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REGISTER OF DEEDS
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FOR
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STATE OF NORTH CAROLINA

DECLARATION OF COVENANTS CONDITIONS AND RESTRICTIONS FOR HERITAGE WAKE FOREST TWO RESIDENTIAL COMMUNITY AND/OR WILDFLOWER RESIDENTIAL COMMUNITY

COUNTY OF WAKE

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HERITAGE WAKE FOREST TWO RESIDENTIAL COMMUNITY AND/OR WILDFLOWER RESIDENTIAL COMMUNITY, is made this 20th day of July, 2005, by HERITAGE WAKE FOREST, INC., a North Carolina corporation, and ROGERS ROAD DEVELOPERS, LLC, a North Carolina Limited Liability Company, hereinafter referred to as the "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in the town of Wake Forest, Wake County, North Carolina, as more particularly described on Exhibit "A" attached hereto and made a part hereof for all purposes (the "Property"); and

WHEREAS, Declarant previously has subdivided and intends to further subdivide the Property into a residential subdivision originally known as "Heritage Wake Forest Two Subdivision and/or Wildflower Subdivision";

WHEREAS, Declarant will convey the said Property subject to certain protective covenants, conditions, restrictions, reservations and charges as hereinafter set forth; and

WHEREAS, Declarant desires to create thereon a mixed use community with a variety of housing types; and

WHEREAS, Declarant desires to provide for the preservation and enhancement of the property values, amenities, and opportunities in said community and for the maintenance of the properties and the improvements thereon, and to that end desires to subject the real property as described above, together with any and all such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities in said community to create an agency to which should be delegated and assigned the powers of owning, maintaining and administering the community properties and facilities, administering and enforcing the covenants and restrictions, collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety and welfare of the residents; and

WHEREAS, Declarant has incorporated under the laws of the State of North Carolina the Heritage Wake Forest Two Homeowner's Association, Inc. as a non-profit corporation for the purpose of exercising the functions aforesaid, among others.

NOW, THEREFORE, Declarant hereby declares all of the Property as hereinabove described to be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, all of which shall run with the real property, shall be binding on all parties having or acquiring any right, title or interest in the described property or any part thereof and on their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration, as hereinafter defined, or amendment hereto (unless the context shall otherwise require) shall have the following meanings:

(a) "Articles" shall mean and refer to the Articles of Incorporation of the Association.

(b) "Association" shall mean and refer to the Heritage Wake Forest Two Homeowner's Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

(c) "Board" shall mean and refer to the Board of Directors of the Association.

(d) "Bylaws" shall mean and refer to the Bylaws of the Association as they may now or hereafter exist.

(e) "Common Area" or "Common Property" shall mean and refer singularly or collectively, as applicable, to all real property and improvements thereon or associated therewith, including without limitation, recreation facilities, other than the Swim Club, which is/are owned or leased by the Association; easements granted to or reserved by or on behalf of the Association (or the Declarant for later transfer or assignment to the Association); and other real property which has been designated by Declarant as Common Area or Common Property on a recorded plat, in a Supplemental Declaration, or in a deed or other written instrument, and also shall refer to all personal property owned or leased by the Association and designated as Common Area or Common Property by the Declarant or the Association, and which Common Area or Common Property is for the common use, enjoyment or benefit of the Owners. All Common Area or Common Property shall be subject to the terms and conditions of this Declaration. Common Property also may include, as determined by Declarant in its sole discretion, all water retention ponds, facilities and areas, if any, including all facilities, structures and improvements associated therewith, required to be constructed, repaired, replaced or maintained on or near the Property or any portion thereof by the laws, rules or regulations of any governmental authority having jurisdiction thereof and which is required to handle storm water runoff and/or drainage from any part or all of the Property.

(f) "Common Expenses" shall mean and refer to (i) expenses of administration, maintenance, improvement, repair or replacement of Common Area or Common Property and/or Landscaped Rights-

of-Way and/or Roadway Medians, (ii) expenses declared to be or described as Common Expenses by the provisions of this Declaration, (iii) premiums for hazard, liability or other insurance as may be obtained by the Association, and (iv) all other expenses incurred by the Association in carrying out its functions and duties under this Declaration.

(g) "Declarant" shall mean and refer to Heritage Wake Forest, Inc., and/or Rogers Road Developers, LLC, its successors and assigns (in whole or in part). In addition to the foregoing, for the purposes of Article V of this Declaration only, in establishing the time when an annual assessment or special assessment is applicable to a Lot, the term "Declarant" shall include any Person to whom the Declarant or such Person has conveyed an undeveloped portion of the Project for development by such Person into Lots (it being contemplated by Declarant that there may be instances in which a certain section or phase of the Property is conveyed to another Person who will develop same into residential Lots or residential property).

(h) "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Heritage Wake Forest Two Subdivision and/or Wildflower Subdivision as it may be amended and supplemented (by Supplemental Declarations) from time to time as herein provided.

(i) "Improvement" or "Improvements" shall mean and include all buildings, storage sheds or areas, roofed structures, decks, patios, parking areas, exterior recreational areas, recreational equipment and facilities, mailboxes, exterior antennae, dishes or other apparatus to receive or transmit television or radio or microwave or other signals, loading areas, trackage, fences, walls, hedges, mass plantings, poles, driveways, ponds, lakes, changes in grade or slope of a Lot, site preparation of a Lot, landscaping, exterior clotheslines, swimming pools, tennis courts, signs, exterior illumination, changes in any exterior color or shape and any other exterior construction or exterior structure or other exterior improvement which may not be included in any of the foregoing. The definition of Improvements includes both original Improvements and all later changes and additions to Improvements.

(j) "Landscaped Rights-of-Way" shall mean the medians and other areas within public or private street rights-of-way within or adjoining the Property which are designated as Landscaped Rights-of-Way by Declarant.

(k) "Lot" shall mean and refer to any numbered or lettered plot of land which is part of the Property, is intended for single-family residential use and is shown on any plat in the office of the Register of Deeds, Wake County, North Carolina which Declarant has recorded, caused to be recorded or approved for recordation.

(l) "Maintain", Maintenance" or any substantially similar term used in this Declaration, when applied to a power or duty of the Association shall mean and include, without limitation, the right to construct, install, repair, replace, improve, operate and use the improvement, property or other item which is the subject thereof.

(m) "Member" shall mean and refer to each Owner of a Lot who is a member of the Association as provided in this Declaration.

(n) "Owner" shall mean and refer to the owner of record as shown in the Wake County, North Carolina Registry, whether one or more persons or entities, of fee simple title to any Lot, including

contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

(o) "Person" shall mean and refer to any individual, corporation, partnership, association, trust or other legal entity.

(p) "Property" shall mean the Property described on Exhibit A and any and all other Additional Property (as herein defined) hereinafter made subject to this Declaration by Supplemental Declaration or merger or consolidation as provided hereinbelow.

(q) "Roadway Medians" shall mean all areas within public or private street rights of way within or adjoining the Property that are not Landscaped Rights-of-Way and which have been designated as Roadway Medians by Declarant.

(r) "Subdivision" shall include the Heritage Wake Forest Two Subdivision and/or Wildflower Subdivision as shown on plats thereof recorded by or with the consent of the Declarant in the Wake County, North Carolina Registry. (It is contemplated by the Declarant that the Subdivision may be recorded on several maps, which may be recorded at different times and may show different phases of the Subdivision.)

(s) "Swim Club" shall mean and refer to swimming pool(s), including all related and appurtenant facilities thereto which Declarant contemplates constructing on a portion of the Property or out of other real property adjoining or located near the Property.

ARTICLE 11

PROPERTY

Section 1. Property Made Subject To Declaration. The Property is hereby made subject to this Declaration and the Property shall be owned, held, leased, transferred, sold, mortgaged and/or conveyed by Declarant, the Association and each Owner subject to this Declaration and the terms, covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration.

Section 2. Annexation of Additional Property by Declarant. If within twenty-five (25) years of the date of incorporation of the Association Declarant is the Owner of any real Property which it desires to subject to this Declaration (such real property being referred to herein as "Additional Property", it may do so by filing of record a "Supplemental Declaration" (herein so called) which shall extend this Declaration to such Additional Property; provided, however, that such Supplemental Declaration, as applied to the Additional Property covered thereby, may include such specific additional terms, covenants, conditions, restrictions, easements, charges and liens, not inconsistent with this Declaration, as may be set forth in such Supplemental Declaration.

Section 3. Annexation of Additional Property by Other Person. If within twenty-five (25) years of the date of incorporation of the Association a Person other than Declarant desires to subject real property (also referred to as "Additional Property") to this Declaration, such real property may only be

subjected hereto if the owner thereof consents in writing and if Declarant consents in writing. Thereafter, if Declarant or any other Person desires to subject real property to this Declaration, such real property may only be subjected hereto if the owner thereof consents in writing and if subjection to this Declaration is approved by the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a duly called meeting of the Association at which a quorum is present. Upon such affirmative vote, such Additional Property shall be subjected to this Declaration by the recordation in the Wake County, North Carolina Registry of a Supplemental Declaration signed by the owner of such Additional Property and the appropriate officers of the Association.

Section 4. Contents of Supplemental Declaration. Each Supplemental Declaration shall be effective upon recordation in the Wake County, North Carolina Registry, shall incorporate the provisions of this Declaration either by reference hereto or by fully setting out the provisions hereof. Such Supplemental Declaration need not be in any specific form (for example, it may be contained in a deed from Declarant conveying the real property being subjected to this Declaration), but shall clearly indicate the intention to subject the Additional Property to this Declaration. A Supplemental Declaration may contain such other terms and conditions, not inconsistent herewith, as the parties subjecting the Additional Property to this Declaration may agree upon. Nothing contained herein shall prohibit the owner of any Additional Property made subject to this Declaration by Supplemental Declaration from subjecting such Additional Property to other covenants, conditions and restrictions not inconsistent with the terms of this Declaration.

Section 5. Merger or Consolidation. Upon a merger or consolidation of the Association with another association, which is, a non-profit corporation composed of owners of residential property (which merger or consolidation may occur under the provisions of applicable laws or the provisions of this Declaration not inconsistent with such applicable laws), the properties, rights and obligations of the Association may, by operation of the law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as the surviving corporation pursuant to a merger. The surviving or consolidated association shall be considered the Association and shall administer the terms and provisions of this Declaration and any applicable Supplemental Declaration affecting the portions of the Property in the jurisdiction of such Association, together with the covenants and restrictions established upon any other properties, as one scheme. The plan of merger or consolidation between the Association and any such other association may contain terms and provisions with respect to Common Property owned by the Association or such other association as may be approved by the Association and such other association in the votes authorizing the merger and, to the extent that such provisions may conflict with the provisions of this Declaration, the provisions contained in the approved plan of merger or consolidation shall control. No such merger or consolidation, however, shall effect any revocation, change or addition to the terms and provisions of this Declaration or any Supplemental Declaration pertaining, to the Property or any portion thereof except as specifically provided in this Declaration.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Each and every Owner of a Lot shall automatically become and be a Member of the Association.

Section 2. Classes of Voting Members. Subject to the rights of Declarant reserved in Section 4 of this Article, the Association shall have two classes of voting membership as follows:

Class A. Class A Members shall be all Owners of Lots, with the exception of Declarant until such time as Declarant's Class B Membership is converted to Class A Membership as provided in this Article. A Class A Member shall be entitled to one (1) vote for each Lot owned by such Class A Member at the time notice is given of the particular meeting at which Class A membership votes are eligible to be cast. Provided, when two (2) or more Persons own or hold interests in any Lot, all such Persons shall be Class A Members, and the one (1) vote for such Lot shall be exercised as they, among themselves, determine (including the division thereof into fractional votes), but in connection with any particular vote no more than one Class A membership (1) vote shall be cast with respect to each Lot.

Class B. Class B Member shall be Declarant. The Class B Member shall be entitled to seven (7) votes for each Lot owned by the Class B Member at the time notice is given of the particular meeting at which the Class B votes are eligible to be cast.

The Class B Membership shall terminate and be converted to Class A Membership upon the happening of the first to occur of the following:

(a) when the total votes outstanding in Class A Membership equal the total votes outstanding in Class B Membership. Provided, however, and notwithstanding anything to the contrary that may appear herein or in the Declaration, if at any time prior to January 1, 2025 the Class B Membership terminates for the foregoing reason and thereafter Declarant, pursuant to Section 2 of Article If of the Declaration, annexes Additional Property to the Declaration such that, following such annexation, if votes are allocated to the Lots owned by Declarant at the rate of seven (7) votes per Lot Declarant's total outstanding votes would exceed the total outstanding votes of the Class A Members, the Class B Membership shall be reinstated until such time as it again terminates due to one of the events of termination stated herein. Prior to January 1, 2025 or the voluntary termination of the Class B Membership by Declarant, whichever first occurs, there shall be no limitation on the number of times the Class B Membership may terminate and be reinstated in accordance with the provisions of this paragraph (a); or

(b) voluntary termination by Declarant; or

(c) January 1, 2025.

Membership shall be appurtenant to and may not be separated from ownership of any Lot, and the Board may make reasonable rules relating to the proof of ownership of a Lot.

Section 3. Voting, Quorum and Notice Requirements. Except as may be otherwise specifically set forth in this Declaration the Articles or the Bylaws, the vote of the majority of the aggregate votes entitled to be cast by all classes of the Members present, or represented by legitimate proxy, at a legally constituted (duly called) meeting of the Association at which a quorum is present, shall be the act of the Members with respect to the matter that is the subject of such vote. The number of votes required to constitute a quorum shall be set forth herein or in the Bylaws. Notice requirements for all action to be taken by the Members of the Association shall be as set forth herein or in the Bylaws.

Section 4. Additional Class of Membership. Declarant, with respect to Additional Property subjected to this Declaration by supplemental Declaration, which Additional Property contains or is to contain multi-family residential units such as apartments, duplex apartments, townhouses, condominiums and/or other forms of multi-family residential units, may create a third class of membership which may have voting rights equal to or less than (but not greater than) one vote per multifamily residential unit and which class of Members, as determined by Declarant in the applicable Supplemental Declaration, may be assessed annual and special assessments on their multi-family residential units at a rate that is equal to or less than (but not greater than) the rate at which Lots are assessed. Any document creating such third class of membership shall be recorded in the Wake County, North Carolina Registry and may contain such additional terms and conditions with respect to such membership, nor inconsistent herewith, as Declarant determines to be necessary or desirable.

Section 5. Termination Of Membership. A Person's membership in the Association shall terminate automatically whenever such Person ceases to be an Owner, but such termination shall not release or relieve any such Person from any liability or obligation incurred under or in any way connected with the Association or this Declaration during the period of such Person's ownership of a Lot, or impair any rights or remedies which the Association or any other Member has with regard to such former Member.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON AREA

Section 1. Owners' Easements of Enjoyment. Subject to the provisions of this Declaration (and subject to the provisions of any Supplemental Declaration or additional declaration which may be applicable and not inconsistent herewith), every Owner shall have a right and easement of use and enjoyment in and to the Common Area, which right and easement shall be appurtenant to and shall pass with the title to every Lot; PROVIDED, HOWEVER, such easement shall not give such person the right to make alterations, additions or improvements to any part of the Common Area. Subject to the terms of this Declaration and the Bylaws, any Owner may delegate such Owner's right of use and enjoyment in and to the Common Area to the members of such Owner's family, tenants or contract purchasers who reside on the Owner's Lot, or to such Owner's guests.

Section 2. Title to the Common Area. Prior to the recordation of this Declaration, Declarant shall convey to the Association (by deed without warranty at Declarant's option) fee simple title to all real property portions of the Common Area, if any, shown on any plat of any part or all of the Property recorded by Declarant prior to the recordation of this Declaration, which conveyance shall be free and clear of all encumbrances and liens other than the lien of current taxes and assessments not in default

and utility easements, other easements and encumbrances (not constituting a lien to secure the payment of money) and mineral interests outstanding and of record in Wake County, North Carolina, and the terms and conditions of this Declaration and any applicable Supplemental Declaration. Declarant shall convey to the Association other real property portions of the Common Area shown on any maps of part or all of the Property recorded subsequent to the recordation of this Declaration prior to the conveyance of the first Lot shown on any such map, such conveyance to be in accordance with and subject to the terms and conditions of this paragraph.

Section 3. Extent of Members' Easement. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to prescribe and enforce regulations governing the use, operation and maintenance of the Common Area (including limiting the number of guests of Members who may use the Common Area);

(b) Subject to the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present (but if the required quorum is not present at the first such meeting, subsequent meetings may be called subject to the same notice requirement, and the required quorum at the subsequent meetings shall be one-half (1 /2) of the required quorum at the immediately preceding meeting) and which is duly called and held for the following purpose, the right of the Association to borrow money for the purpose of improving, repairing, replacing and maintaining the Common Area and facilities and/or the Landscaped Rights-of-Way and/or the Roadway Medians and in connection with such borrowing to mortgage the Common Area, provided the rights of such mortgagee in the Common Area shall be subordinate to the rights of the Owners hereunder (Note: the term "mortgage" when used in this Declaration also include a deed of trust and any other type of security interest in real or personal property);

(c) The right of the Association to take such steps as are reasonably necessary to protect the Common Area against foreclosure;

(d) The right of the Association to suspend the voting rights and right to use Common Area, if any, by an Owner for any period during which any assessment against such Owner's Lot remains unpaid; and for a period not to exceed one hundred twenty (1 20) days for any infraction of the Association's published rules and regulations;

(e) The right of the Association to charge reasonable admission and other fees for the use of Common Area;

(f) Subject to the approval of any governmental entities or agencies whose approval is required therefore, the right of the Association to exchange portions of the Common Property with the Declarant for substantially equal (in acreage or value) portions of the Property for the purpose of eliminating unintentional encroachments of Improvements onto portions of the Common Property; and

(g) Subject to the affirmative vote of two-thirds (2/3) of the votes of each class, of membership entitled to be cast by the Members present or represented by proxy at a duly called meeting at which a quorum is present, the right of the Association to dedicate or transfer all or any part of the Common

Area to any public agency, authority, utility or other third party for such purposes and upon such conditions as the Board, or the Members who exercise the required affirmative vote (if the motion or resolution passed by such vote contains such conditions), may determine.

(h) Easements for drainage, storm water control or removal, utilities, signs and other matters shown on recorded plats of the Common Area or created or reserved by Declarant prior to or simultaneously with the conveyance of such Common Area by Declarant to the Association, and/or granted by the Association as permitted by this Declaration.

(i) Subject to the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a duly called meeting at which a quorum is present, the right of the Association to lease or transfer title to any part or all of the Common Area to another nonprofit corporation or association organized and existing with respect to property owned by such corporation or association in the Project, for purposes substantially similar to the Association with respect to the Common Property. Upon the approval of the Board the Association may lease from or accept transfer of title from any such nonprofit corporation or association any part of all the property owned by such corporation or association.

Section 4. Leases of Lots. Any lease agreement between an Owner and a lessee for the lease of such Owner's Lot shall provide that the terms of the lease shall be subject in all respects to the Provisions of this Declaration and the Articles and Bylaws of the Association, and that any failure by the lessee to comply with the terms of such document shall be a default under the terms of the lease.

Section 5. Ingress and Egress. Notwithstanding anything to the contrary appearing in this Declaration, if ingress and egress to any Lot is through any part of the Common Area, any conveyance or encumbrance of such part of the Common Area shall be subject to an easement for ingress and egress for such Lot over and upon such portion of the Common Area as is designated for ingress and egress (by a public or private street or right of way) and shown on a recorded plat of such Common Area or the Lot affected thereby or created or reserved by Declarant in an instrument recorded in the Wake County, North Carolina Registry.

Section 6. Cross Access and Use of Common Area by Heritage Wake Forest Homeowners Association Members. Members of the original Heritage Wake Forest Homeowners Association shall be granted, and allowed to enjoy all the same rights of, and access to, all the common areas, greenways and trails as enjoyed by the members of the Heritage Wake Forest Two Homeowner's Association given the following:

(a) The Heritage Wake Forest Homeowners Association shall pay Heritage Wake Forest Two Homeowner's Association a fee not to exceed 25% of current dues being charged Heritage Wake Forest Two members for this access.

(b) The annual fee shall be fixed at a uniform rate for all homeowner owned Class A lots as of January 1, 2007 and on the first day of the year each year thereafter. It will be the responsibility of the Heritage Wake Forest Homeowners Association to pay the fee for all lots, regardless of the lot owners having paid their assessment, on a monthly, quarterly, annual, or other basis, as determined by the mutual agreement of the Boards of both the Heritage Wake Forest Two Homeowner's Association. The fee shall begin on 1/1/07 and will be established as $20/lot, for the calendar year 2007.

(c) The Board of the Heritage Wake Forest Two Homeowner's Association shall have the sole right to establish the amount of the cross access agreement fees on an annual basis so long as the amount for the upcoming year has been established at least one hundred and eighty (180) days in advance of the beginning of such year. Any increase will not exceed 10% of the current yearly rate.

(d) So long as this annual fee is paid by the members of the Heritage Wake Forest Homeowners Association, these rights shall be guaranteed.

(e) This agreement between Associations may be revoked and/or dissolved only by mutual agreement of both Heritage Wake Forest Homeowners Association and Heritage Wake Forest Two Homeowner's Association. Any revocation or dissolution must be voted on and approved 180 days prior to the start of the year it is to begin. Any such action will take effect only at the start of a year and cannot be altered for any reason during the course of any given year.

ARTICLE V

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. Subject to the terms and conditions of this Declaration, each Owner of a Lot, by acceptance of a deed or other conveyance therefore, whether or not it shall be so expressed in any such deed or other conveyance, is hereby deemed to covenant and agree (and such covenant further shall be deemed to constitute a portion of the purchase money and consideration for acquisition of the Lot), to pay to the Association (or to any Person which may be designated by the Association to receive such monies on behalf of the Association): (i) annual assessments or charges; (ii) special assessments for capital improvements or unusual or emergency matters; (iii) special individual assessments levied against an Owner to reimburse the Association for extra costs for maintenance and/or repairs caused by the failure of such Owner to maintain such Owner's individual Lot and Improvements thereon; and fines or penalties levied by the Association for violations of this Declaration or other rules or regulations established the Association, all of such assessments and charges to be fixed, established and collected as hereinafter provided. The annual, special and special individual assessments, together with such interest thereon and costs of collection thereof (including, without limitation, reasonable attorney fees) as are hereinafter provided shall be a charge on the Lot and shall be a continuing lien upon each Lot against which each such assessment is made and shall also be the personal and continuing obligation of the Owner of such Lot at the time when the assessment became due. An Owner's personal obligation for payment of such assessments shall not pass to such Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used for the purposes of implementing and enforcing the terms and provisions hereof and of any Supplemental Declaration and promoting the beautification of Heritage Wake Forest Two and/or Wildflower, the enjoyment, recreation, health, safety and welfare of the Owners of Lots, and in particular, but without limitation, for the (i) improvement, use, operation, repair, replacement and maintenance of the Common Area, Landscaped Rights-of-Way and Roadway Medians; (ii) payment of premiums for hazard insurance in connection with the Common Area, the Roadway Medians and the Landscaped Rights-of-Way, and any improvements or facilities thereon; (iii) payment of public liability and other insurance of the Association; (iv) paying the costs of labor, equipment (including the expense of leasing any equipment) and material required for the Common Area, the Roadway Medians and Landscaped

Rights-of-Way, and the improvement, maintenance, repair, replacement, management, protection, preservation, use and supervision thereof; (v) payment of pertinent local taxes; and (vi) carrying out the purposes and duties of the Association as stated in its Articles and Bylaws and as stated in this Declaration.

Section 3. Maximum Annual Assessment and Annual Assessment. Through and including December 31, 2005, the maximum annual assessment shall be $350.00 per Lot.

(a) The maximum annual assessment for the calendar year beginning January 1, 2006, and for successive calendar years thereafter, shall be established by the Board and may be increased by the Board without approval by the membership of the Association by an amount per year not to exceed ten percent (10%) of the amount of the maximum annual assessment of the immediately preceding calendar year.

(b) The maximum annual assessment for the calendar year beginning January 1, 2006, and for each successive calendar year thereafter, may be increased without limit by the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a duly called meeting of the Association at which a quorum is present. The provisions of this subsection shall not apply to nor be a limitation upon any change in the maximum annual assessment undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under this Declaration or its Articles or Bylaws or any applicable laws.

(c) Subject to the provisions of this Article V, the Board may fix the annual assessment at any amount not in excess of the maximum annual assessment allowed for the applicable calendar year.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized herein, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a duly called meeting of the Association at which a quorum is present. A special assessment shall be due and payable as established by the vote of the Members approving the special assessment, or, if not established by such vote of the Members, as established by the Board.

Section 5. Notice and Quorum For Actions Authorized Under Sections 3 and 4. Written notice of any meeting of the Association called for the purpose of taking any action required to be taken by the membership under the preceding Sections 3 and 4 of this Article shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such Meeting called, the presence of Members plus proxies entitled to cast sixty percent (60%) of the combined total number of votes of all classes of membership shall constitute a quorum. If the required quorum is not present at the first such meeting, subsequent meeting(s) may be called subject to the same notice requirement, and the required quorum at the subsequent meeting(s) shall be one-half (1/2) of the required quorum at the immediately preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the immediately preceding meeting.

Section 6. Rate of Assessments.

(a) Both annual and special assessments must be fixed at a uniform rate for all Lots. Annual and special assessments may be collected on a monthly, quarterly, annual or other basis, as determined by the Board. The Board shall have the power at any time and from time to time, in its sole discretion and

upon such terms and conditions as the Board deems appropriate, to allow percentage discounts to Owners who pay annual and/or special assessments earlier than would otherwise be required for such payments; provided, however, all such discounts shall be made available to and applied uniformly to the Owners of all Lots that are subject to the assessment to which the discount applies.

(b) The annual assessment for a Lot for which a certificate of occupancy has not been issued by the governmental authority having jurisdiction thereof at the time the Lot is conveyed by Declarant shall be in an amount equal to twenty-five percent (25%) of the annual assessment established by the Board until the earlier to occur of the following events at which time the full rate shall apply: (i) conveyance of the Lot to a buyer who will occupy or lease it as a residence or (ii) passage of twelve (12) months after conveyance by Declarant.

(c) Notwithstanding anything to the contrary that may appear in this Declaration, Declarant shall pay an annual assessment in an amount equal to twenty-five percent (25%) of the annual assessment established by the Board on all Lots owned by Declarant as shown by a recorded plat during the time they are owned by Declarant.

Section 7. Commencement of Assessments: Establishing the Amount: Due Dates. The annual assessment shall commence with respect to a Lot on the first day of the month immediately following the month in which the Lot is established by recordation of a plat showing said Lot, and the amount of the first annual assessment applicable to the Lot shall be prorated in accordance with the number of months remaining in the calendar year on and after it becomes applicable to the Lot. A special assessment shall be applicable to each Lot subject to this Declaration at the time such assessment is established. The Board shall establish the amount of the annual assessment for the ensuing calendar year at least thirty (30) days in advance of the beginning of such year, and, if the amount of the annual assessment changes from the amount for the current year, the Board shall cause written notice of the new annual assessment to be sent to at least one of the Owners of each Lot subject to the assessment. Subject to any limitations contained in this Declaration, the Articles, the Bylaws or any applicable laws, the Board is empowered at any time and from time to time to establish the due dates and penalties for late payment of annual and special assessments. The failure of the Board to establish the amount of any annual assessment as required herein shall not be a waiver or modification in any respect of the provisions of this Declaration, or a waiver of the Board's right to establish the annual assessment at any time during the calendar year to which it is applicable, or a release of any Owner from the obligation to pay the assessment or any installment thereof for that or any subsequent year, and the annual assessment established for the immediately preceding calendar year shall continue in effect until the Board has established the new annual assessment.

Section 8. Certification of Assessments Paid. The Association (or any Person employed by the Association to assist in the management of the Association and collection of assessments and authorized to issue such certificates) shall, upon demand and for a reasonable charge or fee, furnish a certificate signed by an officer of the Association (or the Person or an officer, partner or agent of such Person having authority to issue such certificate) setting forth whether or not the assessments (annual and special) on a particular Lot have been paid. A properly executed certificate of the Association (or authorized Person) as to the status of the payment of such assessments shall be binding on the Association, as of the date of its issuance, with respect to the assessments addressed therein.

Section 9. Owner's Personal Obligation for Payment of Assessments. The annual and special assessments provided for herein shall be the personal and individual debt of the owner (as of the due

date of the applicable assessment payment) of the Lot to which such assessments relate. No Owner shall be exempt from liability for such assessments by nonuse of such Owner's Lot(s) or the Common Area or otherwise. In the event of default in the payment of any such assessment, the defaulting Owner shall be obligated to pay monthly late charges (either a fixed fee or interest on the amount of the assessment from the due date thereof until the date the assessment is paid or both) to be determined by the Board, together with all costs and expenses of collection, including reasonable attorney's fees.

Section 10. Assessment Lien and Foreclosure. All unpaid sums that have been assessed in the manner provided in this Article shall, together with late charges as provided in this Declaration, plus the cost of Collection (including reasonable attorney's fees), become a continuing lien and charge on the Lot and all Improvements thereon owned by the defaulting Owner as of the assessment due date, which shall bind such Lot and Improvements then in the hands of the Owner, and the defaulting Owner's heirs, devisees, personal representatives, successors, and assigns. Except as otherwise provided in this Declaration, the aforesaid lien shall be superior to all other liens and charges against such Lot and Improvements thereon. The Board shall have the power to subordinate the aforesaid assessment lien to any other lien, and such power shall be entirely discretionary with the Board. To evidence the aforesaid assessment lien, the Board may prepare a written notice of assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot and Improvements thereon covered by such lien, and a description of the Lot. Such notice shall be signed by an agent of the Association and shall be recorded in the Office of the Register of Deeds of Wake County, North Carolina. Such lien for payment of assessments shall attach with the priority above set forth from the date that such payment becomes delinquent and, subsequent to the recordation of such notice, the lien may be enforced by the foreclosure of the defaulting Owner's Lot and Improvements thereon by the Association in like manner as a deed of it with power of sale on real property, or the Association may institute suit against the Owner personally obligated to pay the assessments, or the lien may be enforced by judicial foreclosure or the Association may pursue one or more of the foregoing remedies and/or may seek any other available remedy or relief. In any foreclosure proceeding, whether judicial or non-judicial, the Owner shall be required to pay the costs, expenses, and reasonable attorney's fees incurred by the Association. The Association shall have the power to bid on the Owner's Lot and Improvements thereon at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same.

Section 11. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein against a Lot shall be subordinate and inferior to the lien of any first mortgage or deed of trust on such Lot; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the sale (whether public or private) of such Lot pursuant to the terms and conditions of any such mortgage or deed of trust. Such sale shall not relieve any new Owner of the Lot from liability for the amount of any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

Section 12. Properties Exempt from Assessments. The Common Area and all portions of the Property owned by or otherwise dedicated or conveyed to any governmental entity shall be exempt from the assessments and liens for same created herein. In addition, if required by the governmental entity to whom such Common Area or portion of the Property is being dedicated or conveyed such Common Area or portion of the Property may be dedicated or conveyed free and clear of all of the terms, conditions, covenants and restrictions contained in this Declaration.

The Swim Club property also shall be exempt from the assessments and liens for same created herein. Provided, however, if at any time in the future any part or all of the Swim Club property shall be subdivided into Lots intended for single-family residential use or used for multi-family residential purposes, then the exemption from assessments and liens for such part or all of the Swim Club property shall terminate and the same shall become subject to assessments and liens as provided herein for Lots and multifamily residential property.

Section 13. Additional Assessment. Should the Association at any time take over the operation and maintenance of a private water system or any other utility system servicing the Subdivision, (i) an additional annual assessment may be established to provide funds for such operation and maintenance and/or the Association may bill Owners of Lots on a user fee basis in connection with such Owner's actual use of the applicable utility, such assessment and/or billing to be determined by the Association at the appropriate time (Note: it is contemplated by this Section that the Association may choose either method or a combination of the two methods, and (ii) special assessments also may be assessed in connection with the operation and maintenance of such utility system or systems in the manner provided in this Article for special assessments.

The initial maximum annual assessment shall be determined by the Board and shall become applicable to Lots subject to this Declaration immediately upon such determination by the Board or at such later date as may be selected by the Board. Except as otherwise specifically provided by this Section 13, all other terms and provisions of this Article relating to annual and special assessments shall apply to each such Additional Assessment.

Section 14. Special Assessment for Emergency Situations. The Board shall have the authority to levy special assessments for unexpected repairs or improvements due to emergency situations including, but not limited to, natural disasters and fires. These special assessments shall not require approval of the Members and may be spread out over more than one year.

Section 15. Working Capital Fund. At the time of closing of the sale of each Lot to a buyer who will occupy or lease it as a residence, a sum equal to at least two (2) months assessment for each Lot shall be collected and transferred to the Association as a contribution to reserve funds. The purpose of said fund is to insure that the Board will have adequate cash available to meet unforeseen expenses and to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments.

ARTICLE VI

POWERS AND DUTIES OF THE ASSOCIATION

Section 1. Powers and Duties of the Board. The Association, acting through its Board, for the mutual benefit of the Owners of the Association, shall have the following powers and duties:

(a) The Association shall be responsible for the improvement, repair, replacement, use, operation and maintenance of the Common Area, the Roadway Medians and the Landscaped Rights-of-Way as provided in this Declaration, including, but not limited to, planting, mowing, pruning, fertilizing, preservation and replacement of the vegetation and landscaping in, and the upkeep and maintenance of sidewalks, sprinklers, sprinkler pumps, wells, signs, lighting,

planting boxes and other equipment, apparatus and improvements located in, the Common Area, the Roadway Medians and the Landscaped Rights-of-Way or located in easements granted to or reserved by the Declarant or the Association. With respect to the Landscaped Rights-of-Way and Roadway Medians, the foregoing responsibility is to such extent as the Board may determine, in its sole discretion, with consideration being given to the extent to which any governmental entity is responsible for and carrying out maintenance of same.

(b) The Association is empowered to enter into agreements with the appropriate governmental authorities or private parties to enable the Association to improve, repair, replace, use, operate and maintain the Common Area, the Roadway Medians, Landscaped Rights-of-Way, greenways, trails and easements or any portions thereof, and any other property not owned by the Association;

(c) The Association is empowered to make reasonable rules and regulations for the use and operation of the Common Area, and to amend then from time to time; provided that any rule or regulation may be amended or repealed by an instrument in writing signed by the Members possessing seventy-five percent (75%) or more of the total eligible votes of the membership of the Association; provided further, prior to January 1, 2025, any such amendment must also be approved by Declarant before it may become effective;

(d) The Association is empowered to enter into agreements or contracts with utility companies with respect to utility installation, consumption and service matters relating to the Common Area, the Roadway Medians, the Landscaped Rights-of-Way and the Association:

(e) The Association is empowered to borrow funds to pay costs of operation of the Association, which borrowing may be secured by assignment or pledge or rights against delinquent Owners or by liens on other Association assets, as determined by the Board.

(f) The Association is empowered to enter into contracts to maintain one or more bank accounts, and, generally, to have all the powers necessary or incidental to the operation and management of the Association;

(g) The Association is empowered to sue or defend in any court of law in behalf of the Association, and to employ attorneys and other necessary professionals in connection therewith;

(h) The Association shall, to the extent determined by the Board, provide adequate. reserves for repairs and replacements of Common Area, Landscaped Rights-of-Way and Roadway Medians;

(i) The Association shall make available to each Member making written request, an annual financial report and, upon the written request of the Members possessing seventy-five percent (75 %) or more of the total eligible votes of all the Members of the Association, to have such report audited (at the expense of the Association) by an independent certified public accountant, which audited report shall be made available to each Member making written request therefore;

(j) The Association shall make available for inspection by Owners and holders of first lien mortgages or deeds of trust secured by Lots, upon reasonable request and during normal business hours, current copies of this Declaration and all Supplemental Declarations, the Bylaws, the rules and regulations of the Association, and the books, records and financial statements of the Association;

(k) The Association is empowered to adjust the amount, collect, and use any insurance proceeds to repair damage to or replace Common Property; and if proceeds are insufficient to repair damage to or replace Common Property, to levy special assessments (in the manner provided herein) to cover the deficiency;

(l) The Association is empowered to exercise all powers, duties and authority vested in or delegated to the Association by this Declaration, the Bylaws, or the Articles and not reserved to the Members or Declarant by other provisions of this Declaration, the Bylaws or the Articles;

(m) The Association is empowered to employ a manager or firm to manage the business and property of the Association, and to employ independent contractors or other employees as the Board may deem necessary;

(n) The Association is empowered to retain the services of legal and accounting firms;

(o) The Association is empowered to administer and enforce the provisions of this Declaration and any rules made hereunder and to enjoin and/or, in its discretion, seek damages or other relief from any Owner for violation of such provisions or rules;

(p) The Association is empowered to contract with any third party or any Owner (including, without limitation, Declarant) for performance, on behalf of the Association, of services which the Association is otherwise required to perform pursuant to the terms hereof, such contracts to be at competitive rates and otherwise upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association;

(q) The Association shall establish the amount of and provide for the collection of annual and special assessments as provided for in this Declaration.

(r) The Association is empowered to establish from time to time the tax status of the Association for federal and State of North Carolina income tax purposes, as determined by the Board to be in the best interests of the Association.

(s) The Association is empowered to contract with other nonprofit corporations or associations which exist for purposes substantially similar to those for which the Association exists with respect to the acquisition of lease or use of, and improvement, repair or maintenance of property owned by such corporation or association.

(t) The Association is empowered to take any and all other actions and to enter into any and all other agreements as may be necessary or proper for the fulfillment of its obligations hereunder, for the operational protection of the Association and for the implementation and enforcement of the terms, covenants, conditions and restrictions contained in this Declaration or in any Supplemental Declaration.

Section 2. Liability Limitations. Neither Declarant, nor any Member, the Board, any director on the Board, nor any officer of Declarant or the Association shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Member, whether or not such other Member was acting on behalf of the Association or otherwise. Neither Declarant or the Association, nor any of the directors, officers, agents or employees of either shall be liable for any incidental or

consequential damages for failure to inspect any property, premises, Improvements or portions thereof or for failure to repair or maintain the same. Declarant, the Association or any other Person liable to make such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portions thereof. The Association shall, to the extent permitted by applicable law, indemnify and defend all members of the Board and all members of the Architectural Control Committee and other appointed by the Board from and against any and all loss, cost, expense, damage, liability, action or cause of action arising from or relating to the performance by the Board and such Architectural Control Committee and other committees of their duties and obligations except for any such loss, cost, expense, damage, liability, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified.

Section 3. Exchange of Common Area. The Association, acting through its Board, at any time and from time to time may exchange with Declarant, or with any Owner, or with any other Person with whom such an exchange is determined by the Board to be in the best interests of the Association, a portion of the real property Common Area for a portion of the real property owned by the Declarant, such Owner or such Person, provided that the real property acquired by the Association in the exchange: (i) is free and clear of all encumbrances except for this Declaration and any applicable Supplemental Declaration and subdivision covenants, and easements for drainage, utilities, and sewers; (ii) is contiguous to a Lot or some portion of the Common Area, a Landscaped Right-of-Way or a Roadway Median; and (iii) has approximately the same area and utility, or is of approximately the same market value, as the portion of the Common Area exchanged. The real property so acquired by the Association shall be part of the Common Area and, without further act of the Association or its Members shall be released from any provisions of this Declaration (or any applicable Supplemental Declaration or subdivision covenants) except those applicable to the Common Area. The portion of the Common Area so acquired by the Declarant, Owner or other Person, without further act of the Association or its Members, shall cease to be Common Area and shall be subject to those provisions of this Declaration (and any applicable Supplemental Declaration and subdivision covenants) that would have been applicable to such real property had it been a Lot, except that, if such portion of the Common Area is being acquired by a governmental entity, in like manner as provided in this Declaration for the conveyance or dedication of Common Area to a governmental entity, such Common Area may acquired by such governmental entity free and clear of all of the terms, covenants, conditions and restrictions contained in this Declaration.

Section 4. Utility Service Contracts. Subject to the conditions set forth in this Declaration, in connection with the ownership and/or operation by the Association of any utility service or water retention facility, the Association, shall have the power to enter into contracts with owners of real property located outside of the Subdivision to provide utility services to such owners or, in the case of water retention facilities, to allow such owners to use such facilities. All such contracts shall be subject to the following requirements or limitations:

(a) the services to be provided or the portion of the Association's facilities to be used under any such contract shall not reduce or adversely affect the level of services being provided to the Owners of Lots in the Subdivision;

(b) there shall be fees charged for such services or use of the Association's facilities which shall be no less (but may be more) than the fees charged to Owners of Lots in the Subdivision for use of the same services or facilities;

(c) the Association may not enter into any such contract unless the Board determines that it is in the best interests of the Association and the Owners of Lots in the Subdivision to do so.

ARTICLE VII

INSURANCE: REPAIR AND RESTORATION

Section 1. Right to Purchase Insurance. The Association is empowered to purchase, carry and maintain in force insurance covering any part or all of the Common Area, Landscaped Rights-of-Way and Roadway Medians and any improvement thereon or appurtenant thereto and any other property of the Association, for the interest of the Association, the Board, its agents and employees, Declarant and its officers and employees, and of all Members of the Association, in such amounts and with such endorsements and coverage as the Board shall consider to be good, sound insurance coverage for similar properties. Such insurance may include, but need not be limited to:

(a) comprehensive public liability and property damage insurance on a broad form basis with respect to the Common Area and/or Landscaped Rights-of-way and/or Roadway Medians;

(b) coverage for the personal liability (if any) of the Declarant (and its officers, agents, employees and servants), the Board (and the individual members thereof), the officers of the Association, the Architectural Control Committee and other committees appointed by the Board, the Owners and Members;

(c) Fidelity bond for all officers and employees of the Association and other Persons having control over the receipt of disbursement of Association funds; and

(d) Worker's compensation insurance to the extent necessary to comply with applicable laws.

Section 2. Insurance Proceeds. Subject to any limitations imposed by any applicable financing documents, the Association shall use the net proceeds of casualty insurance recovered to repair and/or replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of casualty insurance paid to the Association remaining after satisfactory completion of repair and replacement shall be retained by the Association as part of the general reserve fund for repair and replacement of the Common Area and/or Landscaped Rights-of-Way and/or Roadway Medians.

Section 3. Insufficient Proceeds. If the insurance proceeds are insufficient to repair or replace any loss or damage, the Association may levy a special assessment in the manner provided for in this Declaration, to cover the deficiency.

ARTICLE VIII

USE OF LOTS AND COMMON AREA - PROTECTIVE COVENANTS

Declarant reserves the right to waive, alter or modify each section of this Article provided that any waiver is to be in writing and recorded.

Section 1. Land Use And Building Type. Each Lot shall be used exclusively for single-family, non-transient residential purposes and, except as allowed by the terms of this Declaration, no building or other structure shall be constructed, placed allowed to remain on a Lot except one single-family dwelling, an attached or detached garage appurtenant thereto, and an outbuilding or storage building meeting the requirements contained in this Declaration and any subsequent architectural guidelines. Except as otherwise provided herein, no business activity or trade of any kind (other than activities related to development of the Subdivision by Declarant, installation and maintenance work by utility providers and Persons responsible for street maintenance, construction, alteration, repair, improvement, maintenance or replacement of a single-family residence, or improvement or maintenance of a Lot) shall be conducted on any Lot. Provided, however, and notwithstanding anything to the contrary that may appear herein: (i) Declarant, Declarant's agent, or any builder of homes on any Lot, subject to Declarant's approval, shall be permitted to erect and maintain sales offices, model homes and temporary construction or sales trailers or offices on any Lot owned by Declarant or such builder for the purpose of carrying on business related to the development, improvement and sale of Lots and the construction of single-family residences within the Property. Provided, however, any such sales office, model home and temporary construction or sales trailer or office must be specifically approved by Declarant and must comply with all applicable governmental laws and regulations; and (ii) Declarant and any Person authorized by Declarant may conduct such business activities on any Lot as may be necessary in connection with Declarant's development and/or sales of any part or all of the Property or the Project.

Section 2. Obstructions, etc. There shall be no obstruction of the Common Area, nor shall anything be kept, stored, altered, constructed or planted in or on the Common Area, or removed there from, without the prior consent of Declarant or the Association. Provided, however, Declarant and the Association shall have the right to install, place, repair, replace and maintain signs in the Common Area and to install, maintain, repair replace in the Common Area such materials, equipment and other apparatus as may be necessary to enable the Association to carry out its powers and duties under this Declaration.

Section 3. Restricted Actions by Owners. No Owner shall permit anything to be done or kept on such Owner's Lot or in the Common Area which will result in the cancellation of or increase in cost of any insurance carried by the Association, or which would be in violation of any law or any rule or regulation established by the Association. No waste shall be committed in the Common Area, except as may be necessary to enable Declarant or the Association to exercise any rights reserved to them hereunder or except as may be necessary to enable the Association to carry out its powers and duties hereunder. Each Owner shall comply with all applicable laws, regulations, ordinances (including, without limitation, zoning ordinances) and other governmental rules and restrictions in regard to such Owner's Lot(s) and the Common Area, and shall do so notwithstanding any attempted waiver or approval given by the Declarant or Architectural Control Committee under the terms of this Declaration.

Section 4. Nuisance and Other Matters. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No trade materials or inventories (other than materials used for construction of dwellings or other approved structures on the Lots) may be stored upon any Lot and no tractors, inoperable motor vehicles, rubbish, trash, or unsightly materials of any kind may be stored, regularly placed, or allowed to remain on any Lot (except that trash, leaves, tree limbs, materials for recycling pick-up and similar items may be kept or placed on a Lot temporarily and only for such time as is reasonably necessary to enable the appropriate governmental or private entity to remove same from the Lot, or such materials may be kept on the rear part of a Lot for use as a compost (provided that such materials used for this purpose are neatly kept and are screened from view from any adjoining Lot or street as approved by the Architectural Control Committee) and inoperable motor vehicles may be stored on a Lot (if the same are kept in an enclosed garage, meaning doors completely shut). Provided, however, trucks and/or other construction vehicles, materials and equipment may be allowed to remain on the Property temporarily during construction of roads, utilities and other improvements within the Property and during construction on a Lot of a single-family residential dwelling and/or other Improvements which have been approved for construction by Declarant or the Architectural Control Committee established by this Declaration (the temporary nature of the foregoing to be determined by the Declarant or by the Association or the Architectural Control Committee, when such right has been assigned by the Declarant to the Association or the Architectural Control Committee). Notwithstanding the foregoing, no vehicle of any type or size which transports inflammatory or explosive cargo or which stores or transports materials or substances defined as hazardous or toxic by any applicable environmental laws of any governmental entity having jurisdiction over the Property may be kept or allowed to remain in or on the Property at any time, except as may be required to effectuate removal of such prohibited materials and substances. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted on the Property.

Section 5. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any portion of the Property or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes, that they do not create a nuisance (in the judgment of the Board), such as, but without limitation, by number, noise, odor, damage or destruction of property or refuse, and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina, the County of Wake, the Town of Wake Forest, or other applicable governmental entity relating thereto; and (ii) such rules and regulations pertaining thereto as the Board may adopt from time to time.

Section 6. Signs. No sign of any kind shall be displayed to the public view on any Lot except for signs which are approved by Declarant and which are for one or more of the following purposes: (i) advertising the Lot for sale or rent; (ii) advertising the building contractor constructing improvements on the Lot during the initial construction and sales period; (iii) identifying the sales office and/or model home of a building contractor who owns the Lot; (iv) identifying the subdivision or phase name and/or identifying the Lot number of a Lot; and (v) any other purpose approved by the Declarant (or by the Board after the Class B membership terminates); provided however, the foregoing limitations shall not act to restrict or prohibit Declarant or the Association or any applicable governmental entity from erecting, maintaining, repairing and replacing (and Declarant hereby reserves for itself, the Association and such governmental entities the right to erect, maintain, repair and replace) on a Lot or on the Common Area, Landscaped Rights-of-Way, Roadway Medians and in any easements reserved or granted for such purposes, signs and billboards advertising the Property, the Project or portions of either, or signs identifying various subdivisions or phases of the Project, or regulatory, street and

directional signs. Notwithstanding the foregoing, all signs erected and maintained on any Lot must conform with all applicable governmental requirements. The Association shall be responsible for maintenance of all permanent street signs.

Section 7. Attachments. No permanent attachments of any kind or character whatsoever (including, but not limited to, television and radio antennas) shall be made to the roof or exterior walls of any residence on a Lot, unless such attachments shall have been first submitted to and approved by the Architectural Control Committee. No outdoor clotheslines shall be allowed on any Lot.

Section 8. Damage to the Common Area. Each Owner shall be liable to the Association and/or the Declarant for any damage to the Common Area, Roadway Medians, greenways, trails, and/or Landscaped Rights-of-Way caused by the negligence or willful misconduct of the Owner or such Owner's family members, tenants, guests, or invitees.

Section 9. Rules of the Association. All Owners and occupants of Lots shall abide by all rules and regulations adopted by the Association from time to time. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, including fines and penalties, and an Owner determined by the Board to have violated said rules and regulations shall be subject to immediate action by the Association or its Agents to correct or remove the violation.

Section 10. Boats, Recreational Vehicles, Trailers, etc. Neither a motorboat, houseboat or other similar waterborne vehicle, nor any airplane, nor any travel trailers, other trailers or "camper" vehicles may be maintained, stored or kept on any portion of the Property, except in (i) enclosed garages (meaning doors actually closed) or (ii) in area(s) other than Owner Lots specifically approved and with screens or covers as specifically approved by the Declarant or Architectural Control Committee (in the absence of approval or disapproval by Declarant).

Section 11. New Construction. Except as otherwise provided in this Declaration, construction of new dwellings only shall be permitted on Lots, it being the intent of this covenant to prohibit the moving of any existing building onto a Lot and remodeling or converting same into a dwelling house. Provided, however, the foregoing shall not be construed as prohibiting remodeling of or constructing additions to existing buildings or structures on a Lot that have been previously constructed thereon in compliance with this Declaration.

No mobile home, modular home or other similar structure shall be erected, placed or allowed to remain on a Lot. No pre-engineered or pre-fabricated buildings may be erected, placed or allowed to remain on a Lot without the prior approval of the Architectural Control Committee, except as allowed in Section I of this Article.

Section 12. Outbuildings. No outbuilding or storage building shall be erected, placed or allowed to remain on any Lot except those which are incidental to residential use, are constructed of the same or substantially identical materials as the residential dwelling on the Lot, are architecturally compatible with the residential dwelling on the Lot, are located no closer to the front boundary line of the Lot than the rear wall of the single-family residence located on the Lot and no closer to any side boundary line of a Lot than the applicable building setback requirements, and which have otherwise been approved by the Architectural Control Committee.

Section 13. Driveways. Construction of the driveway designed to serve the residential dwelling located on a Lot shall be completed prior to the occupancy of said dwelling. Each such driveway shall be paved with materials approved by the Architectural Control Committee, shall be no less than ten (10) feet in width, shall extend from its intersection with the adjoining public or private street right of way to a point not less than six (6) feet from the foundation of the dwelling, shall be connected to the street pavement by a radius of not less than two and one half (2.5) feet, and shall in all other respects have been approved by the Architectural Control Committee. All vehicles, except for construction vehicles, must be parked in the driveway or in the garage, and not on other portions of a Lot in use by Owner.

Section 14. On-Street Parking. The Owner of each Lot shall provide for adequate parking space on the Lot for vehicles of all types and all other apparatus designed for movement over and upon streets or highways (whether self-propelled or not) and regularly used by the residents of the single-family residence on the Lot. No automobiles, trucks, vans, travel trailers, other trailers or any other apparatus designed for movement over and upon streets or highways (whether self-propelled or not) shall be regularly parked on the streets within or adjoining the Property, and motor vehicles licensed to carry more than two (2) tons shall not be permitted to park overnight or regularly on the streets, driveways or otherwise within the Property, except that Declarant may allow such parking by any such vehicles used in connection with the construction of improvements within the Property. In addition and supplemental to the prohibitions on parking set forth in this Declaration, the Board is empowered to promulgate and enforce rules and regulations, as approved by the Town of Wake Forest, relating to parking on the streets within or adjoining the Property.

Section 15. No Temporary Structure. No structure of a temporary character, such as a trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a dwelling house.

Section 16. Landscaping. Except for the single-family residence, driveways, sidewalks and other Improvements on each Lot, the surface of each Lot shall be of undisturbed areas left in their natural state or grass or other live foliage or areas covered with mulch and/or other ground cover approved by the Architectural Control Committee, and such natural areas, grass, foliage, mulch and ground cover shall be neatly maintained at all times.

Section 17. Fences and Walls. Except as specifically approved in writing by the Architectural Control Committee no fence, wall or hedge shall be erected, placed or altered on any Lot nearer to any street fronting such Lot than the front building corner of the main dwelling constructed on such Lot and shall not exceed the height approved by, the Architectural Control Committee. All fences on Lots shall be maintained at all times in a structurally sound and attractive manner and in a good state of repair. All fences on Lots shall be of such materials and in accordance with such plans and specifications as are approved by the Architectural Control Committee and no fence shall be constructed, placed or allowed to remain on any Lot until the Owner thereof has obtained approval for such fence from the Architectural Control Committee and has obtained all other approvals required by this paragraph.

Section 18. Sight Line Limitations. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two and six feet above roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at a point twenty (20) feet from the intersection of the street lines, or in the case of a

rounded property comer, from the intersection of the street property lines extended. The same sight line limitations shall apply on any Lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersection unless the foliage line is maintained at sufficient height to prevent obstruction of sight lines.

Section 19. Antennae. No exterior antennae, earth satellite station, microwave dish or other similar improvements may be constructed, placed, maintained or allowed to remain on any Lot or on any Improvement located on any Lot unless the same is no greater than twenty-four (24) inches in diameter and is screened by materials approved by the Architectural Control Committee so that it cannot be seen from the golf course or from any adjacent Lot.

Section 20. Gas Meters. No gas meters shall be set in the front of a residence on a Lot unless such meter is of an underground type or is screened in a manner approved by the Architectural Control Committee.

Section 21. Utilities and Utility Features. The following buildings, structures, utilities and other Improvements may be constructed or placed on a Lot and allowed to remain on a Lot only if the same are located either wholly inside the single-family residence or garage on the Lot or wholly within an area that is walled or fenced or screened in a manner approved by the Architectural Control Committee: pens, yards and houses for pets; above ground garbage and trash cans or receptacles (unless by applicable governmental law or regulation the same must be located elsewhere); above ground and exterior air conditioning, heating and other mechanical equipment; and all other buildings, structures and objects determined by the Architectural Control Committee to be of a similar nature to the foregoing items or determined by the Architectural Control Committee to be of an unsightly nature or appearance. The Owners of the Lots shall be solely responsible for the proper storage, maintenance and any required placement of trashcans or receptacles for garbage collection.

All propane gas storage tanks and other storage tanks constructed or placed or installed on a Lot must be located wholly below ground.

Section 22. Mailboxes. All mailboxes, unless affixed to the residence on a Lot (which either must be approved by the Architectural Control Committee or otherwise required by applicable governmental law or regulation or United States Postal Service (or successor agency), shall be affixed to a substantial pole or stand permanently placed in the ground and shall not be located within a sidewalk. Architectural guidelines with respect to mailboxes may require, prohibit, restrict or specify one or more of the following: method and type of support; style; material; color; size; height; and one or more of the foregoing with respect to the numbering and/or lettering to be placed on a mailbox or affixed thereto. The Owners of the Lots shall be solely responsible for the proper maintenance of the mailbox required to meet architectural guidelines.

Section 23. Utilities. Except as otherwise specifically approved by the Architectural Control Committee, all electric, telephone, water and sewer, natural gas and cable television utilities and utility connections shall be located underground or screened in such manner as is approved by the Architectural Control Committee. Transformers, electric, gas or other meters of any type, or other utility apparatus shall be contained within the buildings constructed on Lots or, if adequately screened

in a manner approved by the Architectural Control Committee, the same may be located on the exterior of buildings.

Section 24. Governmental Requirements. Nothing herein contained shall be deemed to constitute a waiver of any governmental requirements applicable to any Lot and all applicable governmental requirements or restrictions relative to the location or construction of Improvements on a Lot and/or use and utilization of any Lot shall continue to be applicable and shall be complied with in regard to the Lots. Provided, that in any instance in which the provisions of this Declaration impose a more restrictive requirement than the applicable governmental requirements or restrictions, the provisions of this Declaration shall control.

Section 25. Firearms. The discharge of firearms on the Property is prohibited.

Section 26. Tree Removal. No trees shall be removed, except for diseased or dead trees and for safety reasons, unless approved by the Architectural Control Committee.

Section 27. Lighting. Except for seasonal decorative lights, which may be displayed between Thanksgiving and January 10 only, all exterior lights must be approved by the Architectural Control Committee.

Section 28. Bodies of Water. Ponds located in the Common Area shall be used solely to the benefit of the members of the Association and their guests, and for the maintenance and construction of the adjacent community, including sediment collection and irrigation.

ARTICLE IX

ARCHITECTURAL CONTROL

Section 1. General. Anything contained in this Declaration to the contrary notwithstanding, no site preparation on any Lot, no change in grade or slope of any Lot, no construction or placement of any building or exterior additions or alterations to any building situated upon a Lot, and no construction of or changes or additions to any other structure or Improvement on a Lot shall be commenced, nor shall any of the same be placed, maintained or allowed to remain, on any Lot until the "Architectural Control Committee" (appointed as hereinafter provided) has approved the plans and specifications therefore and the location of such Improvements.

Section 2. Composition. Through and including January 1, 2025, Declarant shall annually appoint the members of the Architectural Control Committee which will be composed of at least three (3) individuals (the exact number of members of the Architectural Control Committee to be designated by Declarant from time to time), each generally familiar with residential and community development design matters and knowledgeable about the Declarant's concern for a high level of taste and design standards within the Project. The members so appointed are appointed to serve for the next succeeding calendar year. In the event of the death or resignation of any member of the Architectural Control Committee, Declarant, for so long as it has the authority to appoint the members of the Architectural Control Committee, and thereafter, the Board, shall have full authority to designate and appoint a successor. No member of the Architectural Control Committee shall be liable for claims, causes of action or damages (except where occasioned by gross negligence or willful misconduct of such member) arising out of services performed pursuant to this Declaration. Subsequent to January 1, 2025

(and earlier if Declarant specifically assigns this right to the Board), the Board shall designate the number of and appoint the members of the Architectural Control Committee. At any time and from time to time Declarant may assign to the Board its rights to appoint members of the Architectural Control Committee.

The Declarant (and the Board when applicable), in its discretion, may at any time and from time to time appoint two separate Architectural Control Committees, one for the purpose of reviewing plans, specifications and site plans for initial Improvements to be constructed or placed on a Lot, and another to review plans, specifications and site plans for subsequent new Improvements and changes in and additions to existing Improvements on a Lot, the specific division of such reviews to be as specified by the Declarant (or the Board when applicable). Each such Architectural Control Committee separately shall be subject to and shall comply with the provisions of this Declaration applicable to the Architectural Control Committee and the review of plans, specifications and site plans.

Section 3. Procedure. No exterior Improvement of any kind or nature shall be constructed, repaired, replaced, remodeled, placed or allowed to remain on any Lot until all plans and specifications therefore and a site plan therefore have been submitted to and approved in writing by the Architectural Control Committee, as to:

(a) type of materials, adequacy of site dimensions and facing of main elevation with respect to nearby streets;

(b) conformity and harmony of the external design, color, type and appearance of exterior surfaces and compatibility with existing Improvements within the Property;

(c) location of the Improvement on a Lot and effect of location and use on neighboring Lots and Improvements situated thereon;

(d) provisions for handling water drainage;

(e) compliance with the provisions of this Declaration and compliance with any architectural guidelines that may be established from time to time by Declarant (or by the Board when the Board has the right to appoint the members of the Architectural Control Committee, or by the Architectural Control Committee, if such power is delegated to it by Declarant or the Board otherwise possessing such power).

Final plans and specifications for all Improvements proposed to be constructed on a Lot shall be submitted to the Architectural Control Committee for approval or disapproval in such format and in such numbers or sets (not to exceed three) as the Architectural Control Committee may require. The Architectural Control Committee is authorized to request the submission of samples of proposed construction materials. At such time as the plans and specifications meet the approval of the Architectural Control Committee at least one complete set of plans and specifications shall be retained by the Architectural Control Committee and another complete set of plans and specifications shall be marked "Approved" and returned to the Lot Owner or such Owner's designated representative. If such plans and specifications are determined not to be in compliance with this Declaration, or if the same are otherwise unacceptable to the Architectural Control Committee because of inadequacy or noncompliance with respect to the provisions of this Section, one set of plans and specifications shall

be returned to the Lot Owner marked "Disapproved", accompanied by a reasonable statement of items found not to be in compliance with this Declaration or otherwise unacceptable. Any modification or change in the plans and specifications submitted to and approved by the Architectural Control Committee must again be submitted to the Architectural Control Committee for its inspection and approval in accordance with requirements established by the Architectural Control Committee. The Architectural Control Committee's approval or disapproval, as required herein, shall be in writing.

The Declarant (or the Board, when the Board has the right to appoint members of the Architectural Control Committee, or the Architectural Control Committee, when such power has been delegated to it by the Declarant or the Board possessing such power), may from time to time adopt procedures for conducting the architectural reviews and other duties of the Architectural Control Committee, provided that such procedures do not conflict with the specific requirements of this Declaration.

The Declarant (or the Board, when the Board has the right to appoint members of the Architectural Control Committee, or the Architectural Control Committee, when such power has been delegated to it by the Declarant or the Board possessing such power) at any time and from time to time may establish architectural guidelines for one or more types of Improvements to be constructed on a Lot, which guidelines shall be fair and reasonable, and shall carry forward the spirit and intention of this Declaration. Although the Architectural Control Committee shall not have unbridled discretion with respect to taste, design and any standards specified herein or in such guidelines, the Committee shall be responsive to technological advances or general changes in architectural designs and materials and related conditions in future years and use its best efforts to balance the equities between matters of taste and design (on the one hand) and use of private property (on the other hand). Subject to the specific terms and conditions of this Declaration, different architectural guidelines may be promulgated and applied to different phases, or subdivisions, within the Project. Such guidelines shall supplement, but not supersede, the provisions of this Declaration and may be more (but not less) restrictive than the specific provisions of this Declaration. Provided, however, if there is a conflict between any such guideline and the specific provisions of this Declaration, any Supplemental Declaration or any recorded declaration of covenants, conditions and restrictions applicable to any subdivision or section in the Project, the provisions of this Declaration, such Supplemental Declaration or such other recorded declaration shall control.

Section 4. Jurisdiction. In addition to the foregoing, the Architectural Control Committee is authorized and empowered to consider and review any and all aspects of the construction of any Improvements on a Lot which may, in the reasonable opinion of the Architectural Control Committee, adversely affect the living enjoyment of one or more Owners or the general value of the Property or the Project.

Section 5. Enforcement. The Architectural Control Committee shall have a specific, nonexclusive right (but not obligation) to enforce the provisions contained in this Article of this Declaration and/or to prevent any violation of the provisions contained in this Article of this Declaration by a proceeding at law or in equity against the person or persons violating or attempting to violate any such provisions.

Section 6. Failure of the Architectural Control Committee to Act. If the Architectural Control Committee fails to approve or disapprove any plans, specifications and other submittals which conform with the requirements for such submittals established as provided herein or to reject them as being

inadequate or unacceptable within forty-five (45) days after submittal thereof to the Architectural Control Committee, and provided such submittal was a full and complete submittal of all items required by this Declaration and any applicable architectural guidelines to have been submitted to the Architectural Control Committee, it shall be conclusively presumed that the Architectural Control Committee has approved such conforming plans and specifications and other submittals, except that the Architectural Control Committee has no right or power, either by action or failure to act, to waive or grant any variances relating to any mandatory requirements specified in this Declaration, in any applicable Supplemental Declaration, or of any applicable governmental entity. If plans and specifications or other submittals are not sufficiently complete or are otherwise inadequate, the Architectural Control Committee may reject them as being inadequate or may approve or disapprove the same in part, conditionally or unconditionally, and reject the balance.

Section 7. Limitation of Liability. Neither the Architectural Control Committee nor the members thereof, nor Declarant, nor the Association, shall be liable in damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval of disapproval or failure to approve or disapprove any plans or specifications.

Section 8. Miscellaneous. No member of the Architectural Control Committee shall be entitled to compensation for, or be liable for, claims, causes of action or damages (except where occasioned by gross negligence or arbitrary and capricious conduct) arising out of services performed pursuant to this Declaration. The Association may reimburse members of the Architectural Control Committee for reasonable out-of-pocket expenses.

ARTICLE X

EASEMENTS

Section 1. Easements Reserved by Declarant.

(a) Easements for installation, maintenance, repair, replacement, use, operation and removal of utilities, drainage facilities and impoundments are reserved by Declarant for itself, its successors and assigns, over, under and across the Lots (other than the portions thereof used as building sites), and in any event over no less than a ten (10) foot strip inside of and adjacent to the front, rear and side property boundaries of each Lot. Full right of ingress and egress shall be had by Declarant at all times over the Lots (other than the portions thereof used as building sites) for the installation, use, operation, maintenance, repair, replacement or removal of any utility, drainage facility or impoundment, together with the right to remove any obstruction that may be placed in any easement that would constitute interference with the use of such easement, or with the use, installation, maintenance, repair, replacement, removal or operation of same. Assignees to whom Declarant reserves the right to assign and convey, in whole or in part, the easements reserved by it hereunder shall include, without limitation, the Association and one or more governmental entities or public utility companies.

(b) Declarant and the Association reserve the right to subject the Property to a contract for the installation of above ground or underground electric cables and lines and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment by each Owner.

Section 2. Easement Reserved for the Association. Full rights of ingress and egress shall be had by the Association at all times over and upon each Lot for the Maintenance and repair of each Lot in accordance with the provisions hereof and for the carrying out by the Association of its rights, powers, duties and obligations hereunder; provided, that any such entry by the Association upon any Lot shall be made with as minimum inconvenience to the Owner as reasonably practicable, and any damage caused as a result of the gross negligence of the Association's employees or agents shall be repaired by the Association at the expense of the Association.

Section 3. Easement Reserved for Governmental Entities and Public Utilities. An easement is hereby established for applicable governmental entities and municipal, state or public utilities serving the Project, and their agents and employees, over all Lots and over Common Areas hereby or hereafter established, for the purposes of (i) setting, removing and reading utility meters, (ii) constructing, maintaining, operating, repairing and replacing streets, utility or drainage connections, and (iii) acting for other purposes consistent with the public safety and welfare, including, without limitation, police and fire protection, the rights granted by such easements to be exercised in a reasonable manner and at reasonable times (except in the case of an emergency).

Section 4. Easements Shown On Recorded Maps. Declarant, for itself, its successors and assigns (including, without limitation, governmental entities, the Association and the owner of the Golf Course), and in addition to those easements reserved in this Declaration, hereby reserves easements in the locations and for the purposes shown and indicated on all maps of Lots subject to this Declaration that are recorded in the Wake County, North Carolina Registry.

ARTICLE XI

MAINTENANCE

Section 1. Duty of Maintenance. The Owner of each Lot in the Property shall have the duty and responsibility, at such Owner's sole cost and expense, to keep and maintain such Lot, including all Improvements thereon, ground and drainage easements or other rights-of-way incident thereto, in accordance with the terms and provisions of the Declaration and in a well-maintained, safe, clean and attractive condition at all times. Such maintenance includes, but is not limited to, the following:

(a) Prompt removal of all litter, trash, refuse and wastes;

(b) Lawn mowing and maintenance on a regular basis, including (subject to any applicable governmental laws or regulations) any portions of a public or private street right of way adjacent to any boundary of the Lot;

(c) Tree and shrub pruning and removal of dead or diseased trees and shrubs;

(d) Watering by means of a lawn sprinkler system or hand watering as needed;

(e) Keeping exterior lighting and mechanical facilities in working order;

(f) Keeping lawn and garden areas alive;

(g) Removing any dead plant material;

(h) Keeping vacant land well maintained and free of trash and weeds;

(i) Keeping parking areas and driveways in good repair;

(j) Complying with all governmental health and police requirements;

(k) Repainting of Improvements; and

(l) Repair of exterior damage to Improvements.

Section 2. Owner's Obligations to Repair. Except for those portions, if any, of each Lot which the Association is required to maintain or repair hereunder, each Owner shall, at such Owner's sole cost and expense, maintain and repair such Owner's Lot and the Improvements situated thereon, keeping the same in good condition and repair and in compliance with the covenants, conditions and restrictions herein contained. In the event that any Owner shall fail to maintain and repair such Owner's Lot and/or such Improvements as required hereunder, the Association, in addition to all other remedies available to it hereunder or at law or in equity, and without waiving any of such alternative remedies, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements (including, without limitation, all Improvements) erected thereon; and each Owner (by acceptance of a deed for a Lot) hereby covenants and agrees to repay to the Association the cost thereof immediately upon demand, and the failure of any such Owner to pay the same shall carry with it the same consequences as the failure to pay any assessment hereunder when due . The Association, at the cost of the Owner of the affected Lot, shall, if the Owner of such affected Lot fails to promptly (and in any event, within sixty (60) days following the date of the casualty) do so following the date of occurrence of the hereinafter described damage, cause any and all improvements situated upon a Lot which are damaged or destroyed by fire or other casualty to be repaired and/or removed so as not to present an unsightly appearance and/or unsafe condition, with the cost of same to be charged to and collected from the Owner in the manner provided in this Section.

Section 3. Enforcement. If any such Owner (or occupant of such Owner's Lot) has failed in any of the duties or responsibilities of such Owner as set forth in this Declaration, then the Association or Declarant may give such Owner written notice of such failure and such Owner must, within ten (10) days after receiving such notice (which notice shall be deemed to have been received upon deposit in an official depository of the United States mail, addressed to the party to whom it is intended to be delivered, and sent by certified mail, return receipt requested), perform the care and maintenance required or otherwise perform the duties and responsibilities of such Owner. Should any such Owner fail to fulfill this duty and responsibility within such period, then the Association or the Declarant, acting through its authorized agent or agents, shall have the right and power to enter onto the premises and perform such care and maintenance without any liability to any Person for damages for wrongful entry, trespass or otherwise. The Owner of a Lot on which such work is performed shall be liable to the Declarant or the Association for the cost of such work, together with interest on the amounts expended by the Association or the Declarant in performing such work computed at the highest lawful rate from the date(s) such amounts are expended until repaid, and for all costs and expenses (including attorney fees) incurred by Declarant or the Association in seeking the compliance of such Owner with the duties

and responsibilities of Owners hereunder, and shall reimburse the Association or the Declarant, as the case may be, on demand for such costs and expense (including attorney fees and interest). If such Owner shall fail to reimburse the Association or the Declarant, as the case may be, within thirty (30) days after mailing to such Owner of a statement for such costs and expense by the Association or the Declarant, then, without limitation of any other rights of the Association or Declarant, the Association may issue a special assessment against such Owner, and may enforce and collect the same, as provided in the Sections of this Declaration relating to assessing, enforcing and collecting assessments.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1. Duration. This Declaration and the terms, covenants, restrictions and provisions set forth herein shall run with and bind the Property and shall inure to the benefit of every Owner of a Lot, including Declarant, and their respective heirs, successors, and assigns, for a term beginning on the date this Declaration is recorded, which recordation shall precede the sale of any Lot, and continuing through and including December 31, 2035. At such time, the easements, covenants, conditions and restrictions herein shall be automatically extended for successive period(s) of ten (10) years each unless, at a duly called annual or special meeting of the Association at which a quorum is present held prior to the expiration of the applicable time period, termination of this Declaration is approved by the affirmative vote of seventy-five percent (75%) or more of the votes entitled to be cast by the Members present or represented by proxy. A vote by the membership on termination of this Declaration may be held only upon presentation to the Association of a petition for termination signed by Members possessing no less than twenty-five percent (25 %) of the total eligible vote of the membership of the Association, which petition, in the case of an annual meeting of the Association, shall be presented to the Association prior to the date that notice of the annual meeting is sent to the Members. The Association shall give written notice of any annual or special meeting at which termination of this Declaration is to be considered and voted upon to all Owners at least thirty (30) days in advance of the date of such meeting, which notice shall set forth that termination of this Declaration will be considered and voted upon at such meeting. If the membership votes to terminate this Declaration, such termination shall be effective upon the expiration of the then applicable time period for which the Declaration is in existence, or shall be effective on such date thereafter as may be specified in the resolution of termination passed by the membership as required herein (it being the intention of this Section, notwithstanding anything to the contrary appearing herein, that if the membership has voted to terminate this Declaration, the membership may set a date of termination that may result in this Declaration continuing to be in effect for a period of less than ten (10) years following the expiration of a preceding time period in which this Declaration was in effect).

The quorum required at the annual or special meeting at which termination of this Declaration is to be considered by the membership pursuant to the petition filed with the Association shall be the presence of Members plus proxies entitled to cast sixty percent (60%) or more of the total vote of the membership. If such quorum is not present, subsequent meeting(s) may be called until a quorum is present, subject to the same notice requirements, and the required quorum at such subsequent meeting(s) shall be one-half (1/2) of the required quorum at the immediately preceding Meeting. If the Members vote to terminate this Declaration in accordance with the foregoing requirements, then the President and Secretary of the Association shall execute in recordable form a certificate which shall set forth at least the following information: the Resolution of Termination adopted by the Association,

the date of the meeting of the Association at which such resolution was adopted; the date that notice of such meeting was given, the total number of votes required to constitute a quorum at such meeting; the total number of votes present at such meeting; the total number of votes necessary to adopt the resolution terminating the Declaration; the total number of votes cast in favor of such resolution; and the total number of votes cast against the resolution. Such certificate shall be recorded in the Wake County, North Carolina Registry no later than thirty (30) days following the date such resolution of termination is passed by the membership, and such certificate may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Amendment. Subject to the limitations hereinafter contained, this Declaration or any Supplemental Declaration hereto may be amended or modified at any time prior to December 31, 2035 by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots subject to this Declaration, and thereafter by an instrument signed by the Owners of not less than sixty percent (60%) of the Lots subject to this Declaration. All such amendments must be recorded in the Wake County, North Carolina Registry and shall not become effective until recorded. Notwithstanding anything to the contrary herein contained, no amendment to this Declaration or Supplemental Declaration shall be effective which shall impair or prejudice the rights or priorities of Declarant, the Association or of any institutional mortgagee on said Property without the specific written approval of such Declarant, Association and/or institutional mortgagee affected thereby. As long as Class B Membership exists, Declarant may amend this Declaration without the approval of any Member provided the amendment does not materially alter or change any Owner's right to the use and enjoyment of such Owner's Lot, and the amendment does not adversely affect the title to any Lot; and during such period this Declaration or any supplemental Declaration may not be amended without the written joinder of Declarant. Amendments for correction of scrivener's errors or other nonmaterial changes may be made by Declarant alone as long as Class B Membership exists and by the Board thereafter without the need of consent of the Owners.

Section 3. Dissolution or Insolvency of the Association. The Association shall be dissolved upon the termination of this Declaration, or upon the written assent given in writing and signed by not less than two-thirds (2/3) of the Members of each class of membership, or upon such more restrictive or additional conditions and in such manner as otherwise provided by the laws of the State of North Carolina. Upon dissolution or insolvency of the Association or upon loss of ownership of the Common Area (once such ownership has been acquired) by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Area as allowed by this Declaration or by reason of merger and/or consolidation with any other association as allowed by this Declaration), any portion of the Common Area not under the jurisdiction of and being maintained by another association substantially similar to the Association, together with all other assets of the Association, shall be offered to the town of Wake Forest, North Carolina, or to some other appropriate governmental entity or public agency (as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Area and such assets were required to be devoted by the Association. If the town of Wake Forest or such other appropriate governmental entity or public agency accepts the offer of dedication, such portion of the Common Area and assets shall be conveyed by the Association to the town of Wake Forest or such other appropriate governmental entity or public agency, subject to the superior right of the Owner of each Lot to an easement (if necessary) for reasonable ingress and egress to and from such Owner's Lot and the public or private street(s) on which such Lot is located, and subject to all other applicable rights of way and easements and subject to ad valorem property taxes subsequent to the date of such conveyance.

In the event that the town of Wake Forest or such other appropriate governmental entity or public agency refuses the offer of dedication and conveyance, the Association may transfer and convey such Common Area and assets to any nonprofit corporation, association, trust or other entity which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Area was required to be devoted by this Declaration, such conveyance to be made subject to the rights of Owners and other matters set forth in the immediately preceding paragraph.

Section 4. Enforcement. Declarant, the Association, and every Owner shall have the right to enforce the terms, covenants, conditions, restrictions, easements, charges and liens for which provision is made in this Declaration, which enforcement shall be by any proceeding at law or in equity (or otherwise, as provided in this Declaration) against any Person violating or attempting to violate any such term, covenant, condition, restriction, easement, charge or lien either to restrain violation or to recover damages, and against the land, to enforce any lien created by these covenants; and failure by the Association, Declarant or any Owner to enforce any such term, covenant, condition, restriction, easement, charge or lien shall in no event be deemed a waiver of the right to do so thereafter or a waiver of any other or future violation of any of same.

Section 5. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of this Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses and phrases of this Declaration shall continue in full force and effect and shall not be affected thereby. It is hereby declared that said remaining paragraphs, sections, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses or phrases shall become or be illegal, null or void.

Section 6. Notice. Except as otherwise provided herein, whenever written notice to an Owner (including Declarant) is required hereunder, such notice shall be given by the mailing of same, postage prepaid, to the address of such Owner appearing on the records of the Association. If notice is given in such manner, such notice shall be conclusively deemed to have been given by placing same in the United States mail properly addressed, with postage prepaid, whether received by the addressee or not. It shall be the duty of each Owner to keep the Association informed of such Owner's current mailing address and telephone number. If an Owner has not provided the Association with the Owner's current mailing address the Association may use the street address of such Owner's Lot for that Owner's mailing address. Electronic telecommunication of notices may be utilized by the Association as allowed by law.

Section 7. Titles. The titles, headings and captions which have been used throughout this Declaration are for convenience only and are not to be used in construing this Declaration or any part thereof.

Section 8. Number and Gender. Whenever the context of this Declaration requires, the singular shall include the plural and one gender shall include all.

Section 9. No Exemption. No Owner or other party may exempt himself from the coverage hereof or obligations imposed hereby by non-use or abandonment of such Owner's Lot(s) or the Common Area.

Section 10. FHA/VA Approval. Notwithstanding any provision in this Declaration to the contrary, through and including December 31, 2035, the following actions shall require the approval of the Federal Housing Administration (FHA) or Veterans Administration (VA) if the Declarant desires to qualify parts or all of the Property for FHA or VA approvals: (i) annexation of Additional Property; (ii) amendment of this Declaration or of any applicable Supplemental Declaration; (iii) mergers and consolidations involving the Association; (iv) mortgaging of Common Area; (v) dissolution of the Association; and (vi) exchange of Common Area.

Section 11. Subdivision. Combination of Lots. No Lot shall be subdivided without the written consent of Declarant. One or more Lots may be combined into a single Lot with the written consent of Declarant and, upon such combination and consent of Declarant, the resulting Lot shall be considered as one Lot for the purposes of this Declaration. Provided, the foregoing shall not prohibit or restrict the right (which is hereby reserved) of Declarant to subdivide, combine, resubdivide, recombine, or rerecord maps relating to any Lots subject to this Declaration.

Section 12. Conflict Between Declaration, Articles and Bylaws. Whenever there exists a conflict between the provisions of this Declaration and the Articles or Bylaws, the provisions of this Declaration shall control, and whenever there is a conflict between the provisions of the Articles and Bylaws, the provisions of the Articles shall control.

Section 13. Laws of North Carolina and the United States. This Declaration shall be subject to and construed in accordance with the laws of the State of North Carolina and all applicable laws and regulations of the United States of America. Whenever there is a conflict between the provisions of this Declaration, any Supplemental Declaration or the Bylaws and any applicable laws of the State of North Carolina, the United States or any other governmental entity having jurisdiction over the Property, such laws shall control.

Section 14. Assignment. Declarant specifically reserves the right, in its sole discretion, at any time and from time to time, to assign (temporarily or permanently) any or all of its rights, privileges and powers under this Declaration or under any Supplemental Declaration.

Section 15. Private Streets. It is contemplated by Declarant that certain streets within the Subdivision may be private streets, not intended for dedication to public use or acceptance by maintenance by the North Carolina Department of Transportation or other applicable governmental entity. All private streets designated as such on the most recently recorded map of any part or all of the Property recorded by Declarant shall be subject to a perpetual easement in favor of every Lot to which they are adjacent or which they are designated to serve (as shown on such recorded map or on some other written, recorded document signed by the Declarant) and shall be deemed appurtenant to each such Lot, whereby the Owner of each such Lot, and such Owner's successors, assigns, family members, guests and invitees shall be entitled to use such private street as a means of ingress, egress and regress to and from any public street with which such private street intersects. Following completion of construction of same by Declarant, the Owners of the Lots served by each such private street shall collectively be responsible for the maintenance thereof (all as may be more specifically set forth in a private road maintenance document which may be recorded by Declarant). Provided, however, nothing contained herein shall prohibit the Owners of the Lots served by such private street from petitioning the North Carolina Department of Transportation or other applicable governmental entity to accept

dedication of such private street for public use and to accept maintenance responsibility for same, but following completion of the initial construction of any private street the Declarant shall have no further responsibility for maintaining such street or for making any repairs or improvements as may be required to meet the public street standards of the North Carolina Department of Transportation or other applicable governmental entity.

Section 16. Recordation of Documents. Whenever there is any reference in this Declaration to the recordation of documents, unless there is a contrary reference associated therewith, the place of recordation shall be in the office of the Register of Deeds for Wake County, North Carolina.

Section 17. Correction of Property Description. It is the intention of the Declarant to have the Property surveyed, which survey may not be completed prior to the recordation of this Declaration. Accordingly, Declarant hereby reserves the right to file a Supplemental Declaration to amend the description of the Property contained in Exhibit A for the purpose of correcting same to conform to the survey of the Property.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to he signed in its corporate name by its duly authorized officers and its seal affixed hereto, the day and year first above written.

Heritage Wake Forest, Inc.

By: _____

Andrew L. Ammons, President

Rogers Road Developers, LLC

By: _____

Andrew L. Ammons, Manager

NORTH CAROLINA

COUNTY OF WAKE COUNTY

I, GINA H. TEAGUE, a Notary Public of the County and State aforesaid, certify that ANDREW L. AMMONS, President of Heritage Wake Forest, Inc. a North Carolina Corporation, came before me this day and acknowledged the due execution of the foregoing instrument on behalf of the Company. Witness my hand and official stamp, or seal, this 20th day of July, 2005.

Gina H. Teague Notary Public

My Commission Expires: 2-3-08

GINA H. TEAGUE NOTARY PUBLIC WAKE COUNTY, N.C.

NORTH CAROLINA

COUNTY OF WAKE COUNTY

I, GINA H. TEAGUE, a Notary Public of the County and State aforesaid, certify that ANDREW L. AMMONS, Manager of Rogers Road Developers, LLC, a North Carolina Limited Liability Company, came before me this day and acknowledged the due execution of the foregoing instrument on behalf of the Company. Witness my hand and official stamp, or seal, this 20th day of July, 2005.

Gina H. Teague Notary Public

My Commission Expires: 2-3-08

GINA H. TEAGUE NOTARY PUBLIC WAKE COUNTY, N.C.

Exhibit A

Being all of Lots 1529, 1530, 1569, 1570, 1571, 1572, 1573, 1620, 1621, 1595, 1596, 1597, 1598, 1599, 1600, 1601, 1574, 1575, 1576 and 1577, Heritage South Subdivision, Phase 1, Section 1, as shown on plat recorded in Book of Maps 2005, Page 1453, Wake County Registry.

Being all of Lots 1578, 1579, 1580, 1581, 1582, 1583, 1589, 1590, 1591, 1592, 1593, 1594, 1602, 1603, 1604, 1605, 1606, 1607, 1615, 1616, 1617, 1618 and 1619, Heritage South Subdivision, Phase 1, Section 2, as shown on plat recorded in Book of Maps 2005, Page 1455, Wake County Registry.

Being all of Lots 1584, 1585, 1586, 1587, 1588, 1608, 1609, 1610, 1611, 1612, 1613, 1614, 1719, 1720, 1721, 1722, 1723, 1724, 1725 and 1726, Heritage South Subdivision, Phase 1, Section 3, as shown on plat recorded in Book of Maps 2005, Page 1454, Wake County Registry.

Being all of Lots 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013 and 1014, Wildflower Subdivision, Phase 1, Section 1, as shown on plat recorded in Book of Maps 2005, Page 1458, Wake County Registry.

Being all of Lots 1727, 1015, 1016, 1017, 1018, 1019, 1020, 1021 and 1022, Wildflower Subdivision, Phase 1, Section 2, as shown on plat recorded in Book of Maps 2005, Page 1457, Wake County Registry.

Being all of Tract 2, 3, 4 and 5, Wildflower Subdivision, as shown on plat recorded in Book of Maps 2005, Page 1456, Wake County Registry.