

Declarant: Tom Adams

NORTH CAROLINA
WAKE COUNTY
RECORDED
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S. H. K. R. L.
REGISTER OF DEEDS
WAKE COUNTY, N.C.

BOOK 2973 PAGE 111

DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR SUNRIDGE TOWNHOMES AT
CROWN OAKS, SECTION ONE, RECORDED IN
BOOK OF MAPS 1981, PAGE 972, WAKE
COUNTY REGISTRY

THIS DECLARATION, made on the date hereinafter set forth by
CIPRESS CORP., a North Carolina corporation, hereinafter referred
to as the "Declarant;"

WITNESSETH: THAT WHEREAS, the Declarant is the owner of certain
property near the City of Raleigh, Wake County, North Carolina,
which is more particularly described as Sunridge Townhomes at
Crown Oaks, Section One, as the same is shown on the map recorded
in Book of Maps 1981, Page 972, Wake County Registry, consisting
of approximately 2.3 acres; and

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

NOW, THEREFORE, Declarant hereby declares that all of the
properties described above shall be held, sold and conveyed subject
to the following easements, restrictions, covenants and conditions,
all of which are for the purpose of enhancing and protecting the
value, desirability, and attractiveness of the real property. These
easements, covenants, restrictions, and conditions shall run with
the real property and shall be binding on all parties having or
acquiring any right, title or interest in the described properties
or any part thereof, and shall inure to the benefit of each owner
thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to CROWN OAKS
TOWNHOMES ASSOCIATION, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain
real property hereinbefore described, and such additions thereto as
may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by
the Association for the common use and enjoyment of members or
designated classes of members of the Association, including Limited
Common Area and Amenities.

Section 4. "Limited Common Area" shall mean those portions of the Common Area that serve only a limited number of lots and which may include, but specifically is not limited to, driveways and walkways, parking buildings or areas serving only specified lots, and such other similar areas as may be designated by the Association. The Declarant may designate Limited Common Areas prior to annexation.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties on which such plot appears (provided said map has been approved by Declarant), with the exception of the Common Area and Limited Common Areas.

Section 6. "Lot in Use" shall mean and refer to any lot on which a dwelling unit has been fully constructed and made ready for occupancy as a dwelling unit, including, without limitation, completion of the installation of final floor covering, interior paint and wallpaper and all appliances. In addition to the foregoing, a Lot may become a Lot in Use by contractual agreement between the Declarant and the Owner of such Lot.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties or a part of Crown Oaks Subdivision, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. "Declarant" shall mean and refer to Cipress Corp., and its successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as the Declarants may impose.

Section 10. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee, or other legal entity.

Section 11. "Building" shall mean and refer to a multi-unit structure containing townhomes, constructed or erected on the Property.

Section 12. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 13. "Common Expenses" shall mean and include:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses for maintenance of the townhomes as provided in this Declaration;
- (c) Expenses of administration, maintenance, repair, or replacement of the Limited Common Areas;
- (d) Expenses declared to be common expenses by the provisions of this Declaration or the ByLaws;
- (e) Hazard, liability, or such other insurance premiums as the Declaration or the ByLaws may require the Association to purchase;
- (f) Ad valorem taxes and public assessment charges lawfully levied against common areas;
- (g) The expense of the maintenance of private drainage and utility easements and facilities located therein which are within the boundaries of the Properties, cross common areas of the Properties and serve both the Properties and lands adjacent thereto;
- (h) Expenses for maintenance and operation of "Amenities";
- (i) Expenses agreed by the members to be common expenses of the Association; and
- (j) Unpaid assessments resulting from the purchase of a townhome at a foreclosure sale (such assessment shall be collectible from all members of the Association, including the purchaser at the foreclosure sale, his successors and assigns).

Section 14. "Townhome" shall mean and refer to a dwelling or place of residence constructed upon a Lot within the Property and constituting a part of a building.

Section 15. "Sunridge" or "Sunridge Townhomes" shall mean those townhomes constructed in the portion of the Crown Oaks Subdivision presently zoned R-6, on the north and south sides of Crown Oaks Drive, as shown on a map attached hereto as Exhibit A.

Section 16. "Section B" or "Section B Townhomes" shall mean those townhomes constructed in the portion of the Crown Oaks Subdivision presently zoned R-10, on the north side of Crown Oaks Drive, as shown on a map attached hereto as Exhibit A.

Section 17. "Amenities" shall mean the facilities constructed, erected or installed on the Common Areas for the use, benefit and enjoyment of Members, including any pool or tennis courts which may be constructed in the Townhome areas of Crown Oaks Subdivision.

Section 18. "Detached Single Family Lot" shall mean and refer to a lot in that portion of the Crown Oaks Subdivision as shown on the Preliminary Subdivision map entitled "Crown Oaks" drawn by J. Fred Davis, Jr., Inc., dated October 31, 1980, final revision February 23, 1981, approved by the Raleigh City Council March 17, 1981.

Section 19. "Detached Single Family Lot Owner" shall mean and refer to a person who owns a lot as defined in Section 18.

Section 20. "Non-Resident" shall mean and refer to a person who is not a member of the Association and does not own a lot as defined in Section 18.

Section 21. "Crown Oaks Subdivision" shall mean and refer to all of that property being developed for single family residences and townhomes conferred to Cipress Corp. from Lela W. Pollard (widow), by deed recorded in Book 2904, Page 614, located in the Wake County Registry, located on the east side of Six Forks Road, plus any adjacent land combined with portions of the above described land to form building lots.

ARTICLE II

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation of additional Property shall require the assent of two-thirds (2/3) of the Class A membership and two-thirds (2/3) of the Class B membership, if any.

Section 2. If within twelve years of the date of incorporation of this Association, the Declarant should develop additional lands within the boundaries of the following tract, such additional lands may be annexed to said Properties without the assent of the Class A members:

Being all of the property as shown on a map attached hereto as Exhibit "A".

The total number of lots within the Properties herein described and the area subsequently annexed shall not exceed 130, unless approved by Class A members as provided in Section 1 of this Article.

Section 3. Annexation of additional Properties shall be accomplished by recording in the Wake County Registry a Declaration of Annexation, duly executed by the Declarant if the Declarant has the right to annex pursuant to Section 2 above, and by the Association if pursuant to Section 1 above, describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except the City of Raleigh if required by its ordinances.

Section 4. Subsequent to recordation of the Declaration of Annexation by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any Common Area within the lands annexed as such Common Area is developed, as set forth in Article VI, Section 3 of this Declaration.

ARTICLE III

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the

performance of an obligation. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. The Board of Directors may make reasonable rules relating to the proof of ownership of a Lot in this Subdivision.

ARTICLE IV

USE AND OPERATION OF AMENITIES

Section 1. Use By Association Members. As long as the assessments owed to the Association by a member of the Association are current he shall be entitled to use the Amenities subject to reasonable rules and regulations governing their use imposed by the Association. No additional fee other than annual and special assessments as provided herein, shall be charged to members of the Association.

Section 2. Use By Detached Single Family Lot Owners. Every person or entity who is a record owner of a fee or undivided fee interest in a Detached Single Family Lot shall have the right to use the pool and tennis courts on a fee basis as hereinafter set forth. At any time after acquiring a Detached Single Family Lot, the Owner of such Lot may elect to use the pool and tennis courts belonging to the Association provided that appropriate notice of such election is given to the Association and the required dues are paid. The right of an Owner to use the pool and tennis courts is terminated by the Board of Directors on account of non-payment of dues or is voluntarily terminated by the Owner, he may not be allowed to use the pool and tennis courts during the 12-month period immediately following such termination except by permission of and on terms described by the Board of Directors. After such 12-month period the Owner's right to use the pool and tennis courts shall be reinstated on the terms and conditions applicable to a new purchaser set out above, except that the Board of Directors may require the Owner to pay an equitable

part of any special assessment assessed on Members of the Association pursuant to Article VII, Section 4 of this Declaration for the improvement of the pool and tennis courts or related areas. Detached Single Family Lot Owners who elect to use the pool and tennis courts shall not be members of the Association nor shall they be entitled to any of the privileges of the Association, including voting privileges, other than the use of the pool and tennis courts. Detached Single Family Lot Owners electing to use the pool and tennis courts shall be subject to the rules and regulations of the Association governing use of the pool and tennis courts, but shall not be subject to assessments of the Association, except for the use of the pool and tennis courts as set out above. The Board of Directors may make reasonable rules relating to the proof of ownership of a Lot. Any Detached Single Family Lot Owner who elects to use the Amenities may delegate, in accordance with the Bylaws, and any rules adopted by the Board of Directors of the Association, his right of enjoyment to the pool and tennis courts to the members of his family, his tenants or contract purchasers who reside on the property. The use of the pool and tennis courts by the guests of a Detached Single Family Lot Owner shall be subject to any rules adopted by the Board of Directors of the Association.

Section 3. Use By Non-Residents. If in the opinion of the Board of Directors either the swimming pool or the tennis courts, or both, can accommodate Non-Residents, the Board may sell annual memberships to such Non-Residents for such sum and upon such terms and conditions as the Board may prescribe.

Section 4. Dues of Detached Single Family Lot Owner. The Board of Directors shall have the discretion to determine an annual fee charged Detached Single Family Lot Owners for the use of the pool and tennis courts. However, in no event shall it be greater than 120% of that portion of the annual and special assessments paid by Association members which is used for the pool and tennis courts as determined by the Board of Directors of the Association. The annual operating budget for the Amenities shall cover current cost and expenses, accrued debts, reserves for future needs and the cost of

construction or reconstruction, unexpected repair, or replacement of described capital improvements. In its discretion the Board of Directors may require dues to be paid one year in advance.

Section 5. Accounting. The Board of Directors of the Association shall cause to be maintained a separate set of accounts for the pool, tennis courts and related facilities, showing the cost and expenses incurred in operation and maintenance of the pool, tennis courts and related facilities, the amount of reserves on hand for improvement or replacement of capital structures, accrued debts and income, including the dues of non-residents and Detached Single Family Lot Owners. The Board of Directors shall determine what portion of the annual assessments paid by members of the Association are to be used for the operation and maintenance of the pool, tennis courts and related facilities, and the accounts shall reflect this.

ARTICLE V

VOTING RIGHTS

Section 1. The Association shall have two classes of voting membership:

Class A. Class A members shall be all those Owners as defined in Article III with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article III. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Article III, provided, that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first:

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and

before the time stated in Subparagraph (b) below, such additional lands are annexed to the Properties without the assent of Class A members on account of the development of such additional lands by the Declarant, all as provided for in Article II, Section 2 above, or

(b) on December 31, 1993

Section 2. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations.

ARTICLE VI

PROPERTY RIGHTS

Section 1. Members' Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Common Area which includes the right of ingress and egress over the Common Area and such easement shall be appurtenant to and shall pass with the title to every assessed lot, subject to the following provisions:

(a) The right of the Association, in accordance with its Articles and ByLaws and with the assent of members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any, to borrow money for the purpose of improving the Common Area and Amenities and in aid thereof to mortgage said property unless prohibited by law, and the rights of such mortgagee in said properties shall be subordinate to the rights of the homeowners hereunder;

(b) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members; provided, however, that no conveyance of Limited Common Area shall deprive any Member of the full use thereof. No such dedication or transfer shall be effective unless an instrument signed by Members entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Member not less than 30 days nor more than 60 days in advance;

(c) The right of the individual members to the exclusive use of parking spaces as provided in this Article;

(d) The right of the Association to limit the number of guests, if any, that Association members may bring to the Amenities; or allow to use the Common Area.

(e) The right of the Association to formulate, publish and enforce rules and regulations as provided in Article XI.

Section 2. Delegation of Use. Any Member may delegate, in accordance with the ByLaws, his right of enjoyment to the Common Area and Amenities to the Members of his family, his tenants, or contract purchasers who reside on the Property. Any member may allow, in accordance with the Bylaws, this Article VI, and any rules adopted by the Board of Directors, his guests to use the Common Area.

Section 3. Title to the Common Area. The Declarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the Common Area shown on the aforementioned map recorded in Book of Maps 1981, Page 912, Wake County Registry, to the Association, free and clear of all encumbrances and liens, prior to the conveyance of the first Lot, except utility and drainage easements and easements to governmental authorities. Similarly, the Declarant will convey to the Association Common Areas which are parts of Crown Oaks Townhomes as those portions are annexed in the future until all Common Areas, as shown on plans approved by the City of Raleigh, have been conveyed to the Association.

Section 4. Parking Rights. Ownership of each Lot shall entitle the Owner or Owners thereof to the use of not more than two automobile parking spaces, which shall be as near and convenient to said Lot as reasonably possible, together with the right of ingress and egress in and upon said parking areas. However, each lot upon which a building containing three bedrooms has been constructed shall be entitled to not more than two and one-half automobile parking spaces. The Association shall permanently assign one vehicular parking space for each dwelling, such space to be as near the dwelling to which it is assigned as is reasonably possible. The Association may regulate the parking of boats, trailers and other such items on the Common

Area. No boats, trailers, campers, motor homes, trucks or tractors owned by a member, his guests or family members shall be parked within the right of way of any public street in Crown Oaks Subdivision; nor shall any of these be regularly parked on the Properties except in an enclosed garage or in areas designated by the Association. The Association shall from time to time adopt appropriate rules for the temporary parking of these items on the Properties.

Section 5. TV and CB Antennas and Piped-In Music. The Association may provide one or more central television antennas for the convenience of the members and may supply piped-in music and the cost of these may be included in annual or special assessments. No CB or TV antennas shall be erected on any lot without approval of the Association. If the Association has ceased to exist then approval by the Association shall be necessary to erect a CB or TV antenna.

Section 6. No dumpsters shall at any time be placed on the "Properties", unless required by lawful authority.

Section 7. No lot shall have direct ingress or egress to and from Six Forks Road.

Section 8. The Association shall be responsible for and shall cause to be paid out of annual assessments, ad valorem taxes and public improvement assessments levied against the Common Areas.

ARTICLE VII

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments; Lien Shall be a Charge on the Land. The Declarant, for each Lot in Use owned within the Property upon which a townhome has been constructed, hereby covenants, and every other owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association:

- (a) Annual assessments or charges which are common expenses;
- (b) Special assessments for capital improvements; and
- (c) Special assessments for purchase and reconstruction of townhomes as hereinafter provided.

Notwithstanding any provision herein to the contrary, the assessment for each lot which is not a Lot in Use shall be twenty-five percent (25%) of the assessment of a Lot in Use.

Such assessments shall be fixed, established, and collected from time to time as hereinafter provided.

The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the lot and improvements against which each such assessment is made. Each such assessment, together with such interest and costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of the Lot at the time the assessment fell due. The personal obligation of an owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. All assessments shall be shared equally by the owners of each Lot, except as otherwise provided in this section.

(Explanatory Note - As a matter of information to future members of this Association, the Declarant wishes to make it known that it is highly probable that a variety of dwellings with a variety of exteriors will be constructed and that whatever exteriors are constructed will be for the purpose of achieving harmony of design and textures while at the same time avoiding monotony. In such event, some dwellings may entail more expense for exterior maintenance than others. However, the construction of the variety will be for the enhancement of property values of all townhomes. Therefore, no difference is made, in each section of townhomes, in the amount of annual assessment on account of any disparity in the cost of exterior maintenance or the replacement of roofs on account of the different types of construction).

Section 2. Purpose of Assessments.

(a) The assessments levied by the Association on Lot Owners in Sunridge shall be used exclusively for promoting the recreation, health, safety, and welfare of the residents of Sunridge and the Property located within Sunridge; enforcing these covenants and the

rules of the Association; improving and maintaining the Property located within Sunridge and the townhomes situated thereon; providing the services and facilities for purposes of and related to the use and enjoyment of the common area and facilities located in Sunridge and for maintenance and operation of any pool and tennis courts and related areas that may be built regardless of the section in which they may be built.

(b) The assessments levied by the Association on Lot Owners in Section B shall be used exclusively for promoting the recreation, health, safety, and welfare of the residents in Section B and the Property located within Section B; enforcing these covenants and the rules of the Association; improving and maintaining the Property located within Section B and the townhomes situated thereon; providing the services and facilities for purposes of and related to the use and enjoyment of the common area and facilities located in Section B and for maintenance and operation of any pool and tennis courts and related areas that may be built regardless of the section in which they may be built.

Section 3. Amount of Assessment.

(a) Initial Assessment. To and including December 31, 1982, the maximum initial annual assessment for the Sunridge Townhomes shall not be in excess of Six Hundred Dollars (\$600.00) per Lot in Use, the exact amount of which shall be determined from time to time as provided in Subsection (d) of this Section 3.

To and including December 31, 1982, the maximum initial annual assessment for the Section B Townhomes shall not be in excess of Six Hundred Dollars (\$600.00) per Lot in Use, the exact amount of which shall be determined from time to time as provided in Subsection (d) of this Section 3.

(b) Increase by Association. From and after December 31, 1982, the annual assessment applicable to each Townhome section effective for any year may be increased from and after January 1

of the succeeding year by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the greater of five (5%) percent per year above the maximum initial assessment or the percentage increase reflected in the U.S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates (published by the U.S. Bureau of Labor Statistics, Washington, D.C.), or such other Index as may succeed the Consumer Price Index, for the twelve month period ending the immediately preceding October 1.

(c) Increase by Members. From and after December 31, 1982, the annual assessment for Sunridge Townhomes may be increased by a percentage greater than permitted by this Article by an affirmative vote of two-thirds (2/3) of each class of members owning Lots in Sunridge Townhomes who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members owning Lots in Sunridge Townhomes not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. From and after December 31, 1982, the annual assessment for Section B Townhomes may be increased by a percentage greater than permitted by this Article by an affirmative vote of two-thirds (2/3) of each class of members owning Lots in Section B Townhomes who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting for the purpose of the meeting, shall be sent to all members owning Lots in Section B Townhomes not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. Provided, however, any increase on the amounts expended for the pool, tennis courts and related areas must be approved by an affirmative vote of two-thirds (2/3) of each class

of Members owning Lots in both sections of Townhomes who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all Members owning Lots in both sections of Townhomes not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(d) Criteria for Establishing Annual Assessment. In establishing the annual assessment for the Sunridge Townhomes, for any assessment year, the Board of Directors shall consider only the current costs and expenses, any accrued debts and reserves for future needs necessary to maintain the structures and common area included in the Sunridge Townhomes area. In establishing the annual assessment for the Section B Townhomes, for any assessment year, the Board of Directors shall consider only the current costs and expenses, any accrued debts and reserves for future needs necessary to maintain the structures and common area included in the Section B Townhomes area. However, any costs incurred for the maintenance, operation, reserves for replacement and assessment for capital improvements of any pool or tennis courts, including parking and other facilities serving these Amenities, that may be built, shall be shared equally by all members of the Association, regardless of which section such Amenities may be located in. The Board of Directors may not fix the annual assessment for either section of Townhomes in an amount that exceeds the greater of five percent (5%) per year above the maximum initial annual assessment or the sums derived by application of the Consumer Price Index formula provided in Subsection (b) without the consent of members required by Subsection (c) of this Section 3.

(e) The Board of Directors may decrease the annual assessment from time to time if in its opinion such decrease is prudent.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment on the members of the Association owning Lots in the Sunridge Townhomes applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the common area of Sunridge, including the necessary fixtures and personal property related thereto. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment on the members of the Association owning Lots in the Section B Townhomes applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the common area of Section B, including the necessary fixtures and personal property related thereto. However, any special assessment authorized for the construction or reconstruction, unexpected repair, or replacement of Amenities, including any pool or tennis courts that may be built, shall be shared equally by all members of the Association, regardless of which section such Amenities are located in. Provided, however, that before any such assessment under this section shall be effective it shall need the assent of two-thirds (2/3) of the votes of each class of members owning Lots in the section affected, who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The amount of the proposed assessment need not be stated.

Section 5. Accounting. The Board of Directors shall maintain a separate set of accounts for the Sunridge Townhomes and Common Areas, exclusive of the expenses for pool, tennis courts and related areas, a separate set of accounts for the Section B Townhomes and Common Areas, exclusive of the expenses for the pool, tennis courts and related areas, and a separate set of accounts for the pool, tennis courts and related areas. Each set of accounts shall reflect current costs and expenses, any accrued debts, reserves for future needs, special assessments for capital improvements, income from assessments, and the portion of the annual assessments credited to the maintenance and operation of the Amenities as directed by Article IV of this Declaration.

Section 6. Special Assessments for the Purchase and Reconstruction of Townhomes. In the event that any townhome located on the Property is substantially destroyed by fire or other hazard, the owner shall give written notice to the Association within thirty (30) days following such destruction of whether he intends to repair or reconstruct the townhome; and if the owner fails to give such notice to the Association, it shall be conclusively considered, for purposes of this Section, as notice that he does not intend to repair or reconstruct the townhome. For the purposes of this section "substantially destroyed" shall mean that the costs of replacement or repair equal at least fifty percent (50%) of the appraised value of the improvements on the lot before they were damaged. If the owner elects not to repair or reconstruct the townhome, the Association shall have the first right and option to purchase such unit in the manner hereinafter provided. The purchase option shall be effective for a period of ninety (90) days following notice of the owner's election not to repair or reconstruct.

(a) Exercise of Option. The Board of Directors shall appoint a committee, or shall designate an existing committee of the Association, to determine whether failure to reconstruct the damaged townhome will result in substantial pecuniary injury to the Association

or diminution in value of the remaining Property. The committee may employ such persons, including, but not limited to, real estate appraisers, realtors, architects, and engineers, as are reasonably necessary to make its determination, and shall report its conclusions, with supporting data, in writing to the Board within fifteen (15) days. The report shall set forth such matters as the Board and committee deem pertinent, but shall contain estimates of the pecuniary injury and diminution in value along with an estimate of the cost of purchase and reconstruction of the townhome.

If the Board of Directors determines that it would be advantageous to the Association and/or to the remaining Property to purchase and reconstruct the townhome, it shall call a special meeting by giving written notice thereof, setting forth the purpose of the meeting, to all members within seven (7) days following submission of the committee report. The special meeting of members shall be held not less than seven (7) days nor more than fifteen (15) days following notice to members. Upon an affirmative vote of at least sixty-six and two-thirds percent ($66 \frac{2}{3}\%$) of each class of membership present and voting, the Board will be authorized to purchase and reconstruct the townhome and to assess all lots equally for all costs and expenses arising out of the purchase and repair or reconstruction of the townhome. The Board may require that the assessment be paid in a lump sum, in installments during an assessment year, or over a period of two (2) or more assessment years, as the Board, in its discretion, shall determine to be appropriate.

Such an assessment shall be in addition to, and not in lieu of, the annual assessments provided for in Section 3 and the special assessments provided for in Section 4 of this Article.

(b) Determination of Value. The owner of the townhome shall convey marketable title thereto to the Association upon payment to the owner by the Association of the fair market value of the lot and townhome in its damaged condition. Fair market value shall be determined in any manner agreed upon by the Association and the

owner. If they cannot otherwise agree on a fair market value or method of determining fair market value, each shall appoint an appraiser and those two appraisers shall appoint a third appraiser. The fair market value as determined by any two of these three appraisers shall be final and binding on all parties. Each party shall pay the fee of the appraiser selected by it or him, and each party shall pay one-half (1/2) of the fee of the third appraiser. If the Board and the owner agree upon a single appraiser, each shall pay one-half (1/2) the cost of the appraisal.

(c) Application of Insurance Proceeds. The owner of the townhome, prior to conveyance to the Association, shall apply or cause to be applied so much of the proceeds of any hazard insurance paid by reason of the damage or destruction of the townhome as shall be necessary to pay all liens, mortgages, deeds of trust, taxes, and encumbrances upon the lot so that the fee simple marketable title thereto may be conveyed free and clear of all liens and encumbrances. If the insurance proceeds are not sufficient to pay all liens, encumbrances, and obligations upon the lot, the purchase price shall be reduced by an amount adequate to pay any such deficiency.

(d) Failure to Exercise Option. If the Association does not exercise the purchase option herein provided for, the owner may retain the lot or may transfer or convey it, upon such terms and conditions as he may elect, to any person, to be used solely as a site of an attached, single-family townhome unit. The reconstructed or repaired townhome unit shall be substantially identical to the destroyed townhome unit, unless a change shall be approved by the Board, and shall be constructed in conformity with plans submitted to and approved by the Board prior to construction.

(e) Retention by Owner. If a townhome is not habitable by reason of damage, and the owner gives notice of his election to repair or reconstruct the townhome, the obligation of the owner to pay annual assessment installments shall not be suspended. In the event a townhome is damaged or destroyed, or the owner does not begin repair or reconstruction within thirty (30) days following the damage or

destruction, he shall remove or cause to be removed, at his expense, all debris from the lot, so that it shall be placed in a neat, clean, and safe condition and if he fails to do so, the Association may cause the debris to be removed, and the cost of removal shall constitute a lien upon the townhome and its lot until paid by the owner, unless the lot is thereafter acquired by the Association.

(f) Reconstruction by the Association. Upon acquisition of title to the townhome, the Association is authorized to arrange such financing and execute such notes, mortgages, deeds of trust, and other instruments, to enter into such contracts, and to do and perform such other matters and things as are necessary to accomplish the reconstruction of the townhome; provided, however, that only that townhome which is to be reconstructed shall stand as security for any liens, mortgages, or obligations arising out of the purchase or reconstruction of the townhome, and no other portion of the Property, including the limited common area and facilities, shall be pledged, hypothecated, mortgaged, deeded in trust, or otherwise given as security for any obligations arising out of said purchase or reconstruction, and no member shall be required to become personally obligated therefor.

The Association shall hold title to the lot and improvements for the benefit of all members. The Board may lease or sell the lot and improvements upon such terms and conditions as it, in its discretion, deems most advantageous to the members. The lease rental shall be applied in the following order of priority: (1) to the payment of taxes, assessments, liens, encumbrances, and obligations on or secured by the lot; (2) to the maintenance, upkeep, and repair of the townhome; (3) to payment or repayment to the members, pro rata, of the special assessment, if any, for purchase and reconstruction of the townhome; and (4) to the general expenses of the Association. In the event the lot is sold, the purchase price shall be applied in the following order of priority: (1) to the payment of taxes, assessments, liens, encumbrances, and obligations on or secured by the lot; (2) to payment or repayment to the members, pro rata, of the special assessment, if any, for purchase and reconstruction of the townhome; and (3)

to the general expenses of the Association. Any payment or repayment to members of the special assessment may be in cash or may be applied to the annual assessment due or to become due.

(g) Application of Declaration and ByLaws. Any townhome which has been destroyed in whole or in part, by fire or other casualty, and is subsequently restored or reconstructed, shall be subject to the provisions of this Declaration and to the ByLaws of the Association.

Section 7. Uniform Rate of Assessment. Both annual and special assessments for each section must be fixed at a uniform rate for all lots and lots in use within the section, on a per lot and per lot in use basis, and may be collected on a monthly basis.

Section 8. Quorum for any Action Authorized Under Sections 3, 4, and 6. At the first meeting called, as provided in Sections 3, 4, and 6 of this Article, the presence at the meeting of members or of proxies of each class of membership entitled to cast sixty percent (60%) of all the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, subsequent meetings may be called, subject to the notice requirement set forth in Sections 3, 4, and 6, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the next preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the next preceding meeting.

Section 9. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided herein for a lot in use shall be paid in equal monthly installments and the payment of such shall commence as to each lot in use on the first day of the first month following the date that such lot becomes a lot in use. Lots which are not lots in use in section one shall become subject to assessments the first day of the first month following the date on which one lot has become a lot in use. All lots in subsequently annexed sections shall be subject to assessments commencing the first day of the first month following annexation. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual

assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Section 10. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the highest rate then permitted by the regulations of the Federal Housing Administration (FHA) and the regulations of the Veterans Administration (VA); provided, however, that if highest rate permitted by FHA and VA are not the same, the interest rate shall be the lower of rates permitted by these two agencies. The Association may bring an action against the owner personally obligated to pay the same, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. If any law permits the filing of a lien and the foreclosure of such lien, or other similar action, as a method of enforcement of the Association's right to collect assessments, the Association may use such remedy. No owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the common area or abandonment of his lot.

Section 11. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein on any lot shall be subordinate to the lien of any first mortgage on such lot. The sale of a lot to a bona fide purchaser for value and the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sales or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 12. Exempt Property. Any portion of the Property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein, except no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 13. Supplement of Annual Assessments by Declarant. Until such time as the annual assessments for common area maintenance are adequate to provide for common area maintenance, the Declarant shall supplement the annual assessments with sufficient funds to assure such maintenance, but this requirement shall not include any reserve for replacements.

ARTICLE VIII

EXTERIOR MAINTENANCE

In addition to maintenance of the limited common area, the Association shall provide maintenance of Common Areas and exterior maintenance upon each townhome which is subject to assessment hereunder, as follows: Stain and/or paint the exterior of townhomes and replace roofs, replace, repair and care for walks, trees, shrubs, grass and other such exterior improvements. Such exterior maintenance shall not include glass surfaces.

Any owner who fences or encloses or screens by plants or structures the rear portion of his lot (which fence, enclosure and screen shall require the prior approval of the Association), may plant trees, shrubs, flowers, and grass in the fenced or enclosed portion as he elects and shall maintain the fenced or enclosed portion at his own expense, provided that such maintenance does not hinder the Association in performing its maintenance duties as to the townhome, the remaining yard spaces, or the limited common area. No such maintenance by an owner shall reduce the assessment payable by him to the Association. If, in the opinion of the Association, any such owner fails to maintain his rear yard in a neat and orderly manner, the Association may revoke the owner's maintenance rights for a period not to exceed one year and the Association shall perform maintenance during the revocation period. The owner shall not plant any vegetation in front of his townhome except with the prior written approval of the Association.

In the event that the need for maintenance or repair of a lot or the improvements thereon is caused through the willful or negligent acts of its owner, or his family, tenants, contract purchasers, guests, or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, or smoke, as the foregoing are defined and explained in North Carolina standard fire and extended coverage insurance policies, or for the purpose of correcting, repairing or alleviating any emergency condition provided for in Article XII, Section 5, (but only if such would normally be an expense of the lot owner), the cost of such maintenance, replacement, or repairs shall be added to and become a part of the assessment to which such lot is subject.

ARTICLE IX

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the townhomes upon the property and placed on the dividing line between the lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty any owner who has used the wall may restore it, and if the other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an owner who by his negligent or willful act causes

the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Does Not Run With Land. The right of any owner to contribution from any other owner under this Article shall not be appurtenant to the land and shall not pass to such owner's successors in title.

Section 6. Easement and Right of Entry for Repair, Maintenance, and Reconstruction. Every owner shall have an easement and right of entry upon the lot of any other owner to the extent reasonably necessary to perform repair, maintenance, or reconstruction of a party wall and those improvements belonging to one lot which encroach on an adjoining lot or common area. Such repair, maintenance, or reconstruction shall be done expeditiously, and, upon completion of the work, the owner shall restore the adjoining lot or lots to as near the same condition as that which prevailed prior to commencement of the work as is reasonably practicable.

Section 7. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided under the laws of the State of North Carolina as they now are or are hereafter amended.

ARTICLE X

ARCHITECTURAL CONTROL & INSPECTION

No site preparation or initial construction, erection, or installation of any improvements, including, but not limited to, residences, outbuildings, fences, walls, screens (whether by plants or structures) and other structures, shall be undertaken upon the Properties unless the plans and specifications therefor, showing the nature, kind, shape, height, materials, and location of the proposed improvements shall have been submitted to the Declarant or its agent and expressly approved in writing. No subsequent alteration or modification of any existing improvements nor construction, erection, or installation of additional improvements may be undertaken on any of the Properties without prior review and express written approval of the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board.

Whether or not a proposed modification or alteration to an existing structure is compatible with surrounding structures shall be considered in determining whether to approve or disapprove the request; however, compatibility with surrounding structures shall not preclude the denial of the request, if other factors, as determined by the ruling body, make it appear that the request should be denied.

In general, the construction or planting of fences, walls, screens, and other structures will not be permitted if in the opinion of the Declarant, Board, or Architectural Committee, as applicable, such construction or planting constitutes an unreasonable obstruction of the view of another owner.

In the event that the Declarant or the Association, as the case may be, fails to approve or disapprove the site or design of any proposed improvements within thirty (30) days after plans and specifications therefor have been submitted and received, approval will not be required, and the requirements of this Article will be deemed to have been fully met; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Declarant or the Association if they contain erroneous data or fail to present adequate information upon which the Declarant or the Association, as the case may be, can arrive at a decision.

The Declarant and/or the Association (as applicable) shall have the right, at its election, but shall not be required, to enter upon any of the Properties during site preparation or construction, erection, or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved methods and good quality materials.

ARTICLE XI

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each lot and the common area including Amenities. Such rules and regulations, along with all policy resolutions

and policy actions taken by the Board of Directors, shall be recorded in a Book of Resolution which shall be maintained in a place convenient to the owners and available to them for inspection during normal business hours.

Section 2. Use of Property. Each building, the townhomes therein, and the common area and facilities shall be for the following uses and subject to the following restrictions, and, in addition, to those set forth in the ByLaws:

(a) All buildings and the common area and facilities shall be used for residential and related common purposes. Each townhome shall be used as a single-family residence and for no other purpose, except that the Declarant may use one or more townhomes for offices and/or model townhomes for sales purposes, consistent with the Code of Ordinance of Raleigh.

(b) Nothing shall be kept and no activity shall be carried on in any building or townhome or on the common area and facilities which will increase the rate of insurance, applicable to residential use, for the Property or the contents thereof. No owner shall do or keep anything, nor cause or allow anything to be done or kept, in his townhome or on the common area and facilities which will result in the cancellation of insurance on any portion of the Property, or the contents thereof, or which will be in violation of any law, ordinance, or regulation. No waste shall be committed on any portion of the common area and facilities.

(c) No immoral, improper, offensive, or unlawful use shall be made of the Property, or any part thereof, and all valid laws, ordinances, and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, order, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with, by and at the sole expense of the owner or the Association, whichever shall have the obligation to maintain or repair such portion of the Property.

(d) Nothing shall be done in or to any townhome or in, to, or upon any of the common area and facilities which will impair the structural integrity of any building, townhome, or portion of the

common area and facilities or which would impair or alter the exterior of any building or portion thereof, except in the manner provided in this Declaration.

(e) No industry, business, trade, occupation, or profession of any kind, whether commercial or otherwise, shall be conducted, maintained, or permitted on any part of the Property, except that the Declarant or its agents and builders may use any unsold townhome for sales or display purposes.

(f) No owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard, or identifying name or number upon any townhome, building, or any portion of the common area and facilities, except as allowed by the Association pursuant to its bylaws and as required by the Raleigh City Code; provided, however, that the Declarant, Owner, builders, realtors and any mortgagee who may become the owner of any unit, or their respective agents, may place "For Sale" or "For Rent" signs on any unsold or unoccupied townhomes and in suitable places on the common area; provided, however, that during the development of the Property and the marketing of townhomes, the Declarant, builders and realtors may maintain a sales office and may erect and display such signs as the Declarant deems appropriate as aids to such development and marketing, provided that such signs do not violate any applicable laws.

(g) No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the common area and facilities except at the direction or with the express written consent of the Association.

(h) The common area and facilities shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the townhomes, subject to any rules or regulations that may be adopted by the Association pursuant to its bylaws.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be or may become a nuisance or annoyance to residents within the Property.

ARTICLE XII

EASEMENTS

Section 1. Walks, Drives, Parking Areas, and Utilities. All of the Property, including lots and common area, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines, and other public utilities as shall be established prior to subjecting the Property to this Declaration by the Declarant, and the Association shall have the power and authority to grant and to establish in, over, upon, and across the common area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property.

Section 2. Easements Appurtenant to Lots. All private streets shall be subject to an easement in favor of every Lot to which they are adjacent or which they are designated to serve and shall be deemed appurtenant to each such Lot, whereby the owner of each such Lot shall be entitled to use them as a means of ingress, egress and regress and such other uses as shall have been designated. Such easement shall be superior to the lien of every mortgage or deed of trust.

Section 3. Encroachments. All lots and the common area shall be subject to easements for the encroachment of initial improvements constructed on adjacent lots by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, and walls. If any encroachment shall occur subsequent to subjecting the Property to this Declaration as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be a valid easement for such encroachment and for the maintenance of the same. Every lot shall be subject to an easement for entry and encroachment by the Declarant and builders for a period not to exceed eighteen (18) months following conveyance of a lot to an owner for the purpose of correcting any problems that may arise

regarding grading and drainage. The Declarant and/or builder, upon making entry for such purpose, shall restore the affected lot or lots to as near the original condition as practicable.

Section 4. Structural Support. Every portion of a townhome which contributes to the structural support of the building shall be burdened with an easement of structural support for the benefit of all other townhomes within the building.

Section 5. Emergencies. Every lot and townhome shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any lot or within any townhome and that endangers any building or portion of the common area.

Section 6. Easement for Governmental Agencies. An easement is hereby established over the Common Area for the benefit of applicable governmental agencies, public utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

ARTICLE XIII

RIGHTS OF INSTITUTIONAL LENDERS

Section 1 Rights Reserved to Institutional Lenders. "Institutional Lender" or "Institutional Lenders", as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, other reputable mortgage lenders and insurers of first mortgages. So long as any Institutional Lender or Institutional Lenders shall hold any mortgage upon any Lot, or shall be the owner of any Lot, such Institutional Lender or Institutional Lenders shall have the following rights:

A. To be furnished with at least one copy of the Annual Financial Statement and Report of the Association, prepared by a Certified Public

Accountant designated by the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and Report to be furnished by April 15 of each calendar year.

B. To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to the Declaration, or the Articles of Incorporation and Bylaws of the Association, which notice shall state the nature of the amendment being proposed, and to be given permission to designate a representative to attend all such meetings.

C. To be given notice of default in the payment of assessments by any owner of a Lot encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principal office of such Institutional Lender or Institutional Lenders, or to the place which it or they may designate in writing to the Association.

D. To inspect the books and records of the Association during normal business hours.

E. To be given notice by the Association of any substantial damage to any part of the Common Areas.

F. To be given notice by the Association if any portion of the Common Area, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority.

Whenever any Institutional Lender desires the benefits of the provisions of this section, such lender shall serve written notice of such fact upon the Association by Registered Mail or Certified Mail addressed to the Association and sent to its address stated herein identifying the Lot upon which any such Institutional Lender or Institutional Lenders hold any mortgage or mortgages, or identifying any Lot owned by them, or any of them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or them, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender.

ARTICLE XIV

GENERAL PROVISIONS

Section 1. Providing for Traffic Flow. It shall be the responsibility of the Association to maintain uninterrupted traffic flow along all private streets within the Properties. If it is necessary for "no parking" signs to be erected in order to accomplish this, this shall be done at the expense of the Association as a common expense.

In no case shall the municipality or other agency which provides emergency or regular fire, police or other public service for the Properties, be responsible for failing to provide any such service to the Properties or any of its occupants when such failure is due to the lack of access to such areas due to inadequate design or construction, blocking of access routes, or any other factor within the control of the developer, Association, or occupants.

Section 2. Enforcement. The Association, or any owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 3. Insurance. Every owner shall maintain in full force and effect at all times fire and hazard insurance in an amount equal to the full insurable value of his townhome except that the amount shall not be required to exceed the replacement cost of the townhome. An owner shall exhibit to the Board, upon demand, evidence that such insurance is in effect. If any owner shall fail to maintain such insurance, the Board is authorized to obtain such insurance in the name of the owner from an insurer selected by the Board, and the cost of such insurance shall be included in the annual assessment of the owner and shall constitute a lien against his lot until paid.

The Board of Directors shall procure and maintain adequate liability and hazard insurance on property owned by the Association.

(Recommendation to owners - If a townhome is damaged by fire or other casualty, and if such damage results in damage to an adjacent attached unit, there may be prolonged disputes between the insurance carriers of the adjacent damaged units (which may, in turn, delay the settlement of claims) unless the insurance protection on both units is provided by the same carrier. It is therefore recommended that the owners of all townhomes located within each building purchase their fire and casualty insurance from the same insurance carrier.

Section 4. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 5. Exchange of Common Area. The Association, acting through its Board, from time to time may exchange with Declarant or any member a portion of the Common Area for a portion of the real property owned by such member within Crown Oaks Townhomes Subdivision, provided that the real property acquired by the Association in the exchange; (a) is free and clear of all encumbrances except the Declaration, and easements for drainage, utilities, and sewers; (b) is contiguous to other portions of the Common Area; and (c) has approximately the same area and utility as the portion of the Common Area exchanged. The real property so acquired by the Association shall be a part of the Common Area, and, without further act of the Association or membership, shall be released from any provisions of the Declaration except those applicable to the Common Area. The portion of the Common Area so acquired by Declarant or a member, without further act of the Association or membership, shall cease to be Common Area and shall be subject to those provisions of the Declaration that were applicable to the real property conveyed to the Association by the member.

Section 6. FHA/VA Approval. Notwithstanding any provision in this instrument to the contrary, as long as there is a Class B membership, and if Declarant desires to qualify sections of this

subdivision for Federal Housing Administration or Veterans Administration approval (but not otherwise), the following actions will require the prior approval of Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Areas, exchange of Common Area for other portions of the Properties, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 7. Amendment. The covenants, conditions, and restriction of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by the owners of not less than ninety percent (90%) of the lots, and thereafter by an instrument signed by the owners of not less than seventy five percent (75%) of the lots; provided, however, that the Board of Directors may amend this Declaration, without the consent of owners, to correct any obvious error or inconsistency in drafting, typing, or reproduction. All amendments shall be certified as an official act of the Association and shall forthwith be recorded in the Wake County Registry. All amendments shall become effective upon recordation.

Section 8. If any amendment to these covenants, conditions and restrictions is executed, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors, shall, within thirty (30) days do the following:

(a) Reasonably assure itself that the amendment has been executed by the Owners of the required number of lots. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any Lot to be examined);

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS,
CONDITIONS AND RESTRICTIONS OF CROWN OAKS TOWNHOMES

By authority of its Board of Directors, Crown Oaks Townhomes Association hereby certifies that the foregoing instrument has been duly executed by the Owners of _____ percent of the Lots of Crown Oaks Townhomes and is, therefore, a valid amendment to the existing covenants, conditions and restrictions of Crown Oaks.

CROWN OAKS TOWNHOMES ASSOCIATION

By _____
President

ATTEST:

Secretary

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Wake County Registry.

All amendments shall be effective from the date of recordation in the Wake County Registry, provided, however, that no such amendment shall be valid until it has been indexed in the name of this Association. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors, recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots in Crown Oaks Subdivision

Notwithstanding the foregoing, no amendment for which approval of the City Attorney is needed shall be effective unless approved by the City Attorney of Raleigh (so long as this is required by the Raleigh City Code); provided, however, that if any amendment is submitted to said City Attorney and is neither approved nor disapproved within fifteen (20) days from the date of submission, it shall be conclusively presumed that the City Attorney has approved it.

Section 9. Amendment of Declaration Without Approval of Owners.

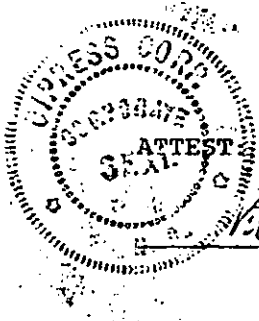
The Declarant, without the consent or approval of any other owner, shall have the right to amend this Declaration to conform to the

requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale in such lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of Property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration, U.S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

No amendment made pursuant to this Section shall be effective until duly recorded in the Register of Deeds of Wake County.

Section 10. Amendment to Achieve Tax-Exempt Status. The Declarant, for so long as it shall retain control of the Association, and, thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any owner, to qualify the Association or the Property, or any portion thereof, for tax-exempt status. Such amendment shall become effective upon the date of its recordation in the Wake County Registry.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this instrument this the 4th day of November, 1981, by authority of its Board of Directors.



Kathy Fried
Secretary

CIPRESS CORP.

By [Signature]
President

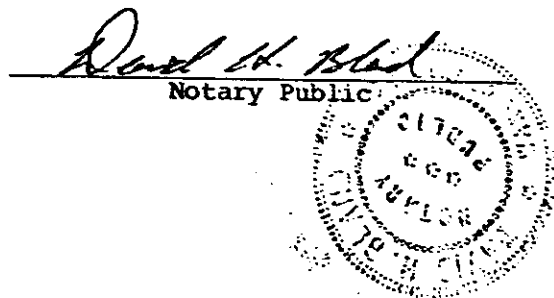
NORTH CAROLINA
WAKE COUNTY

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that Kitty Ford personally appeared before me this day and acknowledged that she is Secretary of Cipress Corp., a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, Marka Ford, sealed with its corporate seal, and attested by her self as its Secretary.

WITNESS my hand and notarial seal this the 5th day of November, 1981.

My Commission Expires:

8/24/82



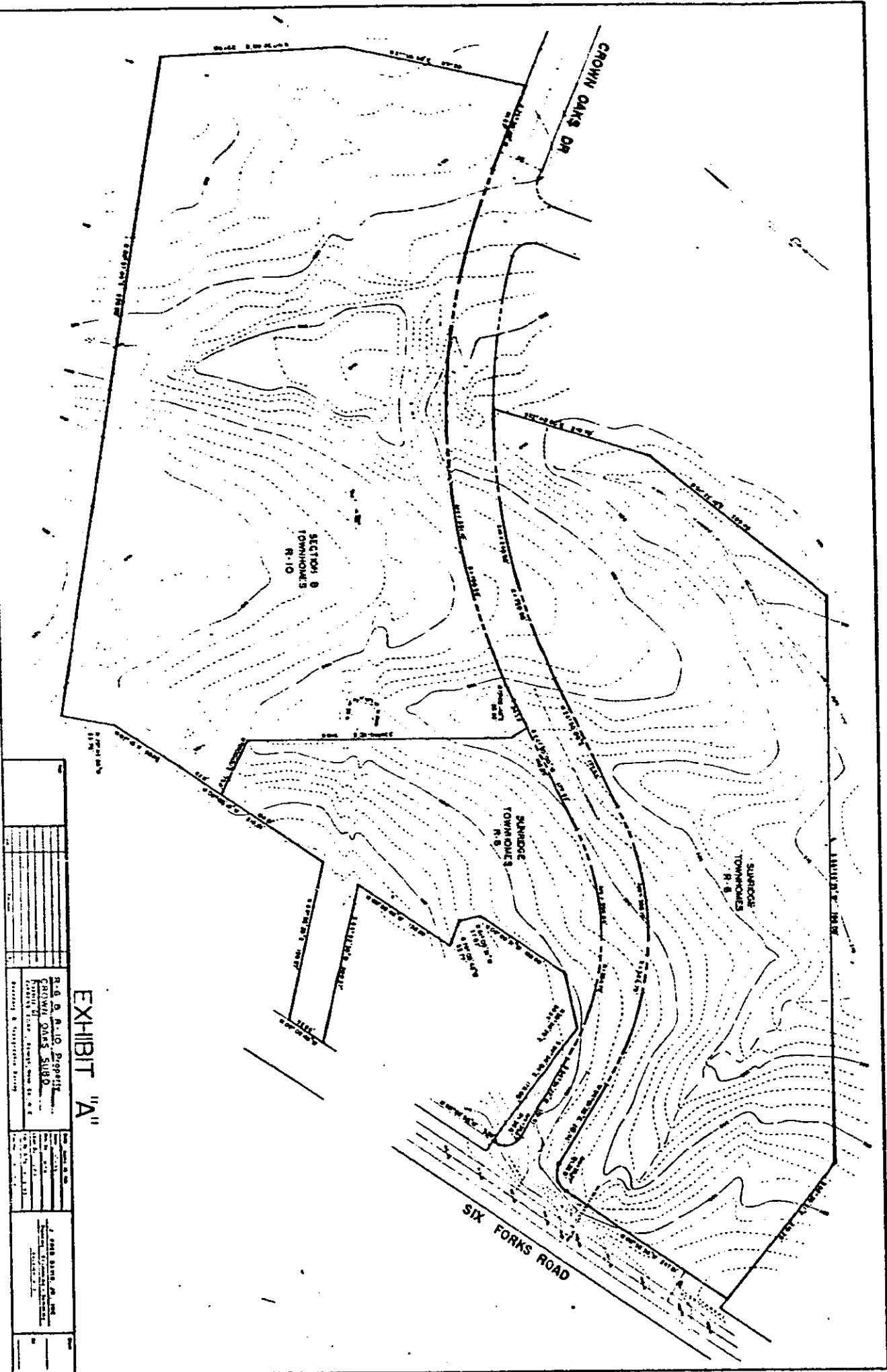
NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of David H. Blund

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

R. B. MCKENZIE, JR., Register of Deeds

By Blundyn C. Smith
Deputy Register of Deeds



Attachment B to Declaration

NOV 29 1981

BYLAWS

OF

CROWN OAKS TOWNHOMES ASSOCIATION

ARTICLE I

NAME AND LOCATION. The name of the corporation is Crown Oaks Townhomes Association, herein referred to as the "Association". The principal office of the corporation shall be located in Wake County, North Carolina. Meetings of members and directors may be held at such places within the State of North Carolina, County of Wake, as may be designated by the Board of Directors.

ARTICLE II

Section 1. "Association" shall mean and refer to Crown Oaks Townhomes Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions affecting Property now within the jurisdiction of the Association and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the members, or designated classes of members, of the Association.

Section 4. "Limited Common Area" shall mean those portions of the Common Area that serve only a limited number of lots and which may include, but specifically is not limited to, driveways and walkways, parking buildings or areas serving only specified lots, and such other similar areas as may be designated by the Association.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and Limited Common Areas.

Section 6. "Lot in Use" shall mean and refer to any lot on which a dwelling unit has been fully constructed and occupied as a dwelling unit. In addition to the foregoing, a Lot may become a Lot in Use by contractual agreement between the Declarant and the Owner of such Lot.

Section 7. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers but excluding those having such interest merely for the performance of an obligation.

Section 9. "Declarant" shall mean and refer to Cipress, Inc., and its successors and assigns to whom the rights of Declarant are expressly transferred, in whole or in part, as set forth in the Declarations.

Section 10. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Wake County, North Carolina.

Section 11. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the directors of the Association.

Section 12. "Common Expenses" shall mean and include:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses for the maintenance of the townhomes as provided in this Declaration;
- (c) Expenses of administration, maintenance, repair or replacement of the Limited Common Areas;
- (d) Expenses declared to be common expenses by the provisions of this Declaration or the Bylaws;
- (e) Hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require the Association to purchase;
- (f) Ad valorem taxes and public assessment charges lawfully levied against Common Areas;
- (g) The expense of the maintenance of private drainage and utility easements and facilities located therein which are within

the boundary of the Properties, cross Common Areas of the Properties and serve both the Properties and the lands adjacent thereto; and

(h) Expenses agreed by the members to be Common Expenses of the Association.

Section 13. "Townhomes" shall mean and refer to a dwelling or place of residence constructed upon a Lot within the Property and constituting a part of the building.

Section 14. "Sunridge" or "Sunridge Townhomes" shall mean those Townhomes constructed in the portion of the Crown Oaks Subdivision presently zoned R-6, on the north and south sides of Crown Oaks Drive, as shown on a map attached hereto as Exhibit A.

Section 15. "Section B" or "Section B Townhomes" shall mean those Townhomes constructed in the portion of the Crown Oaks Subdivision presently zoned R-10, on the north side of Crown Oaks Drive, as shown on a map attached hereto as Exhibit A.

Section 16. "Amenities" shall mean the facilities constructed, erected or installed on the Common Areas for the use, benefit and enjoyment of Members, including any pool or tennis courts which may be constructed in the Townhome area.

Section 17. "Detached Single-Family Lot" shall mean and refer to a Lot as shown on the preliminary subdivision map entitled "Crown Oaks" drawn by J. Fred Davis, Inc., dated October 31, 1980, final revision February 23, 1981, approved by the Raleigh City Council March 17, 1981.

Section 18. "Detached Single-Family Lot Owner" shall mean and refer to a person who owns a Lot as defined in Section 17.

Section 19. "Detached Single-Family Lot Owner" shall mean and refer to a person who owns a Lot as defined in Section 17.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants or record to assessment by the Association, including

contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. As evidence of each Owner's membership, each Owner shall deliver to the office of the Association a photocopy of the page(s) of his deed(s) which contains the name of the member and the Lot(s) owned by such member.

Section 2. Suspension of Membership. During any period in which a member shall be in default in the payment of any annual or special assessment levied by the Association the voting rights and right to use of the Common Areas and Amenities (or portions thereof) of such member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended, after notice and hearing, for a period not to exceed 30 days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Area and Amenities.

ARTICLE IV

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Section 1. Members of the Association. Each member shall be entitled to the use and enjoyment of the Common Area and Amenities as provided in the Declaration. Any member may delegate his rights of enjoyment of the Common Area and Amenities to the members of his family, his tenants or contract purchasers, who reside on the property. Such member shall notify the secretary in writing of the name of any such delegee. The rights and privileges of such delegee are subject to suspension to the same extent as those of the member. Any member may allow, in accordance with these bylaws, Article VI of the Declaration and any rules adopted by the Board, his guests to use the Common Area. A portion of the annual assessments, as determined by the Board of Directors, shall be used for the operation and maintenance of the Amenities. No additional fee shall be charged Members of the Association for use of the Amenities.

Section 2. Use of Pool, Tennis Courts and Related Areas by Detached Single Family Lot Owners. Detached Single Family Lot Owners shall have the right to use the pool, tennis courts and related areas on a fee basis subject to the terms and conditions set out in the Declaration and all rules, regulations or Bylaws imposed by the Association or its Board of Directors. Such right may be delegated in accordance with the Declaration and the secretary shall be notified in writing of the name of any delegee. Use of said areas by guests of Detached Single Family Lot Owners or their delegees shall be subject to the Declaration, these Bylaws and any rules adopted by the Board.

Section 3. Use of Pool, Tennis Courts and Related Areas by Non-Residents. The Board of Directors is authorized to allow non-residents to use the pool, tennis courts and related areas, on a fee basis, in such numbers and on such terms as set forth in the Declaration.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of not less than three (3), nor more than nine (9) directors, who need not be members of the Association.

Section 2. Election. At the first annual meeting the members shall elect one-third of the directors for a term of one year, one-third of the directors for a term of two years and one-third of the directors for a term of three years; and at each annual meeting thereafter the members shall elect one-third of the directors for a term of three years, and thereafter until their successors are elected and qualified.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association in the capacity of director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors

shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held annually, without notice, after the annual meeting of members as provided in Article X, Section 1. In addition, the Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings. Should said meetings fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power:

- (a) To adopt, amend and publish rules and regulations governing the use of the Common Area and Amenities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) To exercise for the Association all powers, duties and authority vested in or delegated to this Association not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;
- (c) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (d) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors:

- (a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;
- (b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) As more fully provided herein and in the Declaration;
 - (1) To fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, as hereinafter provided in Article XII, and

(2) To send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid;

(e) To procure and maintain adequate liability insurance, and to procure adequate hazard insurance on property owned by the Association;

(f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) To cause the Common Area, the improvements and Amenities on the Common Area and the Townhomes and Townhome Lots to be maintained;

(h) To cause the payment of ad valorem taxes and public assessments levied against the Common Areas; and

(i) To direct and supervise the affairs of the Association and require the Association to fulfill all of its obligations and duties as set forth in the Declaration.

ARTICLE IX

COMMITTEES

Section 1. The Association may appoint an Architectural Control Committee provided in the Declaration and a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes, such as:

1. A Recreation Committee which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, determines;

2. A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Properties, and shall perform such other functions as the Board in its discretion, determines;

3. A Publicity Committee which shall inform the members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association;

4. An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting as provided in Article XI, Section 8(d). The Treasurer shall be an ex-officio member of the Committee.

Section 2. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE X

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the members shall be held on the second Wednesday in the month of February of each year at the hour of 7:30 o'clock p.m., and at such place as is fixed by the Board of Directors. The Directors may change the date and time of the annual meeting from time to time.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the entire membership or who are entitled to vote one-fourth (1/4) of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member

to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

ARTICLE XI

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at such time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the

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

Section 6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors and all meetings of the members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all promissory notes.

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

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; keep proper books of account; cause an annual audit of the Association books to be made by a certified public accountant

at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE XII

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments; Lien Shall Be a Charge on the Land. Notwithstanding any provision or inference herein to the contrary, the assessment for each Lot which is not a Lot in Use shall be twenty-five percent (25%) of the assessment of a Lot in Use. The owner of a Lot in Use, by acceptance of a deed therefor shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges which are common expenses, (2) special assessments for capital improvements, and (3) special assessments for purchase and reconstruction of townhomes as provided in the Declaration. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due and shall not pass to his successors in title as a personal obligation unless expressly assumed by them, regardless of the fact that it is a lien on the property purchased.

Section 2. Purpose of Assessments.

(a) The assessments levied by the Association on Lot Owners in Sunridge shall be used exclusively for promoting the recreation, health, safety, and welfare of the residents of Sunridge and the Property located within Sunridge; enforcing these covenants and the rules of the Association; improving and maintaining the Property located within Sunridge and the townhomes situated thereon; providing the services and facilities for purposes of and related to

the use and enjoyment of the common area and facilities located in Sunridge and for maintenance and operation of any pool and tennis courts and related areas that may be built regardless of the section in which they may be built.

(b) The assessments levied by the Association on Lot Owners in Section B shall be used exclusively for promoting the recreation, health, safety, and welfare of the residents in Section B and the Property located within Section B; enforcing these covenants and the rules of the Association; improving and maintaining the Property located within Section B and the townhomes situated thereon; providing the services and facilities for purposes of and related to the use and enjoyment of the common area and facilities located in Section B and for maintenance and operation of any pool and tennis courts and related areas that may be built regardless of the section in which they may be built.

Section 3. Amount of Assessment.

(a) Initial Assessment. To and including December 31, 1982, the maximum initial annual assessment for the Sunridge Townhomes shall not be in excess of Six Hundred Dollars Dollars (\$600.00) per Lot in Use, the exact amount of which shall be determined from time to time as provided in Subsection (d) of this Section 3.

To and including December 31, 1982, the maximum initial annual assessment for the Section B Townhomes shall not be in excess of Six Hundred Dollars (\$600.00) per Lot in Use, the exact amount of which shall be determined from time to time as provided in Subsection (d) of this Section 3.

(b) Increase by Association. From and after December 31, 1982, the annual assessment applicable to each Townhome section effective for any year may be increased from and after January 1 of the succeeding year by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the greater of five (5%) percent per year above the maximum initial assessment or the percentage increase reflected in the U.S. City Average,

Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates (published by the U.S. Bureau of Labor Statistics, Washington, D.C.), or such other Index as may succeed the Consumer Price Index, for the twelve month period ending the immediately preceding October 1.

(c) Increase by Members. From and after December 31, 1982, the annual assessment for Sunridge Townhomes may be increased by a percentage greater than permitted by this Article by an affirmative vote of two-thirds (2/3) of each class of members owning Lots in Sunridge Townhomes who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members owning Lots in Sunridge Townhomes not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. From and after December 31, 1982, the annual assessment for Section B Townhomes may be increased by a percentage greater than permitted by this Article by an affirmative vote of two-thirds (2/3) of each class of members owning Lots in Section B Townhomes who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members owning Lots in Section B Townhomes not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. Provided, however, any increase on the amounts expended for the pool, tennis courts and related areas must be approved by an affirmative vote of two-thirds (2/3) of each class of Members owning Lots in both sections of Townhomes who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all Members owning Lots in both sections of Townhomes not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(d) Criteria for Establishing Annual Assessment. In establishing the annual assessment for the Sunridge Townhomes, for any assessment year, the Board of Directors shall consider only the current costs and expenses, any accrued debts and reserves for future needs necessary to maintain the structures and common area included in the Sunridge Townhomes area. In establishing the annual assessment for the Section B Townhomes, for any assessment year, the Board of Directors shall consider only the current costs and expenses, any accrued debts and reserves for future needs necessary to maintain the structures and common area included in the Section B Townhomes area. However, any costs incurred for the maintenance, operation, reserves for replacement and assessment for capital improvements of any pool or tennis courts, including parking and other facilities serving these Amenities, that may be built, shall be shared equally by all members of the Association, regardless of which section such Amenities may be located in. The Board of Directors may not fix the annual assessment for either section of Townhomes in an amount that exceeds the greater of five percent (5%) per year above the maximum initial annual assessment or the sums derived by application of the Consumer Price Index formula provided in Subsection (b) without the consent of members required by Subsection (c) of this Section 3.

(e) The Board of Directors may decrease the annual assessment from time to time if in its opinion such decrease is prudent.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment on the members of the Association owning Lots in the Sunridge Townhomes applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the common area of Sunridge, including the necessary fixtures and personal property related thereto. In addition to the annual assessments authorized

above, the Association may levy, in any assessment year, a special assessment on the members of the Association owning Lots in the Section B Townhomes applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the common area of Section B, including the necessary fixtures and personal property related thereto. However, any special assessment authorized for the construction or reconstruction, unexpected repair, or replacement of Amenities, including any pool or tennis courts that may be built, shall be shared equally by all members of the Association, regardless of which section such Amenities are located in. Provided, however, that before any such assessment under this section shall be effective it shall need the assent of two-thirds (2/3) of the votes of each class of members owning Lots in the section affected, who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The amount of the proposed assessment need not be stated.

Section 5. Accounting. The Board of Directors shall maintain a separate set of accounts for the Sunridge Townhomes and Common Areas, exclusive of the expenses for pool, tennis courts and related areas, a separate set of accounts for the Section B Townhomes and Common Areas, exclusive of the expenses for the pool, tennis courts and related areas, and a separate set of accounts for the pool, tennis courts and related areas. Each set of accounts shall reflect current costs and expenses, any accrued debts, reserves for future needs, special assessments for capital improvements, income from assessments, and the portion of the annual assessments credited to the maintenance and operation of the Amenities as directed by Article IV of this Declaration.

Section 6. Special Assessments for the Purchase and Reconstruction of Townhomes. If the Board of Directors determines, pursuant to Article VI, Section 5 of the Declaration, that it would be advantageous to the Association and/or to the remaining Property to purchase and reconstruct any townhome, it shall call a special meeting by giving written notice thereof, setting forth the purpose of the meeting, to all members within seven (7) days following submission of the committee report. The special meeting of members shall be held not less than seven (7) days nor more than fifteen (15) days following notice to members. Upon an affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of each class of membership present and voting, the Board will be authorized to purchase and reconstruct the townhome and to assess all lots equally for all costs and expenses arising out of the purchase and repair or reconstruction of the townhome. The Board may require that the assessment be paid in a lump sum, in installments during an assessment year, or over a period of two (2) or more assessment years, as the Board, in its discretion, shall determine to be appropriate.

Such an assessment shall be in addition to, and not in lieu of, the annual assessments provided for in Section 3 and the special assessments provided for in Section 4 of this Article.

Section 7. Uniform Rate. Both annual and special assessments must be fixed at a uniform rate for all Lots and Lots in Use in each section of townhomes and on a per Lot and per Lot in Use basis and may be collected on a monthly basis.

Section 8. Quorum for Any Action Authorized Under Sections 3, 4 and 6. At the first meeting called, as provided in Sections 3, 4 and 6 of this Article, the presence at the meeting of members or of proxies of each class of membership entitled to cast sixty percent (60%) of all the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, subsequent meeting may be called, subject to the notice requirement set forth in Sections 3, 4 and 6, and the required quorum at any such subsequent meeting shall

be one-half (1/2) of the required quorum at the next preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the next preceding meeting.

Section 9. Date of Commencement of Annual Assessments: Due Dates.

The annual assessments provided for herein shall commence as to all Lots in Use on the first day of the first month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot in Use at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand at any time, furnish a certificate in writing, signed by an officer of the Association, setting forth whether the assessments on a specified Lot in Use have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 10. Effect of Non-Payment of Assessments: Remedies of the Association. Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the highest rate then permitted by the regulations of the Federal Housing Administration (FHA) and the regulations of the Veterans Administration (VA); provided, however, that if highest rate permitted by FHA and VA are not the same, the interest rate shall be the lower of rates permitted by these two agencies. The Association may bring an action against the owner personally obligated to pay the same, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. If any law permits the filing of a lien and the foreclosure of such lien, or other similar

action, as a method of enforcement of the Associations right to collect assessments, the Association may use such remedy. No owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the common area or abandonment of his lot.

Section 11. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein on any Lot shall be subordinate to the lien of any mortgage on such Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage, pursuant to a foreclosure under such mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE XIII

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XIV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "Crown Oaks Townhomes Association" and in its center the words, "Corporate Seal".

ARTICLE XV

AMENDMENTS

Section 1. These Bylaws may be amended at a regular or special meeting of the members, by a vote of a majority of a quorum of the members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XVI

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of CROWN OAKS TOWNHOMES ASSOCIATION, have hereunto set our hands this the _____ day of _____, 1981.

Director

Director

Director

Attachment C to Declaration

BOOK 2973 PAGE 169

ARTICLES OF INCORPORATION

OF

CROWN OAKS TOWNHOMES ASSOCIATION

PRESENTED
FOR
REGISTRATION
NOV 9 9 05 AM '81
R. B. KENZIE, JR.
REGISTER OF DEEDS
WAKE COUNTY, N.C.

In compliance with the requirements of the laws of the State of North Carolina, the undersigned, a resident of Wake County, North Carolina, and of full age, does this day form a corporation not for profit and does hereby certify:

ARTICLE I

The name of the corporation is CROWN OAKS TOWNHOMES ASSOCIATION, hereafter called the "Association".

ARTICLE II

The principal and initial registered office of the Association is located at 4109 Wake Forest Road, Raleigh, Wake County, North Carolina 27619.

ARTICLE III

Thomas F. Adams, Jr., whose address is 4109 Wake Forest Road, Raleigh, North Carolina 27619, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residence lots, Common Area and Amenities within that certain tract of property described as Sunridge Townhomes at Crown Oaks, Section One, as shown on the map recorded in Book of Maps 1981, Page 272 Wake County Registry, and any other properties which may be subsequently annexed thereto, and to promote the health, safety and welfare of the residents within the above described property. The Association shall have the following general powers and any other impliedly arising therefrom, to be exercised in the manner provided and in conformity with applicable laws, the Declaration hereinafter referred to, the Bylaws of the Association, and these Articles;

(a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the Office of the Register of Deeds of Wake County, North Carolina, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) To fix, levy, collect and enforce payments by any lawful means, of all charges or assessments pursuant to terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association, subject always to the provisions and requirements of the Declaration;

(c) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association, subject always to the provisions and requirements of the Declaration and limitations imposed by law.

(d) To borrow money, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject always to the provisions and requirements of the Declaration; and

(e) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise.

ARTICLE V

MEMBERSHIP

Cypress Corp., its successors and assigns (the "Declarant") for so long as it shall be record owner of a fee simple title to any Lot, and every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by

covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

ARTICLE VI

VOTING RIGHTS

Section 1. The Association shall have two classes of voting membership.

Class A. Class A members shall be all those Owners as defined in Article V with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article V. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot, and no fractional vote may be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant as defined in the Declaration. The Class B member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Article V, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in Subparagraph (b) below, such additional lands are annexed to the properties without the assent of Class A members as provided in the Declaration, or

(b) On December 31, 1993.

Section 2. The right of any member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations.

ARTICLE VII

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of not less than three (3) nor more than nine (9) Directors, who need not be members of the Association. The number of Directors may be changed by amendment of the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection and qualification of their successors are:

<u>NAME</u>	<u>ADDRESS</u>
Martin Fried	7717 Audobon Drive Raleigh, N. C. 27609
Harold Glazer	3815 Hillsborough Street Raleigh, N. C. 27606
Solomon Ciprut	7717 Audobon Drive Raleigh, N. C. 27609

At the first annual meeting the members shall elect one-third of the directors for a term of one year, one-third of the directors for a term of two years and one-third of the directors for a term of three years; and at each annual meeting thereafter the members shall elect one-third of the directors for a term of three years, and until their successors are elected and qualified.

ARTICLE VIII

EXCHANGE OF COMMON AREA

The Association, acting through its Board, from time to time may exchange with Declarant or any member a portion of the Common Area for a portion of the real property owned by Declarant or such member within Crown Oaks Townhomes Subdivision, provided that the real property acquired by the Association in the exchange: (a) is free and clear of all encumbrances

except the Declaration, and easements for drainage, utilities, and sewers; (b) is contiguous to other portions of the Common Area; and (c) has approximately the same area and utility as the portion of the Common Area exchanged. The real property so acquired by the Association shall be a part of the Common Area, and, without further act of the Association or membership, shall be released from any provisions of the Declaration except those applicable to the Common Area. The portion of the Common Area so acquired by Declarant or a member, without further act of the Association or membership, shall cease to be Common Area and shall be subject to those provisions of the Declaration that were applicable to the real property conveyed to the Association by the member.

ARTICLE IX

MERGERS AND CONSOLIDATIONS .

To the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same or similar purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any.

ARTICLE X

AUTHORITY TO MORTGAGE

Any mortgage by the Association of the Common Area defined in the Declaration shall have the assent of members entitled to cast two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any.

ARTICLE XI

AUTHORITY TO DEDICATE

The Association shall have power to dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by members entitled

to cast two-thirds (2/3) of the votes of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any, agreeing to such dedication, sale or transfer.

As to lenders and purchasers for value, the certification by the Secretary of the Association that the required number of members have executed instruments in conformity with this Article, shall be conclusive as to the fact recited by such certification and shall be binding upon the Association and all of its members.

ARTICLE XII

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any. Upon dissolution of the Association, a dedication of the Common Areas as they then exist for public use for purposes as similar to those to which they were required to be devoted by the Association, shall be offered to the appropriate unit of local government and the areas thus dedicated shall be conveyed to the local governmental unit, provided that such dedication shall be subject to the superior right of the owner of each Lot to an easement for reasonable ingress and egress between his Lot and the public street as well as an easement for the exclusive use of Limited Common Area assigned to such owner's Lot and for reasonable off-street parking area to accompany his Lot; and provided further, that the Association may in its discretion designate the boundaries of said easement for off-street parking and said area for ingress and egress which shall accompany each Lot. In the event that the local governmental unit refuses to accept such dedication and conveyance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association. This Corporation shall have no capital stock. In the event of dissolution, no member, director or officer of the

Corporation or any private individual shall be entitled to share in the distribution of the assets of this Corporation.

ARTICLE XIII

DURATION

The corporation shall exist perpetually.

ARTICLE XIV

AMENDMENTS

Section 1. Amendment by Membership. Except as herein provided, any amendment of these Articles shall require the assent of members or proxies entitled to cast seventy-five percent (75%) of the entire vote of the Class A and Class B membership. In the event that the Class B membership has been converted to Class A membership, such amendment shall require the assent of members or proxies entitled to cast seventy-five percent (75%) of the entire Class A membership.

Section 2. Amendment by Declarant or Association. These Articles may be amended by the Declarant prior to conversion of Class B to Class A membership and, after conversion, by the Board of Directors of the Association, without the consent of the members, to the extent necessary, and only to the extent necessary, to achieve or maintain the tax-exempt status of the Association, or to permit the Properties (as defined in the Declaration), or any portion thereof, or the Association to qualify for loans made or insured by the Federal Housing Administration or the Veterans Administration, or their successor agencies, or any other agency of government, or government sponsored agency, including without limitation, the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

ARTICLE XV

FHA/VA APPROVAL

Notwithstanding any provisions in this instrument to the contrary, as long as there is a Class B membership, and if Declarant desires to qualify sections of this subdivision for Federal Housing Administration or Veterans Administration approval (but not otherwise), the following actions will require the prior approval of Federal Housing

Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Areas, exchange of Common Area for other portions of the Properties and the amendment of these Articles of Incorporation.

ARTICLE XVI

ANNEXATION OF ADDITIONAL PROPERTIES

(a) Annexation of additional property shall require the assent of two-thirds (2/3) of the Class A membership and two-thirds (2/3) of the Class B membership, if any.

(b) If within twelve years of the date of incorporation of this Association, the Declarant should develop additional lands as a part of Crown Oaks Townhomes Subdivision within the area described in the Declaration for that purpose, such additional lands may be annexed to said Properties without the assent of the Class A members. The total number of lots within the Properties herein described and the area subsequently annexed shall not exceed 130 unless approved by the Class A members as provided in the Declaration.

(c) Annexation of additional Properties shall be accomplished by recording in the Wake County Registry a Declaration of Annexation, duly executed by the Declarant if the Declarant has the right to annex pursuant to Subparagraph (b) above (and by the Association if pursuant to Subparagraph (a) above), describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions therein. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except Wake County if required by its ordinances.


(d) Subsequent to recordation of the Declaration of Annexation by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any Common Area within

the lands annexed as such Common Area is developed, as set forth in Article VI, Section 3 of the Declaration.

ARTICLE XVII

The name and address of the incorporator is Thomas F. Adams, Jr., 1910 Highland Place, Raleigh, North Carolina 27607.

IN WITNESS WHEREOF, for the purpose of forming this Corporation under the laws of the State of North Carolina, I, the undersigned, constituting the incorporator of this Association, have executed these Articles of Incorporation this 4th day of November, 1981.


Thomas F. Adams, Jr.

NORTH CAROLINA

WAKE COUNTY

I, the undersigned, a Notary Public, do hereby certify that Thomas F. Adams, Jr., personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purpose therein expressed.

WITNESS my hand and notarial seal, this the 4th day of November, 1981.


Notary Public

My Commission Expires:

8/24/86