of the Board. One (1) signature may be that of the Association's property manager or such property manager's designee.

(j) Reserve Account Fund Management. The Board shall not expend funds designated as reserve fund for any purpose other than (i) the Maintenance of, or litigation involving the Maintenance of, the improvements to the Common Areas

which the Association is obligated to Maintain and for which the reserve fund was established, or (ii) the Maintenance or provision of, or litigation involving the Maintenance or provision of, the Attached Townhome Services which the Association is obligated to provide and for which the reserve fund was established.

(k) Reserve Studies. At least every three (3) years the Board shall cause an independent analysis of the reserve component of the operating budget to be conducted to confirm that replacement costs and useful lives of the improvements to the Common Areas are accurately reflected in the reserve allocation.

(l) Manager. Employ a manager.

(m) Adopt Rules. Adopt rules in accordance with the Declaration, including rules setting aside Common Area parking spaces as handicapped or disabled parking only, and adopt rules limiting the number of cars that will be permitted to be parking in the Common Area parking spaces.

(n) Fine and Lien. Conduct hearings, impose fines and suspend voting and other use rights for violations of the Governing Documents as provided in the Declaration.

(o) Enforcement. Enforce the Governing Documents.

(p) Contracts. Contract for goods and/or services in accordance with the Declaration.

(q) Delegation. Delegate its authority and powers to the committees, officers or employees of the Association or to a property manager employed by the Association. Any such delegation shall be revocable by the Board at any time. The members of the Board, individually or collectively, shall not be liable for any omission or improper exercise by the property manager of any such duty, power or function so delegated by written instrument executed by a majority of the Board. The Board may not delegate the authority to procure insurance, make capital expenditures for additions or improvements chargeable against the reserve funds; to conduct hearings concerning compliance by an Owner or his Tenant, guest or invitee with the Declaration or rules and regulations promulgated by the Board, or to make a decision to levy monetary fines, impose Individual Assessments against individual Units, temporarily suspend an Owner's rights as a Member of the Association or otherwise impose discipline following any such hearing; to make a decision to levy Assessments; or to make a decision to bring suit, record a claim of lien, or institute foreclosure proceedings for default in payment of Assessments.

(r) Borrowings. Borrow money (i) for the purpose of improving the Property, or any portion thereof, (ii) for constructing, repairing, maintaining, or improving

any facilities located or to be located within the Property, (iii) for providing services authorized herein, and, (iv) subject to the limitations in the Declaration, to give as security for the payment of any such loan a mortgage or other security instrument encumbering all or any portion of the Common Areas; provided, however, that the lien and encumbrance of any such security instrument given by the Association will be subject and subordinate to any and all rights, interest, options, licenses, easements, and privileges herein reserved or established for the benefit of the Declarant, any Owner, or the holder of any Mortgage, irrespective of when such Mortgage is executed or given.

(s) Planned Community Act. Exercise the powers granted to the Board or Association in the Planned Community Act.

(t) Other Powers. In addition to any other power contained herein or in the Declaration, the Association may exercise the powers granted to a nonprofit corporation as enumerated in the Nonprofit Act.

8.2 Prohibited Acts. The Board shall not take any of the actions prohibited of it under the Declaration except with the approval of a majority of the voting interests cast and, during the Declarant Control Period, the Declarant.

ARTICLE 9

OFFICERS AND THEIR DUTIES

9.1 Enumeration of Officers. The Officers of this Association shall be a President and Secretary, who shall at all times be members of the Board of Directors, a Vice President, and a Treasurer, and such other Officers of the Board may from time to time by resolution create.

9.2 Election of Officers. The Declarant shall have the sole right to appoint and remove Officers during the Declarant Control Period. Thereafter, all officers shall hold office at the pleasure of the Board.

9.3 Term. The Board shall elect the Officers of this Association annually. The President shall hold office for a term of two (2) years and the other Officers for a term of one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

9.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

9.5 Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board, but not from the Board, if the officer is also a Board member. Any officer may resign at any time by giving written notice to the

Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

9.7 Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors and Membership; shall see that orders and resolutions of the Board are carried out; shall sign on behalf of the Association all contracts, leases, mortgages, deeds and other written instruments; and all promissory notes. The President shall have the general powers and duties of management usually vested in the office of the President of a North Carolina Nonprofit Corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

(b) Vice President. The Vice President shall act in the place of the President in the event of his or her absence, inability or refusal to act, and shall exercise such other duties as may be required by the Board.

(c) Secretary. The Secretary shall record the votes and keep the Minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with the addresses, and shall perform such other duties as required by the Board. The ministerial functions of the Secretary in recording votes, keeping minutes, sending notices, and keeping the records of names and addresses of Members may be delegated to an Association property manager.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign on behalf of the Association all promissory notes of the Association; shall keep proper books of account; and shall prepare and shall distribute budges and statements. The ministerial functions of the Treasurer in sending Assessment notices, receiving and depositing Assessments, keeping books and ledgers of account, and preparing and distributing budgets and statements may be delegated to an Association property manager.

ARTICLE 10

COMMITTEES

10.1 Appointment. A Design Review Board may be appointed as provided in the Declaration, and a Nominating Committee may, in the discretion of the Board, shall be appointed as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purpose. No committee, regardless of Board resolution, may: (a) take any final action on matters which, under the Nonprofit Act also requires Board or Member approval; (b) fill vacancies on the Board of Directors or in any committee; (c) amend or repeal Bylaws or adopt new Bylaws; (d) amend or repeal any resolution of the Board of Directors; (e) appoint any other committees of the Board of Directors or the members of those committees; or (f) approve any transaction to which the Association is a party and in which one (1) or more Directors or committee members have a material financial interest.

ARTICLE 11

BOOKS AND RECORDS

11.1 Inspection by Members. The Association shall make available for inspection shall be made available for inspection and copying by any Member of the Association, or by his or her duly appointed representative, at any reasonable time and for a purpose reasonably related to his or her interest as a Member, at the office of the Association or at such other place within the Property as the Board shall prescribe the following records: the membership register (including names, mailing addresses, telephone numbers, and voting rights), books of account; minutes of meeting of the Members, the Board (including drafts and summaries) and committees, and such other books and records of the Association as the Nonprofit Act or the Planned Community Act shall require. Board Minutes shall be available to Members upon request and upon reimbursement of the costs in making that distribution.

11.2 Rules for Inspection. The Board shall establish reasonable rules with respect to:

(a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;

(b) Hours and days of the week when such an inspection shall be made; and

(c) Payment of the cost of reproducing copies of documents requested by a Member.

11.3 Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of

inspection by a Director includes the right to make extracts and copies of documents, at the expense of the Association.

11.4 Documents Provided by Board. Upon written request, the Board shall, within ten (10) days of the mailing or delivery of such request, provide an Owner with a copy of the Governing Documents, a copy of the most recent budget and statements of the Association, and a true statement in writing from an authorized representative of the Association as to the amount of the Association's current Assessments and fees, as well as any Assessments levied upon the Owner's interest which, as of the date of the statement, are or may be made a lien upon the Owner's Unit. The Board may impose a fee for providing the foregoing, which may not exceed the reasonable cost to prepare and reproduce the requested documents.

ARTICLE 12

MISCELLANEOUS

12.1 Amendments. So long as the Declarant owns any portion of the Community, the Declarant shall have the right to amend these Bylaws without consent of the Board or Members. Thereafter these Bylaws may be amended as provided in the Nonprofit Act.

12.2 Conflicts. In the case of any conflict between the Articles and the Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

12.3 Fiscal Year. Unless directed otherwise by the Board, the fiscal year of the Association shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

12.4 Use of New Technology. Due to the ongoing development of new technologies and corresponding changes in business practices, to the extent permitted by law now or in the future: (a) any notice required to be sent or received; (b) any signature, vote, consent, or approval required to be obtained; or (c) any payment required to be made, under the Governing Documents may be accomplished using the most advanced technology available at the time if such use is a generally accepted business practice. This section shall govern the use of technology in implementing the provisions of the Governing Documents dealing with notices, payments, signatures, votes, consents or approvals.

(a) Electronic Means. To the extent permitted by law, the Association and its Members may perform any obligation or exercise any right by use of any technological means that provides sufficient security, reliability, identification, and verifiability. Acceptable technological means shall include, without limitation, electronic communication over the internet, or a community or other

network, whether by direct connection, intranet, telecopier, or e-mail. Whenever the term "electronic transmission," "electronically transmit," "electronic notice," or terms of similar import is used in the Governing Documents, it shall refer to any form of communication not directly involving the physical transmission of paper, but which may be directly reproduced to paper, in a comprehensible and legible form.

(b) Signature Requirements. A digital signature meeting the requirements of applicable law shall satisfy any requirement for a signature under the Governing Documents.

(c) Electronic Funds Transfer. The Unit Owners and occupants may make payment of all sums to and from the Association by electronic transfer of funds creating a record evidencing the transaction for the period such record would be required to be available in non-electronic form.

(d) Voting Rights. Voting and approval of any matter under Governing Documents may be accomplished by electronic means provided that a record is created as evidence thereof and maintained as long as such record would be required to be maintained in non-electronic form.

(e) Non-Technology Alternatives. If any Member or third party does not have the capability or desire to conduct business using electronic or other technological mean, the Association shall make reasonable accommodation, at its expense, for such person to conduct business with the Association without use of such electronic or other means until such means has become generally (if not universally) accepted in similar communities in the area.

I HEREBY CERTIFY THAT the foregoing Bylaws of the Association were duly adopted by the Board of Directors of the Association on the ____day of_____, 2016.

_____
President

EXHIBIT D

Site Plan
(preliminary version)

THIS MAP IS NOT A CERTIFIED SURVEY AND HAS NOT BEEN REVIEWED BY A LOCAL GOVERNMENT AGENCY FOR COMPLIANCE WITH ANY APPLICABLE LAND DEVELOPMENT REGULATIONS.

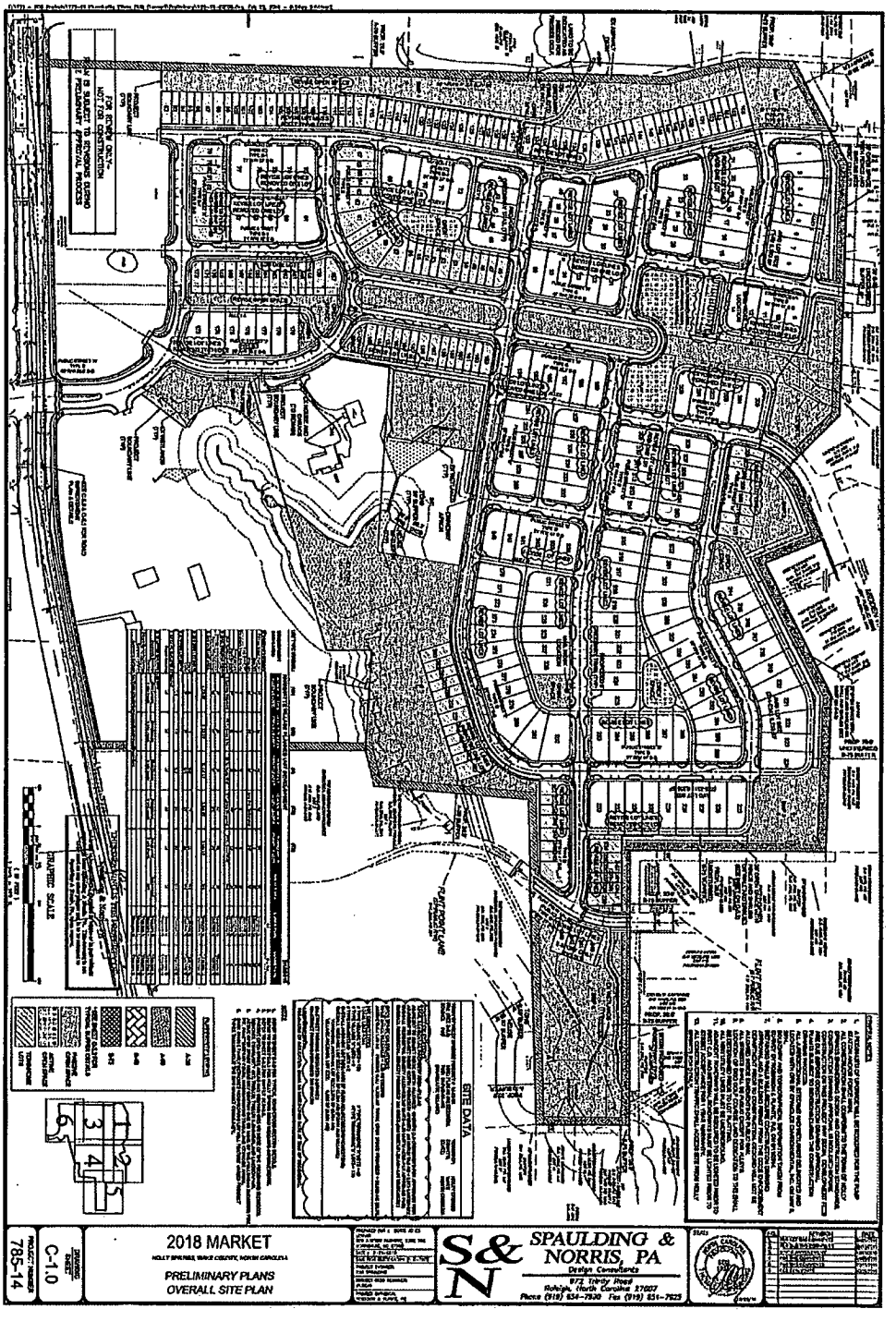

2018 MARKET
PRELIMINARY PLANS
OVERALL SITE PLAN
C-1.0
785-14
SPAULDING & NORRIS, PA
Design Consultants
SITE DATA

EXHIBIT E

Partial List of Common Areas

A. Partial list of 2018 Market "Private" Common Areas:

All "open space" shown on any Plat of 2018 Market, including all "passive open space" and "active open space" shown on the Site Plan
The shared mail kiosk for the 2018 Market community
Any future amenities which may, in the discretion of Declarant, be constructed, such as any pool and clubhouse
All buffers shown on the Site Plan
All stream buffers and wetlands shown on the Site Plan
All retaining walls located within the Common Areas
All public roads shown on any plat of 2018 Market until "accepted" by the Department of Transportation having jurisdiction over the public roads

B. Partial List of 2018 Market "Private" Limited Common Areas:

Alleys used by only certain Lots for rear access to garages

C. Partial List of "Public" Areas located partially within Common Areas:

Proposed "Greenway Trail" area (as shown on the Site Plan)
Proposed "Future Disc Golf Course" area (as shown on the Site Plan)

EXHIBIT F

Description of Future Development Property

Being any parcel acquired by Declarant, or any successor Declarant, shown on the "Recombination Map – McLeod and Jones Properties" recorded in the Book of Maps 2015, Page 2077, Wake County Registry, which Declarant, or successor Declarant, decides, in its sole discretion, to annex into the 2018 Market community.

EXHIBIT G

Provisions required by the Town of Holly Springs

1. **Maintenance of private streets and/or alleys**: Service to Lots Served by Private Streets or Alleys (UDO §7.07.B.22). The Association shall provide, or cause to be provided, the following services to any Lot served by a private street or alley, all according to procedures and policies established by the Association (as a Limited Common Area Expense): regular trash pick-up, leaf pick-up, snow removal, maintenance and repair of the private streets and/or alleys providing access to the Lot including, but not limited to, to the extent required by the Town of Holly Springs to be installed, driving surface, street or alley subgrade, surface and subsurface drainage, curbs, sidewalks, street lights, street name signs, traffic control signs, and traffic control signals. The Association shall establish a separate reserve fund for maintenance and repair of the foregoing.

2. **Street tree maintenance**:
   The Declarant shall plant trees along the streets of the subdivision in accordance with the landscaping plan as same is shown on Declarant's final development construction plans; all plantings shall be in a manner consistent with an allowance for pedestrian and vehicular traffic on sidewalks and roadways.

   After initial planting by the Declarant, the maintenance of the trees (including replacement of any damaged or dead trees) shall be by the Association for plantings within Common Area and by the particular private property Owner for plantings upon a Lot.

3. **Street Lights**: Declarant reserves the right to subject the Community to a contract with Progress Energy (or any successor utility company) for installation and operation of street lighting, which requires a continuing monthly payment to Progress Energy by each residential customer or by the Association as a Common Area Expense.

4. **Street Signs**: The Association reserves the right to install specialty signs and posts within the 2018 Market community. If the Association opts to do so, the Association shall be responsible for all the installation and costs associated with the perpetual maintenance of specialty signs and posts for which was requested by Developer and approved by Town as a Common Area Expense. If the Association fails to fulfill its responsibility for maintenance of these specialty signs and posts, the Town of Holly Springs shall install its standard sign materials and the Association shall be required to remove the specialty signs and posts at no cost to the Town. The cost of materials and installation of standard street name signs and posts need to replace specialty street name signs and posts which have not been properly maintained shall be borne by the Association. The Town of Holly Springs shall install its standard sign materials should any specialty signs be damaged. Upon the Association reinstalling a new specialty sign, the Association shall contact the Town of Holly Springs Public Works Department to coordinate the return of temporary signage.

5. **Reclaimed Water Lines & Irrigation:** Declarant reserves the right to enter into an agreement with the Town to permit the use of reclaimed water from the Town's treatment plant for irrigation in the Community, and distribution lines for such reclaimed water are installed within street rights-of-way within the Properties. In such event, no Owner may install or permit to be installed any sprinkler or irrigation system within the Properties unless such system uses only reclaimed water and is connected only to the reclaimed water distribution system. No owner may install any irrigation system without

express approval of Declarant while Declarant is providing irrigation services to all or any part of the Lots as provided in the Declaration.

6. **Stormwater BMPs/devices :**The maintenance of all stormwater Best Management Practices (BMPs) located on property owned by the Association is the responsibility of the Association. BMP(s) must be maintained to original approval standards in order to stay in compliance with Approved Stormwater Management Plan. Cash funds held in escrow (established prior to the time that operation and maintenance (O&M) responsibility is transferred from the developer/builder to the Association) will be used by the Town after it has exhausted all methods of enforcement and deemed it necessary to maintain the BMP(s) in order to stay in compliance with the Town's Ordinance and any Stormwater Maintenance Agreement. The funds to replenish the escrow account and any cost overages will then be sought from the Association by the Town by civil means. Routine inspections (visual, by Association member or representative) should be performed and documented in accordance with the recorded O&M Agreement. Annual reporting/certifications must be performed by a Licensed Professional Engineer (P.E.) and will be provided to the Town, in accordance with Town ordinance. All maintenance activities pertaining to Stormwater BMPs and other Environmentally Sensitive areas must comply with all Federal, State and Local Regulations.

7. **Maintenance of Pond/Lake/Dam with easement**: All dams/embankments, if any in connection with the existing pond partially located upon the Property, must comply with all Federal, State and Local dam safety laws. Dams/embankments should be kept clear of woody vegetation or any other vegetation or structures that could undermine structural integrity.

8. **Environmentally Sensitive Areas:** Environmentally sensitive areas (i.e. riparian buffers, floodplain, wetlands, etc.) outside of the Town's right-of-way must be maintained by the Association (if located within the Common Areas) or private property Owner (if located upon a Lot). All maintenance activities pertaining to Environmentally Sensitive areas must comply with all Federal, State and Local Regulations.

11. **Private Drainage Easements:** Drainage easements and areas outside of the Town's right-of-way must be maintained by the Association (if located within Common Areas) or private property Owner (if located upon a Lot). Drainage easements and drainage ways must stay clear of debris and structures that would impede or alter the intended drainage pattern. Drainage pipes contained on Association or private property off of the Town's right-of-way will be maintained by the Owner of the property.

EXHIBIT H

Partial list of Easements affecting the Property

Easement	Book and Page
Easements recorded on the Plat, including the "New Temporary Private Access Easement" and the "New 20' Private Access Easement"	Book of Maps 2015, Page 2077
Easements shown on the plat to be recorded for Phase 1A and any subsequent phases or Future Development Property	--
Easements in favor of Colonial Pipeline	Various
Easement granted to Declarant by Richard L. Jones, et al. (including "Entry Improvements")	Book 16237, Page 914
Easement granted to Declarant by Richard L. Jones, et al. (including "Master Improvements," including certain temporary and permanent easements to facilitate construction of certain road and street improvements, storm water improvements, entryway signage and landscaping and related facilities)	Book 16237, Page 925
Miscellaneous utility, access, and drainage easements	Various
Miscellaneous riparian rights for Blueline Stream and creeks	--
Miscellaneous annexation documents	Various
Miscellaneous easements of record which would be disclosed by a title search to be performed by prospective purchasers in connection with acquisition of title to any Lot	Various

BOOK:016611 PAGE:02633 - 02763

WAKE COUNTY
NORTH CAROLINA

Please retain yellow trailer page

It is part of the recorded document and must be submitted with the original for re-recording

Laura M. Riddick
Register of Deeds
Wake County Justice Center
300 South Salisbury Street, Suite 1700
Raleigh, NC 27601

☐ New Time Stamp ☐ $25 Non-Standard Fee

☐ Additional Document Fee ☐ Additional Reference Fee

This Customer Group

_____# of Excessive Entities

_____# of Time Stamps Needed

This Document

131 # of Pages

JD