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WAKE COUNTY, NC
LAURA M RIDDICK
REGISTER OF DEEDS
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DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR SUNSET GLEN

Prepared by: Moore & Alphin, PLLC (RHH)
Return to: Bill Clark Homes of Raleigh, LLC
PO Box 31028
Raleigh, NC 27622

Submitted electronically by "Moore & Alphin, PLLC"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Wake County Register of Deeds.

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made as of the date contained in the notary acknowledgment below by Bill Clark Homes of Raleigh, LLC, a North Carolina limited liability company (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, the Declarant is the owner of certain real property located in Wake County, North Carolina which real property is hereinafter identified as the "Sunset Glen Property"; and

WHEREAS, the Declarant intends to develop the Sunset Glen Property into Lots (as that term is hereinafter defined) for the construction thereon of single family detached homes; and

WHEREAS, the Declarant desires to provide open spaces and other facilities for the benefit of the persons who shall reside in the aforesaid homes; and

WHEREAS, in order to insure the enjoyment of such open spaces and other facilities by the residents of the Lots, and in order to protect and enhance the value of the Lots, it is desirable to create an association to own, maintain, and administer such open spaces and other facilities, and to administer and enforce the covenants and restrictions imposed by this Declaration on the individually owned properties, and to collect, hold and disburse the charges and assessments provided for in this Declaration; and

WHEREAS, it is intended that every Owner of any of the Lots automatically, and by reason of such Ownership and this Declaration, become a member of the aforesaid association and be subject to its valid rules and regulations and the assessments and charges made by such association.

NOW, THEREFORE, the Declarant does hereby submit the "Lots" and the "Common Elements" (as those terms are hereinafter defined) to the provisions of this Declaration.

ARTICLE I
DEFINITIONS

As used in this Declaration, the following terms shall have the meanings ascribed to them in this Article I, such definitions being cumulative of those set forth elsewhere in this Declaration. In addition, all terms used in this Declaration which are defined in the Act shall have the meanings ascribed to them in the Act, unless other definitions are ascribed to them in this Declaration.

"Act" shall mean the North Carolina Planned Community Act, North Carolina General Statutes §§47F-1-101 through 47F-3-121, as the same may be amended from time to time.

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

"Association" shall mean Sunset Glen Homeowners Association, Inc., a North Carolina non-profit membership corporation.

"Base Assessment" shall mean the assessments which, pursuant to the provisions of Section 4 of Article VI of this Declaration, shall be levied by the Association against the Lots for the purpose of raising the funds necessary to pay the Common Expenses.

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

"Sunset Glen Property" shall mean the entirety of the real property described on Exhibit A, hereto attached and made a part hereof.

"Common Elements" shall mean all portions of the Sunset Property which are not subdivided into Lots. All Common Elements are to be conveyed and transferred to the Association pursuant to Section 1 of Article III of this Declaration. Although a Lot which is acquired by the Association through foreclosure of the lien in favor of the Association as provided for in Article VI of this Declaration shall remain a Lot and shall not be reclassified as Common Elements, the Association shall be responsible for maintaining and repairing such Lot and improvements thereon, and the cost of such maintenance and repair shall be paid from assessments levied against all Lots other than Lots owned by the Association as a result of foreclosure, or deed in lieu of foreclosure, thereof.

"Common Expenses" shall mean those expenses reasonably expected to be incurred by the Association in the course of serving the purposes listed in Section 2 of Article VI of this Declaration, and which are forecast in the budget prepared by the Association in accordance with Section 3 of Article VI.

"Declarant" shall mean Bill Clark Homes of Raleigh, LLC, a North Carolina limited liability company, and any successor or assign thereof.

"Declarant Control Period" shall mean the time period beginning with the date on which this Declaration is recorded with the Wake County Register of Deeds and ending on the earliest of: (i) the date on which the Declarant shall have conveyed to individual Owners thereof ninety percent (90%) of the Lots shown upon the Plat, or (ii) July 31, 2030, or (iii) such earlier date as the Declarant shall designate in a written notice delivered to the Association.

"Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions, as the same may be hereinafter amended in accordance with the terms and provisions of Article X hereof.

"Dwelling" shall mean a single family detached home constructed on a Lot.

"Executive Board" shall mean the Board of Directors of the Association.

"First Mortgage" shall mean a Mortgage conveying a first priority lien upon or security title to any Lot.

"Institutional Lender" shall mean any "lender", "creditor" or "dealer" as those terms are defined by the Real Estate Settlement Procedures Act of 1974 (RESPA) (12 U.S.C. 2601 *et seq.*) or any state or federal governmental agency that guarantees or purchases Mortgages.

"Lot" shall mean each portion of the Sunset Glen Property which has been subdivided for the use of an individual Dwelling and which is subjected to the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration applicable to Lots by the recording of this Declaration.

"Mortgage" shall mean a deed of trust or other instrument conveying a lien upon or security interest to the property.

"Owner" or "Lot Owner" shall mean the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Sunset Glen Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

"Person" shall mean a natural person, corporation, trust, partnership, governmental unit or any other legal entity.

All pronouns used in this Declaration are intended to be gender neutral, and the use of the masculine gender shall be deemed to include the feminine and neuter genders.

ARTICLE II
LOTS

Section 1. Property Hereby Subjected to this Declaration. The Declarant, for itself and its successors and assigns, does hereby covenant that the Sunset Glen Property is hereby subjected to this Declaration.

The Declarant, for itself, its successors and assigns, hereby further covenants that the above-described property shall hereafter be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in the Act and in this Declaration as applicable to the Lots, including, but not limited to, the lien provisions set forth in Article VI hereof. All of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration as applicable to the Lots or Common Elements shall be a permanent charge thereon, and shall run with the Lots or Common Elements.

Section 2. Rerecording of the Plat. As Dwellings are constructed on the Lots, the Declarant may, at any time, and from time to time, prior to July 31, 2030, rerecord the Plat to adjust the boundary lines of Lots owned by the Declarant. Notwithstanding any provision of this Declaration, or of any statutory or common law, which may provide to the contrary, from and after the date of each re-recording of the Plat, the boundary lines of all Lots shall be as the same are shown and depicted on such re-recorded Plat. The right of the Declarant under this Section 2 to rerecord the Plat shall terminate at such time as the Declarant shall have re-recorded the Plat after a Dwelling has been constructed on each of the Lots.

No approval from any member of the Association, or from anyone else whomsoever, shall be required for the Declarant to adjust the boundary lines of those Lots owned by the Declarant pursuant to the provisions of this Section 2.

Section 3. All Lots Bear the Burdens and Enjoy the Benefits of this Declaration. Every Person (including the Declarant) who is a record Owner of a fee or undivided fee interest in any Lot, by acceptance of a deed or other conveyance thereto, and by acceptance of such Ownership, and by taking record title to such Lot, agrees to all of the terms and provisions of this Declaration. Each of the Lots is subject to all the burdens, and enjoys all the benefits, made applicable hereunder.

Section 4. Easements Over the Lots. The Lots shall be subjected to, and the Declarant does hereby grant to the appropriate grantees thereof, the following easements:

(a) Each Lot shall be subject to all easements which are shown and depicted on the Plat or in any other document recorded with the Wake County Register of Deeds as affecting and burdening such Lot.

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

(c) Each Lot, including the Dwelling located thereon, shall be subject to an easement for the entry by the authorized agents and representatives of the Association to go upon such Lot and into such Dwelling under the circumstances, and for the purposes described in Article X of this Declaration.

(d) The Owner of each Lot shall have an easement over and across any adjoining Lot to the extent reasonably necessary to perform such repair, maintenance, or reconstruction of his Dwelling as is required by Articles VII and X of this Declaration. Such repair, maintenance, or reconstruction shall be done expeditiously, and, upon completion of the work, the Owner shall restore the adjoining lot to as near the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable.

(e) There is hereby reserved for the Declarant an easement for ingress, egress, regress and utility purposes over and upon the Sunset Glen Property described herein and in any future amendment or supplement hereto for the purpose of accessing and improving any additional property owned by Declarant that is not subject to the terms of this Declaration. Such easement for ingress, egress, regress, and utility purposes shall be appurtenant to and run with the land, and shall be located within any dedicated right of way, public or private, or any easement shown on any plat filed recorded in the Office of the Register of Deeds for Wake County that Declarant may file.

(f) The Association reserves an easement over and across every Lot for the purpose of performing the maintenance requirements of the Association as prescribed in Articles III, VII and X of this Declaration. The Declarant during the Declarant Control Period, and thereafter the Association, may cut and create drains and drainways both above ground and underground for the purpose of facilitating the removal of surface water whenever such action may appear to be necessary in order to maintain reasonable standards of health, safety and appearance along, over or across any Lot. Each Lot Owner shall maintain the drainage devices on its Lot at its own expense. Furthermore, each Lot Owner shall not allow the diversion or concentration of storm water runoff, without the prior written approval of the Executive Board, and no drainage diversion or structure may be constructed in violation of any North Carolina Department of Transportation regulation.

(g) Each Owner is hereby declared to have an easement, and the same is hereby granted by the Declarant, over all adjoining Lots and Common Elements for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, or additional settlement or shifting of the building, or any other cause. There shall be valid easements for the maintenance of said encroachment, which include any encroachments created during the original construction of the Dwelling and related structures on a Lot, settlement or shifting; provided however, that in no event shall a valid easement for encroachment be created in favor of an Owner if said encroachment occurred due to the willful misconduct of said Owner. In the event a structure on any Lot or any Common Element is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot and the Common Elements agree that such structures shall be rebuilt in such a manner that each Dwelling shall be located entirely on its own Lot (with the exception of party walls), and all structures built on Common Elements shall be located entirely on those Common Elements, at which time this easement shall cease to exist with respect to such rebuilt structures.

ARTICLE III
COMMON ELEMENTS

Section 1. Common Elements. The Declarant shall, from time to time at the discretion of the Declarant but in any case within sixty (60) days following the end of the Declarant Control Period, transfer and convey the Common Elements to the Association.

All portions of Sunset Glen Property which are transferred to the Association by the Declarant (a) shall be conveyed to the Association by special warranty deed free of debt

and other monetary encumbrances, and (b) shall be conveyed to the Association subject to the rights and easements set forth in Section 2 and 3 of this Article III, irrespective of whether the deed of conveyance shall make a specific reference to such rights and easements.

Section 2. Members' Rights in the Common Elements. Every Owner or any Owner's tenant or social guest shall have a non-exclusive right and easement of enjoyment and use in and to the Common Elements, and such right and easement shall be appurtenant to, and shall pass with, the title to each Lot. Such right and easement of enjoyment and use are and shall be subject to the easements which are described in Section 3 of this Article III and to the right of the Association to promulgate reasonable rules and regulations regarding the use of the Common Elements, and the right of the Association, as provided in the Bylaws, to suspend the enjoyment rights of the Owner of any Lot during any period in which any assessment which is due to the Association from such Owner remains unpaid, and such period as the Executive Board may consider appropriate for any infraction of its published rules and regulations. No such suspension, however, shall prohibit the Owner of any Lot from using the Common Elements to the extent necessary for such Owner to have access and utility services to and from his Lot. In addition, the Executive Board may permit other persons who are not residents of any Lots to use the Common Elements upon such terms and conditions, and for the payment of such fees, as shall be determined by the Executive Board.

Section 3. Easements over the Common Elements. All Common Elements shall be subject to, and Declarant does hereby grant and/or reserve, the following easements:

(a) An easement in favor of Declarant and the Association across, in, under, over and through the Common Elements for the purposes of the construction, installation, repair, maintenance and use of all utility and drainage lines, wires, pipes, storm water facilities, sidewalks, private streets and similar facilities as are shown on any recorded Plat of the Sunset Glen Property or are in existence as of the date of recording of this Declaration; and

(b) An easement in favor of Declarant for the exclusive use of such portions of the Common Elements as may be reasonably desirable, convenient or incidental to the construction and installation of improvements on, and the sale of, any Lots and Dwellings thereon, including, but not limited to, sales and business offices, storage areas, construction yards and signs. Such easements shall be exercisable by any and all persons whom the Declarant shall authorize to exercise the same, including, without limitation, real estate sales agents and brokers and builders of residences upon the Lots, irrespective of whether such persons are affiliated with the Declarant. Such easements shall exist notwithstanding any provision of this Declaration which might be construed to the contrary, but shall terminate at such time as the construction on the Lots of all Dwellings has been completed and all of the Lots shall have conveyed to Owners thereof who shall not have acquired the Lots for the purpose of immediate resale of the same. Such easements shall and do exist without affecting the obligation of the Owner of any Lot to

pay assessments or charges coming due during such period of time as portions of the Common Elements shall be used by authorized persons pursuant to the exercise of the easements herein stated.

Section 4. Damage or Destruction. All damage that shall occur to any improvements on any Common Elements on account of the occurrence of any causality shall be repaired in all events. The term "improvement" shall be deemed to include any storm water management facilities or best management practices (BMPs) which may be erected or constructed on any Common Elements. Such repairs shall be undertaken and completed as soon after the occurrence of any casualty as is reasonably practicable. All repairs to any improvements located on the Common Elements shall be made in accordance with plans and specifications that shall be approved for the same by the Executive Board of the Association.

As provided in Section 47F-3-113 of the Act, it shall be the duty of the Association to obtain and maintain in effect at all times a policy of casualty insurance on all improvements located on the Common Elements. The amount of such policy shall be in amount that is no less than one hundred percent (100%) of the replacement cost of the improvements to be insured with deductibles in amount to be determined by the Executive Board.

Section 5. Transfer or Encumbrance. In no event shall the Association abandon, encumber, sell or transfer, directly or indirectly, any portion of the Common Elements unless such abandonment, encumbrance, sale or transfer shall be first approved in writing by: (a) the Owners of no fewer than eighty percent (80%) of the Lots; (b) the Institutional Lenders holding Mortgages secured by no fewer than fifty percent (50%) of the Lots (following the rules for Institutional Lenders as provided in Section 1 of Article XII of this Declaration); and, (c) the Declarant during the Declarant Control Period.

Section 6. Maintenance of the Common Elements. The Association shall be responsible for the maintenance and repair of all Common Elements, including all storm water facilities. However, the cost of any maintenance or repair made necessary by the act or omission or an Owner or such Owner's family, tenants, guests or invitees shall be the responsibility of the Owner. The Association's voluntary act to maintain or repair Common Elements damaged by such act or omission does to relieve the Owner of responsibility for the cost of repair.

ARTICLE V
THE ASSOCIATION

Section 1. The Association. Prior to the date this Declaration is filed of record with the Register of Deeds of Wake County, North Carolina, the Declarant has caused the Association to be formed, and the Association shall be governed by and under its Articles of Incorporation and Bylaws.

The Association is and shall be responsible for the Ownership, management and operation of the Common Elements, the enforcement of the covenants and restrictions set forth in this Declaration, and the performance of such other duties and services as the Executive Board shall deem to be in the best interests of the members of the Association. The Association shall have all the power and authority provided in the Association by the provisions of Section 47F-3-102 of the Act.

Section 2. Membership. Every Owner is and shall be a member of the Association; provided, however, that any such person who holds such interest merely as security for the performance of an obligation shall not be a member of the Association. The transfer of Ownership of a fee or undivided fee interest in any Lot shall automatically transfer membership in the Association, and in no event shall such membership be severed from the Ownership of such Lot.

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

(a) Class A. The Class A members shall be all those persons holding an interest required for membership in the Association, as specified in Section 2 of this Article V, except for those persons who are Class B members. Until such time as the Class A members shall be entitled to full voting privileges, as hereinafter specified, the Class A membership shall be entitled to vote only in regard to the following matters: (a) any proposal of merger, consolidation or dissolution of the Association; (b) any proposal to transfer or encumber any portion of the Common Elements; (c) any proposal pursuant to Article XI of this Declaration to amend this Declaration; (d) any proposal to modify or amend the Articles of Incorporation or by the Bylaws; and (e) any other matter for which it is herein specifically provided, or for which it is provided by the Act, the North Carolina Nonprofit Corporation Act or any other law, that approval of each and every class of membership of the Association is required. Except in regard to the foregoing matters, the Class A membership shall be a non-voting membership until such time as the Class B membership shall terminate, at which time the Class A membership shall be the sole class of membership and shall be entitled to full voting privileges.

When entitled to vote, Class A members shall be entitled to cast one (1) vote for each Lot in which they hold an interest required for membership by Section 2 of this Article V.

(b) Class B. The Declarant shall be the sole Class B member. Class B membership shall be a full voting membership and, during its existence, the Class B member shall be entitled to vote on all matters and in all events. The Class B membership shall terminate and cease to exist, and the Class B member shall be and become a Class A member insofar as it may then hold any interest required for membership by Section 2 of this Article V, upon the end of the Declarant Control Period.

Class B members shall be entitled to cast twenty (20) votes for each Lot in which they hold an interest required for Membership by Section 2 of this Article V.

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

Section 4. Suspension of Membership Rights. The membership rights of any member of the Association, including the right to vote and to use the Common Elements (except for the right to use the Common Elements for access and utility services to and from the Lot owned by such member), may be suspended by the Executive Board pursuant to the authority granted in the Bylaws. Any such suspension shall not affect such member's obligation to pay assessments coming due during the period of such suspension and shall not affect the permanent charge and lien on the member's property in favor of the Association.

Section 5. Meetings of the Membership. All matters concerning the meetings of members of the Association, including the time at which and the manner in which notice of any said meeting shall be given to members, the quorum required for the transaction of business at any meeting, and the vote required on any matter, shall be as specified in the Act, in the North Carolina Nonprofit Corporation Act, in this Declaration, or in the Articles of Incorporation or the Bylaws.

Section 6. Association Acts Through Its Executive Board. Whenever approval of or action or inaction by, the Association is referred to or called for in this Declaration, such action, inaction or approval shall be by the Executive Board of the Association, unless it is specifically stated in this Declaration, the Articles of Incorporation, the Bylaws or the Act that, with respect to such action, inaction or approval that the members of the Association must vote. No member of the Executive Board of the Association or any officer of the Association (including, without limitation, any such individual who shall have been elected by a vote of the Class B member) shall be personally liable to any Owner of any Lot for any mistake of judgment or for any other act or omission of any nature whatsoever, except for any acts or omissions found by a court of competent jurisdiction to constitute gross negligence or fraud.

Section 7. Professional Management. The Association may, but shall not be obligated to, obtain and pay for the services of any person or other entity to manage the affairs of the Association, or any part thereof, and may enter into such agreements for the management of the Common Elements as the Executive Board deems to be in the best interests of the Association.

ARTICLE VI
ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner, by execution of this Declaration or by acceptance of a deed or other instrument conveying title to a Lot, whether or not it shall be so expressed therein, is deemed to consent and agree to pay to the Association (or to any Person who may be designated by the Association to collect such monies) all assessments and other charges required by this

Declaration, including the following: (1) Base Assessments; (2) working capital assessments; (3) special assessments; (4) fines for violations of the provisions of this Declaration or other Governing Documents or assessments levied against Owners for misuse and damage to the Common Areas by the Owners or their family members, tenants, agents, contractors and guests; (5) individual assessments for any expense under the Act or this Declaration which the Association becomes obligated to pay and pays on behalf of an Owner; (6) late payment charges, interest on unpaid assessments, costs of collection, including without limitation, court costs, service charges, and attorney's fees as provided in the Act, and charges for dishonored checks; all as established by the Board from time to time; and (7) all other assessments and charges imposed or allowed to be imposed by this Declaration.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Subdivision and, in particular, for: (i) acquisition, improvement, and maintenance of properties, services and facilities related to the use and enjoyment of Common Areas; (ii) maintenance, repair and reconstruction of Common Areas and improvements thereon, including, without limitation, storm water drainage facilities, and, including, without limitation, the cost of repair, replacement and additions thereto and the cost of labor, equipment, materials, management and supervision thereof; (iii) maintenance of Lots, if any, as provided in Article VII hereof; (iv) payment of taxes and public assessments levied against Common Areas owned by the Association in fee; (v) procurement of insurance; (vi) employment of attorneys, accountants and other persons or firms for Association business; (vii) payment of principal and interest on funds borrowed for Association purposes; and (viii) such other needs as may arise.

Section 3. Date of Commencement of Assessments; Amount of Assessments; Ratification of Budgets. Unless a different commencement date is set by the Board of Directors, the assessments provided for herein shall commence as to a Lot on the day that a certification of occupancy or equivalent document is issued for the Dwelling constructed thereon.

Subject to the provisions of this Section, the Board of Directors may fix the Base Assessment for Lots owned by Class A members at any amount. The annual assessment for Lots owned by the Declarant shall be zero, provided, however, that any Lot which contains a dwelling occupied by any person as a residence shall be assessed at the Class A rate. Unless a lower amount is set by the Board of Directors, the initial Base Assessment shall be a maximum of Forty Dollars ($40.00) per month. Assessments shall be fixed at a uniform rate for all Lots in each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors. Any monies paid at any time by the Declarant or Developer for common expenses or otherwise for or on behalf of the Association shall be credited against past or future assessments due from the Declarant or Developer, if any.

The Board of Directors shall adopt a proposed budget for the Association at least annually. Within thirty (30) days after the adoption of the proposed budget, the Board of

Directors shall send a copy of the proposed budget to the Members and shall give written notice to the Members of a meeting of the Members to consider ratification of the budget, such meeting to be held not sooner than ten (10) days nor more than sixty (60) days after the mailing of such notice. Such meeting may, but need not be, combined with the annual meeting of the Members. There shall be no requirement that a quorum be present to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget shall be deemed ratified unless at that meeting Members having a majority of the votes of the entire membership vote to reject the budget; provided, however, if the budget provides for an Base Assessment per Lot for that Fiscal Year of the Association, such budget shall be deemed ratified unless Members having at least eighty percent (80%) of the votes of the entire membership vote to reject the budget. If any proposed budget is rejected by the Members, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

The Association shall, upon demand and for such reasonable charge as the Board may determine, furnish a certificate signed by an officer of the Association, or the management company employed by the Association, setting forth whether the assessments (Base, special, and limited special assessments) for a specific Lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment.

Section 4. Special Assessments. In addition to the Base Assessments authorized above, the Association may levy, in any assessment year, special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for any other non-recurring expenses, provided that any such assessment shall have been approved by the Declarant (during the Declarant Control Period) and by not less than two-thirds (2/3) of the votes of the Class A Members present and voting (in person or by proxy) at a meeting of the Members, one of the purposes of which is to vote on the special assessment, and further provided that the special assessment for Lots owned by the Declarant shall always be zero. Special assessments shall be fixed at a uniform rate for all Lots within each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors.

Written notice of any meeting called for the purpose of voting on a special assessment shall be sent to all Members not less than fifteen (15) days nor more than thirty (30) days prior to the meeting. At such meeting, the presence of Members or of proxies entitled to cast sixty percent (60%) of the votes of each Class of Lots shall constitute a quorum. If the required quorum is not present at any meeting, another meeting may be called subject to the same notice requirement, and if the meeting is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting.

Section 5. Limited Special Assessments. The Board of Directors, without vote of the Members, may levy a limited special assessment against any Lot, applicable only to

that Lot, for expenses incurred by the Association with regard to such Lot including, without limitation, expenses incurred under Article VII hereof. Any fine imposed against an Owner pursuant to Section 3 of Article VIII of the Bylaws shall also constitute a limited special assessment against such Owner's Lot. Special assessments and limited special assessments shall constitute a lien to the same extent as other assessments against the Lot.

Section 6. Effect of Nonpayment of Assessments; Remedies. No Owner shall be exempt from liability for any assessment provided for herein for reason of non-use of the Common Areas or such Owner's Lot, or abandonment or leasing of such Owner's Lot, or unavailability of the use or enjoyment of the Common Areas.

All assessments and other charges shall be established and collected as provided in this Declaration. All assessments and other charges remaining unpaid for thirty days (30) days or longer, together with late charges, interest, and the costs of collection thereof, including attorney's fees, shall be charge on the Owner's Lot as provided in §47F-3-116 of the Act and, upon filing of a claim of lien in the office of the Clerk of Superior Court of Wake County in the manner provided in §47F-3-116(g), shall be a continuing lien upon the Lot against which such assessment is made until paid in full. The lien may be foreclosed by the Association in any manner permitted under the Act or by law. When the holder of a first mortgage or first deed of trust of record or other purchaser of a Lot who obtains title to the Lot as a result of a foreclosure of a first mortgage or first deed of trust, such purchaser and its heirs, successors, and assigns shall not be liable for the assessments and other charges against such Lot which became due prior to the acquisition of title to such Lot by such purchaser. Each assessment and other charges due hereunder, together with late charges, interest, the costs of collection thereof, including attorney's fees, shall also be the personal obligation or corporate obligation of each Person who was Owner of the Lot at the time when the assessment or other charge first became due and payable and may be collected by appropriate action at law. If more than one Person held an Ownership interest in the Lot at the time the assessment or other charge first became due, then each Person shall be both jointly and severally liable. An Owner's personal obligation for payment of such assessments and other charges shall not become the personal obligation of a subsequent Owner unless expressly assumed by the subsequent Owner, although the lien shall continue against the Lot until the amounts due are paid.

Section 7. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a first mortgage or deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of any assessments which became due prior to the date of conveyance pursuant to such foreclosure. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 8. Working Capital Fund. At the time of closing of the initial sale of each Dwelling constructed on a Lot, an amount equal to Two Hundred Forty Dollars and