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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE
PARKER FALLS NORTH SUBDIVISION

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE
PARKER FALLS NORTH SUBDIVISION

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PARKER FALLS NORTH SUBDIVISION (hereinafter referred to as the "Declaration"), made this ____ day of _____, 2005 by TEAGUE-HANKINS DEVELOPMENT, CORP., a North Carolina corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, the Declarant is the owner of those certain lots and parcels and tracts of real property (hereinafter referred to as the "Property" or "Properties") near the City of Raleigh, Township of Barton's Creek, County of Wake, State of North Carolina, more particularly described in Exhibit A, which said Exhibit A is attached hereto, made a part hereof and incorporated herein by reference; and

WHEREAS, Declarant desires to create on such Property a residential community of single-family residential dwellings to be known as the "PARKER FALLS NORTH SUBDIVISION" (hereinafter sometimes referred to as "PARKER FALLS NORTH" or the "Subdivision");

WHEREAS, to the extent thereof, Declarant shall designate on the various Plats of the Subdivision and will convey to the "Association" (as hereinafter defined) certain common areas designated as "PERMANENT OPEN SPACE 1", "PERMANENT OPEN SPACE 2", and "PERMANENT OPEN SPACE 3" (hereinafter referred to collectively as the "Common Areas") on the recorded map and/or plats of the Subdivision, including easements and rights-of-way, which are hereby designated for the common use and enjoyment of all the residents of the Subdivision (as hereinafter defined), although Declarant makes no representations that any such Common Areas shall now or may hereafter exist; and

WHEREAS, Declarant desires to provide for the upkeep and maintenance of the Common Areas and the entrance way into PARKER FALLS SOUTH SUBDIVISION and PARKER FALLS NORTH SUBDIVISION and to provide a vehicle for ensuring that any storm water drainage systems and facilities for the Subdivision are properly maintained, and, to that end, desires to subject all of the Property within the Subdivision to the covenants, conditions, restrictions, easements, charges, assessments and liens hereinafter set forth, each and all of which is and are for the benefit of said Property, its present and subsequent owners, and the Association as hereinafter specified; and

WHEREAS, Declarant has deemed it advisable to create an organization to own, maintain and administer the Common Areas, to administer and enforce the covenants and restrictions and protective covenants exclusively applicable to the Subdivision, and to collect and disburse the assessments and charges hereinafter created, and Declarant has caused or will cause to be incorporated under North Carolina law as a nonprofit corporation, the "PARKER FALLS HOMEOWNERS ASSOCIATION, INC." (hereinafter referred to as the "Association") for the purpose of exercising the aforesaid functions.

NOW THEREFORE, Declarant hereby declares that all of the Property described in the attached Exhibit A (together with any property which may be added pursuant to the terms hereof) shall be owned, held, transferred, sold, conveyed and occupied subject to the following easements, covenants, conditions, restrictions, charges, assessments and liens set forth in this Declaration (hereinafter referred to collectively as the "Restrictions"), which said Restrictions shall run with the title to the Property and be binding on all

parties owning any right, title or interest in said Property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of the Property, each owner thereof (both present and future), and to the Association.

ARTICLE I

DEFINITIONS

The following words or terms when used in this Declaration, or any Supplemental Declaration, unless the context shall prohibit, shall have the following meanings:

- A. "Association" shall mean and refer to the PARKER FALLS HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation, its successors and assigns.
- B. "Board of Directors" shall mean and refer to the Board of Directors of the Association.
- C. "By-Laws" shall mean and refer to the By-Laws of the Association.
- D. "Class A Member (s)" shall mean and refer all those Owners other than the Declarant (See Article IV hereof).
- E. "Class B Member" shall mean and refer to the Declarant, its successors and/or assigns (See Article IV hereof).
- F. "Committee" shall mean and refer to the Architectural Review Committee of the Association.
- G. "PERMANENT OPEN SPACE 1", "PERMANENT OPEN SPACE 2" and "PERMANENT OPEN SPACE 3", together with any and all improvements erected therein or thereon (hereinafter referred to collectively as the "Common Areas") shall mean and refer to the real property, together with any improvements thereon, if any, owned by the Association, whether in fee, by easement or otherwise, for the common use and enjoyment by the Owners of Lots within the Subdivision. The Common Areas shall be maintained by the Association, or its successors in interest, unless dedicated to public use as set forth herein. The Association shall comply with all Wake County and North Carolina ordinances with regard to said Common Areas.
- H. "Contract Seller" or "Builder" shall mean and refer to an Owner who purchased a Lot for resale and is not an occupant of any improvements thereon.
- I. "Declarant" shall mean and refer to TEAGUE-HANKINS DEVELOPMENT, CORP., a North Carolina corporation, its successors and/or assigns.
- J. "Declarant's Property" shall mean and refer to the property described in Article V, Paragraph B of the Declaration as "Declarant's Property".
- K. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision map or plat of the Properties, with the exception of any Common Areas owned in fee or by easement or otherwise by the Association, and with the exception of any street rights-of-way shown on any such recorded subdivision map or plat of the Properties.
- L. "Member" shall mean and refer to every person or entity who holds membership in the Association.
- M. "Membership" shall mean and refer to all of the Members of the Association.

- N. "Owner" shall mean and refer to a person or entity who is a record owner of a fee interest in any Lot which is a part of the Properties, including Contract Sellers or Builders who own the Lot (and do not merely have it under contract).
- O. "Property" or "Properties" shall mean and refer to the "Existing Property" described in Exhibit A to the Declaration and any additional property annexed into the Association pursuant to the terms and provisions of the Declaration.
- P. "Street" shall mean and refer to any street, road, drive, highway or other thoroughfare as shown on any recorded map or plat of the Properties.
- Q. "Subdivision" shall mean and refer to the PARKER FALLS NORTH SUBDIVISION located to the west of Old Creedmoor Road (North Carolina Highway 50) between Boyce Mill Road and North Carolina Highway 98, near the City of Raleigh, in the Township of Barton's Creek, County of Wake, State of North Carolina, together with any additions thereunto annexed by the Declarant pursuant to the terms and provisions of the Declaration.

ARTICLE II

SUBJECTING ADDITIONAL PROPERTY TO THE DECLARATION

- A. Additions to the Properties by Declarant. The Declarant shall have the right to annex into and bring within the scheme of the Declaration additional properties which are located within any phase of PARKER FALLS NORTH SUBDIVISION, or any other property which is contiguous at any point with the Property or any additions to the Property. A public road, railroad, utility right-of-way, or buffer dividing two properties shall not be deemed to deprive them of contiguity.
- B. Method of Making Additions (Annexation). Additions to the Property shall be made by filing for record in the Office of the Register of Deeds of Wake County, North Carolina a Supplemental Declaration of Covenants, Conditions and Restrictions (the "Supplemental Declaration") with respect to the additional property, which said Supplemental Declaration shall describe the property being annexed. Such Supplemental Declaration(s) may contain such additions and modifications of Article VIII of the Declaration as may, in the sole discretion of Declarant, be necessary to reflect the different character of the added properties. In no event, however, shall such Supplemental Declaration(s) revoke, modify or add to the Restrictions established by the Declaration with respect to the Properties already subject to the Declaration, except to grant the Owners of Lots then subject to the Declaration limited rights with respect to such additional properties (changes to assessments brought about by such addition shall be deemed not to be a revocation, modification or addition of the Restrictions).
- C. Future Additions of Common Areas. Future Common Areas may be added to the scheme of the Declaration and included within the Properties subject to the jurisdiction of the Association, although there is no obligation to do so, and no representations are made with respect to any such additions. Such Future Common Areas will be deeded to the Association by Declarant.
- D. Additions by Others. So long as Declarant is a Class B Member, additions may be made by any other Owner who, with the approval of the Declarant and the Board of directors, which approval may be withheld in their sole discretion, desires to add such property located within the boundaries of the Subdivision to the scheme of the Declaration and to subject it to the jurisdiction of the Association. When Declarant ceases to be a Class B Member, such additions may be made upon approval by two-thirds (2/3) majority vote of the Members who

are entitled to vote. Such approval by the Declarant, Board of Directors and, if required, the Membership, shall be evidenced by a certified copy of a resolution of approval recorded in the Office of the Register of Deeds of Wake County, North Carolina.

ARTICLE III

ARCHITECTURAL CONTROL

A. Architectural Control.

1. Until such time as Declarant shall no longer be a Class B Member of the Association, no dwelling or other structure or other improvements (the "Improvements") shall be erected, placed or altered on any Lot in the Properties, or in any addition thereto, until the Improvements' plans and specifications for such Lot and the Lot plan for such Lot (showing the location of such Improvements on the Lot) and the Landscaping Plan for such Lot (collectively, the "Plans") have been approved in writing by the Declarant as to conformity with the Restrictions, quality, materials and as to conformity and harmony of external design with existing (and approved or proposed) Improvements in the Properties, and as to location of the Improvements with respect to topography and finished ground elevation. Such written approval from the Declarant must be obtained prior to commencing clearing, grading or construction of any kind on a Lot. All Improvements shall comply with the plans as presented unless changes are approved in writing by the Declarant. The written approval of Declarant shall also be required prior to erecting, placing or altering mail boxes, signs and newspaper boxes upon any lot. All roof pitches for a dwelling and/or garage on any Lot must be approved by Declarant.

Anything herein to the contrary notwithstanding, during the initial development of the Properties, Declarant may limit its review to a review of a typical set of Plans and Specifications and Materials for the proposed residence type proposed by a Contract Seller or a Builder to be built within the Subdivision, and, upon Declarant's written approval of such typical Plans, Specifications, and Materials, residences may be constructed in the Subdivision consistent with such approved Plans, Specifications, and Materials without the requirement of further review by the Declarant.

2. Upon or prior to the date upon which Declarant shall cease to be a Class B Member of the Association, the Declarant shall form an "Architectural Review Committee" for the Properties (herein referred to as the "Committee"), which said Committee shall be composed of three (3) members appointed by the Declarant. The initial three (3) members of the Committee shall serve until the annual meeting of the Association next immediately following the date of such appointment by the Declarant. Thereafter the members of the Committee shall be appointed by the Board of Directors of the Association, each such member to serve for a term of one (1) year, said term to expire upon the date of the annual meeting of the Association. Each member of the Committee shall have one (1) vote and a majority vote of the Committee shall be required to constitute Committee action on any issue brought before the Committee. So long as Declarant is a Class B Member all Improvements and Placement of Improvements by Builders and/or Contract Sellers shall require the approval of the Declarant. All improvements and Placement of Improvements by Lot Owners subsequent to the transfer of ownership of a house from a Builder/and or Contract Seller will require the approval of the Architectural Committee. So long as Declarant is a Class B Member Declarant reserves the right to approve or reject any guide- lines and/or approvals of the Committee. Upon the date upon which Declarant shall no longer be a Class B Member of the Association, the Committee shall assume and be responsible for all of the approvals and responsibilities set forth in subparagraph 1 of paragraph A of this Article with regard to Architectural Control within the Properties. Upon approval by the Committee of the Plans as herein provided, the Committee shall evidence its approval in writing by memorandum or directly upon such Plans and the applicant Owner may then commence construction in accordance with such

Plans. The Committee shall approve or reject in writing any Plans within thirty (30) business days after the receipt of the submitted Plans.

B. Limitation of Liability. No approval of Plans by Declarant or by the Committee shall be construed as a representation, warranty or implication that the Improvements, if built in accordance therewith, will be free from defects, shall meet applicable codes and laws, or will be built in a good and workmanlike manner. Any approvals of the Declarant or of the Committee shall be concerned solely with matters of aesthetics and the satisfaction of the requirements set forth in the Declaration. None of the Declarant, the Association, the Committee, the Board of Directors, or the officers of Members of the Association, shall be liable or responsible to anyone submitting Plans for approval for any loss or damage arising out of or related to the approval, disapproval or failure to approve any such Plans, the noncompliance of such Plans with applicable codes and laws, or the construction undertaken pursuant to such Plans. Approval of the Plans by Declarant or by the Committee shall not be construed as approval of any Plans, or as an indication of approval of any Plans, by the governmental authorities of Wake County, North Carolina or any other federal, state or local agency.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

A. Membership.

1. Every person or entity who is a record Owner of a fee interest in any Lot which is a part of the Properties, including Contract Sellers or Builders who own the Lot (and to not merely have it under contract), shall be a Member of the Association (herein referred to as a "Member" or collectively as "Members"). The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security, unless such persons or entities acquire title to a Lot through judicial or non-judicial foreclosure, deed in lieu of foreclosure, or other action.
2. Membership in the Association shall be appurtenant to and shall not be separated from ownership of a Lot. Ownership of a Lot shall be the sole qualification for Membership. When more than one (1) person holds an interest in any Lot, all such persons shall be Members, but the vote for such Members shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot owned by Class A Member, and in no event shall more than forty (40) votes be cast with respect to any such Lot owned by the Class B Member in PARKER FALLS NORTH SUBDIVISION and in PARKER FALLS SOUTH SUBDIVISION. See Paragraph C of this Article IV Entitled "Voting Rights".

B. Classes. There shall be two (2) classes of voting Members:

1. The Class A Members shall be all those owners other than the Declarant.
2. The Class B Member shall be the Declarant, its successors and/or assigns. Class B Membership may cease and be converted to Class A Membership at the option of the Class B Member, by its written notice to the Secretary of the Association. Subject to the provisions of Subsection 3 of this Paragraph B of this Article IV, Class B Membership shall cease and be converted to Class A Membership, without further act or deed, upon the date ten (10) years from the date upon which the Declaration

shall be recorded in the Office of the Register of Deed of Wake County, North Carolina.

3. Notwithstanding a conversion of the Declarant, its successors and/or assigns to a Class A Member or the cessation of the Class B Membership due to the expiration of the ten (10) year period hereinabove described, in the event Declarant, its successors and/or assigns, thereafter acquires or adds additional Lots to the Properties such that Declarant, its successors and/or assigns, would, according to Subsection 2 of this Paragraph B of this Article IV, be entitled to Class B Membership, Declarant, its successors and/or assigns, shall thereupon be reestablished as and converted to a Class B Member of the Association, with all of the benefits and burdens pertaining thereto.

C. Voting Rights.

1. Class A Members shall be entitled to one (1) vote for each Lot owned.
2. The Class B Member shall be entitled to forty (40) votes for each Lot owned by the Class B Member in PARKER FALLS NORTH SUBDIVISION and in PARKER FALLS SOUTH SUBDIVISION (whether or not such Lot is under contract to a Contract Seller or Builder).
3. No cumulative voting shall be permitted.
4. Only those Members who are in good standing with the Association may vote.

ARTICLE V

ADMINISTRATION AND MANAGEMENT

- A. Governing Documents. The administration of the Properties shall be governed by the provisions of the Declaration, the Articles of Incorporation (the "Articles"), the By-Laws of the Association (the "By-Laws"), and the published rules and regulations of the Association (the "Rules"), if any. In the event of a conflict between the provisions of the Declaration and the Articles and the By-Laws and the Rules, the provisions of the Declaration shall control. In the event of a conflict between the provisions of the Articles and the By-Laws and the Rules, the Articles shall control. In the event of a conflict between the By-Laws and the Rules, the By-Laws shall control.
- B. Management of the Association/Board of Directors. The affairs of the Association shall be managed by an Initial Board to two (2) Directors who need not be Members of the Association and who shall be elected by the Declarant. The persons who are to act in the capacity as the Initial Directors of the Association until the selection of their successors are: Thomas C. Hankins and Charles W. Teague, Jr.
 1. The number of Directors of the Association shall be two (2) and shall be elected by the Declarant (Class B Member) for so long as the Declarant shall own any Lot which is subject by the provisions of this Declaration, or as this Declaration may be amended, to assessment by the Association or owns any real property which is adjacent to and adjoins any Lot which is subject by the provisions of this Declaration, or as this Declaration may be amended, to assessment by the Association and which the Declarant shall annex into the Association pursuant to the terms and provisions of this Declaration, as may be amended (hereinafter referred to as the "Declarant's Property"). Thereafter the number of Directors of the

Association shall be increased to five (5), said five (5) Directors to be elected by the Members at a special meeting of the Members of the Association called by the Declarant within sixty (60) days next immediately following the date upon which Declarant shall own no "Declarant's Property". At such special meeting of the Members of the Association the Members shall elect one (1) Director to serve a term of one (1) year, two (2) Directors to serve a term of two (2) years, and two (2) Directors to serve a term of three (3) years. The annual meeting of the Members of the Association shall be held each year thereafter on the anniversary of the aforescribed special meeting, unless such date shall fall on a legal holiday, and in such case, on the next business day immediately following such legal holiday.

2. At each annual meeting of the Association after the first annual meeting the Members shall elect the number of Directors needed to fill the vacancy or vacancies created by the Director or Directors whose term(s) is/are expiring, to serve for a term of three (3) years (except in the case of the initial election of a Director, in which case the term of that Director may be shortened to provide for the staggering set forth in this Article, or in the case of the filling of a vacancy, in which case the Director elected to fill the vacancy shall be elected for the unexpired term of the Director whose vacancy is being filled). The term of office of the Directors shall be staggered so that, except for an election to fill a vacancy or to fill a newly created directorship, the terms of not less than one nor more than two Directors shall expire at each annual meeting of the Members of the Association. Each Director shall hold office until his/her death, resignation, retirement, removal or disqualification, or until his/her successor is elected and qualified, whichever event shall first occur. Directors need not be Members of the Association.
3. After the date upon which the Declarant shall no longer own any "Declarant's Property" as heretofore described in this Article, the Members of the Association may, by a majority of the votes cast at any duly called annual or special meeting of the Members at which a quorum is present, increase or decrease the number of Directors of the Association, provided, however, that the number of Directors shall not be increased to more than seven (7) or decreased to less than five (5) without amendment of the By-Laws of the Association.
4. So long as the Declarant is a Class B Member, all Directors of the Association shall be elected by the Class B Member. So long as the Declarant is not a Class B Member, all Directors of the Association shall be elected by the Class A Members.

- C. Rules and Regulations of the Association. The Declarant, and the Association if the Declarant shall no longer own any "Declarant's Property", shall have the right to publish rules and regulations for the Association regarding use and enjoyment of the Common Areas and the use of the Lots within the Subdivision and may enforce such rules and regulations by establishing a monetary penalty to be imposed for violation of such rules and regulations by persons who violate such rules and regulations.

ARTICLE VI

PROPERTY RIGHTS IN THE COMMON AREAS

- A. Extent of Member's Easements. Members, their families and guests, are hereby granted a blanket easement to use and enjoy the Common Areas, if any, for recreational, social and

other purposes directly related to private single-family residential uses authorized herein, subject to the following:

1. The Association shall have the right to promulgate and publish rules and regulations (the "Rules") with which each Member, their families and guests, shall strictly comply.
 2. The Common Areas, if any, shall not be used for other than intended purpose(s) specified on the recorded plats of the Subdivision, if any.
 3. The Declarant and the Association, in accordance with the Articles of Incorporation of the Association and the By-Laws of the Association, shall have the right to borrow money for the purpose of improving, renovating, repairing and reconstructing the Common Areas with the written consent of the Class B Member (for so long as the Class B Member shall own any "Declarant's Property"), together with the written consent of sixty-seven percent (67%) of the Class A Members entitled to vote. Such vote shall be in person or by proxy on such matter at a meeting of the Members called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting, to wit: to mortgage all or any part of said Common Areas as security for such loans.
- B. Personal Property for Common use. The Association may acquire and hold in the name of the Association for the use and benefit of all Members, tangible and intangible, real or personal property, and may dispose of the same by sale or otherwise.
- C. Maintenance and Upkeep of Common Areas and Personal Property and Compliance with County/State Ordinances.
1. The Association shall be responsible for the continued maintenance, upkeep and repair of any and all Common Areas and an and all personal property owned by the Association for common use by the Members and shall be responsible for any and all costs and expenses associated therewith.
 2. The Association shall comply with any and all Wake County and/or State of North Carolina subdivision ordinances regarding the maintenance, use, upkeep and repair of the Common Areas, including but not limited to, any special "Watershed Zoning Restrictions". Undeveloped Common Areas shall be retained in a vegetative or natural state in accordance with such ordinances and or zoning restrictions. For purposes of this subparagraph, the term Common Areas shall mean and refer to any "PERMANENT OPEN SPACE", "OPEN SPACE", "20' LANDSCAPE & SIGN EASEMENT" and "COMMON AREAS" as shown and depicted on any plat and/or map of the Parker Falls North Subdivision and the Parker Falls South Subdivision now or hereafter recorded in the Office of the Register of Deeds of Wake County, North Carolina.

ARTICLE VII

COVENANT FOR MAINTENANCE ASSESSMENT

- A. Creation of Lien and Personal Obligation of Assessment. Declarant, for each Lot within the Properties, hereby covenants, and each Owner of any Lot by acceptance of the deed therefor, whether or not it shall be so expressed in the deed to such Owner, covenants and agrees to pay to the Association all assessments set forth herein and/or established by the Association, and with respect to the enforcement of payment of such assessments, hereby consents to the lien

established herein. Such assessments shall be fixed, established and collected from time to time as provided in the By-Laws of the Association. The Annual and Special Assessments, together with such interest thereon and costs of collection thereof, including reasonable attorney's fees, shall be a charge upon the Lot and a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with such interest, reasonable attorney's fees and costs of collection thereof, shall be a personal obligation of the Owner of the Lot at the time when the assessment falls due. Such personal obligation shall not pass to the Owner's successors in title unless expressly assumed by them.

- B. Purpose of Assessments. The assessments (both Annual Assessments and Special Assessments, if any) levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, enjoyment and welfare of the residents in the Properties, and in particular for the improvement, reconstruction, repair, maintenance and upkeep of the Common Areas, and any other purpose reasonable, necessary or incidental to such purposes as determined by the Board of Directors. Special Assessments shall be fixed as hereinafter provided. The Annual Assessment shall be set each year by the Board of Directors, and, subject to the terms and provisions of Paragraph E hereof, all assessments must be fixed at a uniform rate for all lots. Declarant shall not be required to pay any Annual Assessments for so long as Declarant shall own any "Declarant's Property". **Within thirty (30) days after adoption of any proposed budget for the Association, the Board shall provide to all the Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at the meeting a majority of all the Owners or any larger vote specified in the Declaration rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.**
- C. Capital Contribution. The purchaser of each Lot in the Subdivision shall pay to the Association at the closing of the purchase of such Lot the sum of Two Hundred and No/100 Dollars (\$200.00) per Lot purchased, said sum to be deposited by the Association in its bank account for use as working capital for the Association. This initial capital contribution of Two Hundred and No/100 Dollars (\$200.00) per Lot shall be deemed an assessment pursuant to the terms and provisions of this Article VII and shall be a charge upon the Lot and a continuing lien upon the Lot until paid and shall be enforceable as an assessment pursuant to the terms and provisions of this Article VII.
- D. Basis of Annual Assessment.
1. The Annual Assessments shall be based upon the cash requirements, as the Board of Directors shall from time to time determine, necessary to provide for the payment of all estimated expenses arising out of or connected with the purposes of the assessments as stated in Paragraph B of this Article.
 2. The maximum Annual Assessment for any Lot shall be Six Hundred and No/100 Dollars (\$600.00) per year. The maximum may be changed as follows:
 - a. The maximum Annual Assessment may be increased each calendar year by not more than ten percent (10%) above the maximum Annual Assessment for the previous year without a vote of the Membership.
 - b. The Board of Directors may, from time to time, fix the Annual

Assessment at any amount less than or equal to the maximum without a vote of the Membership.

- c. A majority of the votes cast by the Members (Class A Members and Class B Members) voting in person or by proxy on such matters at a meeting called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance setting forth the purpose of the meeting, shall be required to increase the maximum Annual Assessment for any one year more than the percentage set forth in subparagraph a above. For so long as the Declarant shall own any "Declarant' Property", no such increase in the maximum Annual Assessment by the Membership shall be effective unless and until Declarant shall have given written consent thereto. The Members shall have no power to require Declarant to pay any Annual Assessment as to any Lot or Lots owned by Declarant for so long as Declarant shall own any "Declarant's Property".
- E. Date of Commencement of Annual Assessments. Annual Assessments shall be imposed on the Lots owned by Owners other than Declarant from and after June 1, 2005 and shall be paid by the Owners and collected by the Association in advance each year. Annual Assessments shall be paid, and collected annually, on or before March 15 of each year. Subject to the provisions of Paragraph E below, Annual Assessment for a Lot owned by an Owner other than a Contract Seller or Builder, shall commence beginning on the first day next immediately following the date upon which such Owner shall have closed (shall have taken title to) upon the purchase of such Lot, prorated for any portion of the year remaining.
- F. Discounted Annual Assessments Prior to Initial Occupancy. The Annual Assessment (but not Special Assessments) on any Lots(s) within the Properties owned by a Contract Seller or a Builder (whether with or without improvements, but if the respective Lot has improvements, only if the improvements are not occupied by the Contract Seller or the Builder) shall be assessed at one-fourth (1/4) of the Annual Assessment rate. Annual Assessments at the discounted Annual Assessment rate for any such Lot owned by a Contract Seller or Builder shall begin on the date such Contract Seller or Builder shall close on the purchase of such Lot and shall continue until the day of the month on which such Contract Seller or Builder shall have sold (transferred title to) such Lot to a homeowner. Each such Lot owned by a Contract Seller or a Builder who owns more than one Lot within the Properties shall be assessed separately from the other Lots(s) owned by such Contract Seller or Builder.
- G. Special Assessment for Capital Improvements. Upon the affirmative vote of the Class B Member (for so long as Declarant shall own any "Declarant's Property") and a majority of the Class A Members voting in person or by proxy at a meeting called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance setting forth the purpose of such meeting, the Association may levy, in addition to the Annual Assessments hereinabove described, one or more Special Assessments in any calendar year applicable to that year only, for the purpose of defraying in whole or in part the costs of construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including but not limited to, necessary fixtures and personal property related thereto. Any such Special Assessment shall be levied equally on the Lots owned by Owners other than the Declarant. Declarant shall not be required to pay any Special Assessments. Any Special Assessment so levied shall be payable in accordance with the terms set forth in the motion approving such Special Assessment.
- H. The Effect of Non-Payment of Assessments: Remedies of the Association. Each Owner, other than Declarant, shall be deemed to covenant and agree to pay to the Association the assessments (both Annual Assessments and Special Assessment) provided for in the

Declaration, and each agrees to the enforcement of the assessments in the manner herein specified. If any Annual Assessment or Special Assessment owned by an Owner shall not be paid within ten (10) days next immediately following the due date for such assessment, such delinquent Owner shall pay to the Association interest on the delinquent amount from the date of delinquency (the due date of the assessment) through the date of payment equal to the highest rate of interest per annum by law allowed on such delinquent amount. Should any Owner's check for any assessment be returned by such Owner's financial institution because of insufficient funds in such Owner's account, then in such event, such Owner shall pay to the Association an administrative fee in the sum of \$25.00 for each such check returned, said administrative fee to be in addition to any assessment and accrued interest due from such Owner to the Association. In the event the Association employs attorneys for collection of any assessment against an Owner, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of the Declaration by an Owner, each such Owner agrees to pay interest on all delinquent amounts from the date of the delinquency through the date of payment equal to the highest rate of interest per annum by law allowed on such amount, together with reasonable attorney's fees and cost thereby incurred, as well as, any other amounts due and any other relief or remedy obtained against said Owner, including reasonable attorney's fees and court costs and expenses incurred thereby. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or by abandonment of his/her Lot. In the event of a default in payment of any such assessment when due, the assessment shall be deemed delinquent if not paid within ten (10) days, and, in addition to any other remedies herein or by law provided, the Association may (i) prohibit the Owner, the members of the Owner's family and any guests or any tenants of the Owner from using any Common Areas, and (ii) enforce each such obligation in any manner provided by law or in equity, specifically including but not limited to, any of the following:

1. Enforcement by Suit. The Board of Directors may cause a suit at law to be commenced and maintained in the name of the Association against an Owner to enforce each such assessment obligation. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon at the highest rate by law permitted from the date of delinquency, administrative fees, court costs and reasonable attorney's fees.
2. Enforcement by Lien. There is, to the full extent permitted by law, hereby created a lien, with power of sale, on each Lot within the Properties to secure payment to the Association of any and all assessments levied against all Owners of such Lots under the Declaration, together with interest thereon at the highest rate by law provided from the date of delinquency and all costs of collection which may be paid or incurred by the Association in connection therewith, including administrative fees and reasonable attorney's fees. At any time after the occurrence of any default in the payment of any assessment the Association, or any authorized representative of the Association, may, but shall not be required to, make a written demand for payment to the defaulting Owner on behalf of the Association. Said demand shall state the date of the assessment was due and the amount of delinquency. Each default shall constitute a separate basis for a demand or claim of lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, the Board of Directors may elect to file such a claim of lien in the appropriate State and/or Wake County offices (i.e., Office of the Clerk of Superior Court and/or Office of the Register of Deeds of Wake County, North Carolina) on behalf of the Association against the Lot of the defaulting Owner. Such a claim of lien shall be executed and acknowledged by any

officer of the Association, or an agent or attorney designated by the Board, and shall contain the following information:

- a. The name of the delinquent Owner;
- b. The legal description and street address of the Lot against which claim of lien is made;
- c. The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, administrative fees, collection costs and reasonable attorney's fees;
- d. That the claim of lien is made by the Association pursuant to the Declaration for non-payment of annual and/or special assessment(s); and
- e. That a lien is claimed against said Lot in an amount equal to the amount stated, plus accruing interest and costs, including reasonable attorney's fees.

Upon the recordation of a duly executed original or copy of such a claim of lien and the mailing a copy thereof by certified mail, postage prepaid, to said defaulting Owner at the last known address of said Owner on the books of the Association, the lien claimed therein shall immediately attach and become effective in favor of the Association as a lien upon the Lot against which such assessment was levied and such lien shall have priority over all liens or claims created subsequent to recordation of the claim of lien thereof, except only tax liens for real property taxes on any Lot, assessments on any Lot in favor of any municipal, county or other governmental assessment unit, and the liens which are hereinafter specifically described in Paragraph H hereinbelow. Any such lien may be foreclosed by appropriate action in court or in the manner provided by law for the foreclosure of a deed of trust as set forth by the laws of the State of North Carolina, as the same may be changed or amended. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all other Owners. The Association shall have the power, but not the obligation, to bid in at any foreclosure sale and to purchase any such Lot and to hold, lease, mortgage and convey any such Lot purchased. In the event such foreclosure is by action in court, reasonable attorney's fees, court costs, title examination fees, interest and all other costs and expenses incurred in such foreclosure by the Association, shall be allowed to extent permitted by law. EACH OWNER, BY BECOMING AN OWNER IN THE PROPERTIES, HEREBY EXPRESSLY WAIVES ANY OBJECTION TO THE ENFORCEMENT AND FORECLOSURE OF THE LIEN IN THIS MANNER.

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

the Owner against whom such foreclosure proceeding was brought to pay any and all assessments due for such Lot.

ARTICLE VIII

RESTRICTIONS ON USE AND MAINTENANCE OF PROPERTY

A. Use Restrictions. Except as may be modified by a Supplemental Declaration with respect to another phase of the Subdivision, the following Restrictions and Covenants shall be applicable to the use of any Property subject to the Declaration:

1. Land Use and Building Type - Residential Purposes Only. Except for the Common Areas, no Lot on the Properties shall be used for any purpose other than single-family residential purposes, unless otherwise shown on the recorded plats/maps of the Subdivision. Such restriction shall not prohibit the maintenance and occupancy of any model homes, temporary sales trailers or offices, or temporary construction trailers on the Lots, subject to the prior approval of the Declarant. Subject to the foregoing, no buildings shall be erected or allowed to remain on any Lot except one (1) detached, single-family dwelling not exceeding three (3) stories in height (exclusive of basement and attic), a private attached garage for not more than three (3) cars and/or a detached garage for not more than two (2) cars, and a storage shed or workshop approved by the Declarant (or by the Architectural Review Committee if Declarant shall no longer own any "Declarant's Property"). Except as specified above, no mobile homes, trailers, manufactured homes or modular homes shall be erected or allowed to remain on any Lot in the Subdivision. No carport shall be erected or allowed to remain on any Lot.
2. Resubdivision of Lots. No Lot shall be resubdivided except with the written consent of the Declarant (or of the Association if the Declarant shall not own any "Declarant's Property").
3. Nuisances. No nuisance or noxious or offensive activity shall be carried on or upon the Properties or any part thereof or on any Lot, nor shall anything be done or maintained thereof which may disturb the neighborhood or occupants of adjoining property, or detract from its value as an attractive residential community. No portion of a Lot shall be used for business, manufacturing or commercial purposes, nor shall any merchandise be kept or allowed to remain on a Lot for commercial purposes. Each Owner shall maintain his or her buildings, improvements, landscaping and grounds in a safe, clean and orderly fashion.
4. Animals. No birds, animals, livestock or poultry of any kind shall be raised, bred or kept on any part of the Properties or any part thereof or on any Lot, excepts that dogs, cats or other household pets may be kept, bred or raised solely as domestic pets and not for commercial purposes. Such domestic pets shall be kept under the control of the Owner of such pets or his/her guests. The Owner of any pet shall immediately remove excrement deposited by said pet upon the Streets and/or the sidewalks and/or the Common Areas and/or the Lots in the Subdivision. Habitual barking, howling, yelping or otherwise noisy pets shall be deemed a nuisance. No horses or barnyard animals shall be kept or allowed to remain on any of the Properties or any part thereof or on any Lot at any time.
5. Dwelling Size. No dwelling shall be erected or allowed to remain on a Lot if the heated floor area of the main structure, exclusive of open porches and garages, shall be less than Three Thousand (3,000) square feet. The Declarant, in its sole and

absolute discretion, may grant a variance of up to ten percent (10%) of the minimum dwelling size.

6. Building Setbacks. Unless prior written approval is obtained from the Declarant, no dwelling shall be erected on any Lot so that the front of the dwelling is nearer to the front lot line of said Lot than fifty (50) feet; nor nearer to the rear lot line of said Lot than twenty-five (25) feet; nor nearer to either side lot line of such Lot than ten (10) feet; provided, however, that on corner Lots the dwelling may face either street or may face the corner where said streets intersect but may not be located nearer than fifty (50) feet to one street and no nearer than thirty (30) feet from the other street. For the purposes of this covenant, eaves, steps, stoops, chimneys, uncovered decks not considered a structural part of the dwelling by the Wake County authorities, and uncovered entrances shall not be considered a part of the dwelling, provided, however, that this shall not be construed to permit any portion of a dwelling to encroach upon another Lot or upon any Common Areas. Should there be any differences between the minimum building set-backs requirements depicted on any of the plats/maps of the Subdivision recorded in the Office of the Register of Deeds of Wake County, North Carolina and the minimum building setback requirements imposed in the Declaration, the more restrictive provision shall take precedence and shall control.
7. Utilities and HVAC Equipment. All water, sewer, gas, electric, telephone, television, cablevision and other utility lines and connections between the main utility lines and the dwelling and other structures located on each Lot shall be located underground and concealed so as not to be visible, except that septic tank lids shall be at a height per Wake County standards.

Transformers, air conditioning, heating and other mechanical equipment on a Lot, including solar and other alternative energy devices, which said devices must be approved in writing by the Declarant or by the Architectural Review Committee should Declarant no longer own any "Declarant's Property", shall be either concealed within a screen or integrated with the building design of the dwelling on the Lot so as to be inconspicuous. Declarant or the Architectural Review Committee should Declarant no longer own any "Declarant's Property" shall determine whether or not any such integration is inconspicuous.
8. COMMON AREAS. No Owner or occupant shall remove or significantly alter any tree or landscaping in any street, right-of-way, or other part of the Common Areas unless permission in writing is first granted by the Association and unless and until permission in writing has been obtained from the appropriate Wake County governmental authorities, if such governmental permission is required.
9. Waste. No part of the Properties and no Lot shall be used or maintained as a dumping ground for rubbish, grass clippings, garbage or trash. Garbage and other waste shall be kept in sanitary containers. Except on the scheduled trash pick-up day(s), all containers for the storage or disposal of such materials shall be kept inside the residence or inside the garage or in an approved enclosure (such enclosure to be approved by Declarant or the Architectural Review Committee should Declarant no longer own any "Declarant's Property"). Any such enclosure must be screened from view from the street or integrated with the building design so as to be inconspicuous.
10. Unauthorized Vehicles. Trucks with tonnage in excess of one (1) ton shall not be permitted to park or remain on any streets of the Subdivision or on the driveways on any Lot or on any Lot overnight, except that construction vehicles utilized in the

construction or repair of the dwellings on the Lots may be temporarily parked on the streets of the Subdivision and on the Lots provided such vehicles do not unduly interfere with the flow of traffic over said streets. No vehicle of any size which normally transports inflammatory or explosive cargo may be kept in the Subdivision at any time. No mobile home, other than a mobile home used as a temporary sales office or construction office for dwellings being constructed in the Subdivision, shall be placed or allowed to remain on any Lot or on any of the Properties.

No boat, marine craft, hovercraft, aircraft, recreational vehicle, pick-up camper, camper, equipment vehicle, tractor, travel trailer, trailer, truck (other than pick-up trucks), commercial vans, camper body or similar vehicle or equipment, or other vehicle (other than operable automobiles, sports utility vehicles and personal vans used only for personal use) may be parked or stored or allowed to remain in any area on a Lot except inside an enclosed building or behind screening, which said building or screening shall have been previously approved in writing by Declarant or by the Architectural Review Committee should Declarant no longer own any "Declarant's Property", or as otherwise consented to in writing by the Declarant or said Architectural Review Committee. Any such vehicle or equipment must be stored on a Lot so as to be screened and not visible from the street of the Subdivision and the adjoining neighbors. The keeping of inoperable vehicles, with or without wheels, on any public street in the Subdivision or on any Common Areas in the Subdivision is expressly prohibited.

11. Roofs. All roof pitches on any dwelling and/or garage on any Lot must be approved by the Declarant or the Architectural Review Committee should Declarant no longer own any "Declarant's Property".
12. Driveways and Walkways. All driveways and walks on any Lot must be paved with concrete or asphalt or brick.
13. Landscaping. All lots on which a dwelling has been approved and built in accordance with the provisions of Article III of the Declaration shall be landscaped in accordance with landscaping plans approved by the Declarant (or by the Architectural Review Committee) in accordance with the provisions of Article III of the Declaration. All front yards are to be sodded through the front ditch line, to the street, excluding appropriate natural areas. All sod shall be laid so as not to rise above the level of the asphalt and impede Street drainage as required by the North Carolina Department of Transportation ("NCDOT"). Each Owner will be responsible for the costs of any rework to such Owner's lawn and yard which may be required necessary for Declarant to obtain NCDOT's acceptance of the Streets in the Subdivision for permanent maintenance.
14. Signals. No radio signals, television signals or other form of electromagnetic radiation shall originate from any Lot which may unreasonably interfere with the reception of television or radio signals on any other Lot.
15. Antenna. No structure or facility for providing alternative sources or energy (such as solar, wind or bio-mass) or for television, cablevision, or other signal reception (such as antenna or satellite dish) shall be erected or allowed to remain on a Lot without the prior written permission of the Declarant or of the Architectural Review Committee should Declarant no longer own any "Declarant's Property"; however, small cable television satellite dish (es) having a diameter not exceeding eighteen (18) inches may be mounted on the dwelling on a Lot or placed on a lot without

permission if, and only if, such dish (es) is/are mounted/placed in such manner as not to be visible from the Streets in the Subdivision.

16. Mail Boxes, Signs, Newspaper Boxes and Signs. No mail boxes or newspaper boxes or signs shall be placed, altered or allowed to remain on any Lot without the prior permission of the Declarant or of the Architectural Review Committee should Declarant no longer own any "Declarant's Property". All mailboxes shall conform to the approved mailbox style selected by Declarant for the Subdivision.
 17. Temporary Structures. No structure of a temporary character or nature shall be erected or allowed to remain on any Lot, except for those provided for in Paragraph A.1 of this ARTICLE VIII. No basement (unless said basement is part of a dwelling erected at the same time the dwelling is erected), tent, shack, mobile home, barn or other outbuilding or temporary structure erected on a Lot shall be used as a residence either temporarily or permanently.
 18. Fences and Walls. No fence, retaining wall or screening wall shall be erected or permitted to remain on any Lot closer to the front lot line of said Lot than the front of the dwelling erected on said Lot. In the case of a corner Lot where the dwelling faces one street any such fence, retaining wall and/or screening wall to be erected on the side of the Lot facing the other street (the "side street") shall be erected no closer to the side street line than that side of the dwelling facing said side street and any such fence, retaining wall and/or screening wall to be erected on the other side of said dwelling shall be no closer to the front lot line of said Lot than the front of the dwelling erected on said Lot. In the case of a corner Lot where the dwelling faces the intersection of the two streets any such fence, retaining wall and/or screening wall shall be erected no closer to either street than the front corners of the dwelling erected on said Lot. Chain link fences and chain link animal pens shall not be erected or permitted to remain on any Lot. All fences and walls to be erected on a Lot must be approved in writing by the Declarant or by the Architectural Review Committee should Declarant no longer own any "Declarant's Property". All fences and walls on Lots shall be maintained in good repair and in a clean, attractive manner and, if painted or stained, shall be in a color in harmony with the Subdivision.
 19. Driveway Culvert Pipes. All driveway culvert pipes under any driveway servicing a Lot in the Subdivision shall be constructed of concrete reinforced pipe which meets or exceeds North Carolina Department of Transportation specifications and such pipe shall have each exposed end trimmed with stacked stone.
 20. Accessory Building. No accessory buildings, including but not limited to, storage sheds and workshops, shall be placed or erected or allowed to remain on any Lot until the design and location of such accessory building has been approved in writing by the Declarant or the Architectural Review Committee should Declarant no longer own any "Declarant's Property". Any siding and roofing materials on such accessory buildings shall be consistent with that of the main dwelling situated on the Lot upon which the accessory building will be erected.
- B. Easement to Repair and Maintain. If any Lot is not maintained, repaired and kept by the Owner(s) of such Lot in accordance with and in conformity with the terms and provisions contained in the Declaration, the Association is hereby granted an easement to enter onto and upon such nonconforming Lot and to perform and pay for such functions as may be necessary and/or required to bring such Lot into conformity with the terms and provisions of the

Declaration, and to charge the Owner(s) of such Lot for the cost thereof, such cost being deemed to be an assessment hereunder, payable by the Owner within thirty (30) days after written demand therefore from the Association.

- C. Waiver of Violations. The Declarant, or the Architectural Review Committee should the Declarant no longer own any "Declarant's Property", shall have the power and right to waive any violation of the terms and provisions of the Declaration, such waiver to be in writing and to be recorded in the Office of the Register of Deeds of Wake County, North Carolina. Upon recordation of such waiver such violation shall be deemed thereafter not to exist.

ARTICLE IX

RESTRICTIONS ON USE OF PROPERTY BY DECLARANT

So long as Declarant shall own any interest in the Properties or shall own any "Declarant's Property", Declarant hereby specifically excepts, excludes and reserves the following from each and every conveyance as if set out fully in each deed and instrument of conveyance executed and delivered by it to the Owner of a building site or living unit.

- A. Sales Activities. The Declarant shall have the right for itself, its successors and/or assigns, and the power to grant to one or more Contract Sellers or Builders the right to maintain sales and administration offices, construction offices or trailers and model homes with parking facilities on the Properties and to conduct sales activities and marketing therein and thereon, subject to approval by the appropriate Wake County zoning authority and/ or its successor agency.
- B. Construction and Completion. The Declarant shall have the right, for itself, its successors and/or assigns, but not the obligation, (i) for itself, its successors and/or assigns, the power to grant to one or more Contract Sellers or Builders the right to construct and complete the construction of single-family residential homes, buildings, drives, lanes, road and all other improvements on the Properties; (ii) to repair and maintain the Common Areas; (iii) to use and excavate the surface and subsurface of the ground for the erection, construction and installation of improvements and foundations, footings, floorings and basements; (iv) to extend the drives, lanes, streets and roads located, or to be located, on the Properties; (v) to lease or rent such residences; (vi) to sell, grant and convey title to purchasers such subsequently constructed residences; (vii) to use and occupy so much of the Properties as may be necessary for the construction, reconstruction, maintenance and operation of any of said residences, Lots and Common Areas and other improvements, including but not limited to, the right to locate, install, maintain and repair all utilities and utility lines necessary for such construction, reconstruction, maintenance and operation; and (viii) to convey to any town, county, private utility company, water district, sanitary sewer district or other municipal or quasi-municipal or private corporation all sewer lines and mains and water lines and mains and pipelines and wells and affiliated structures constructed or to be constructed on the Properties, together with suitable easements and/or rights-of-way over said lines and sites for the required installation, maintenance, repair, replacement and operation thereof.
- C. Erosion Control. During site preparation and construction on a Lot, the Owner of such Lot (including Contract Seller and Builders) shall take such action to control erosion on such Lot and sedimentation of streams resulting from erosion on such Lot as may be required by the Declarant or by any governmental authority charged with responsibility therefor. If the Owner of such Lot fails to maintain such erosion and/or sedimentation controls on such Lot, the Declarant may cause the required

action/work to be completed and charge the Owner of such Lot for all costs and expenses incurred by Declarant in completing such action/work, including but not limited to, court costs and reasonable attorney's fees incurred to collect such costs and expenses.

- D. Easements. Easements for installation, maintenance, repair, replacement and operation of utilities and drainage facilities and for Subdivision entrance signs and landscaping are reserved as shown on the recorded plats/maps of the Subdivision and Declarant further reserves an easement for and the right at any time in the future to grant rights-of-way for the installation, maintenance, repair, replacement and operation of public and/or private utilities across, on or under each Lot at a distance of not more than ten (10) feet from the front, rear, and side lines of each Lot.

Declarant further reserves the right to subject the Lots to a contract with a local utility company for the installation of underground electric cables and or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to said utility company by the Owner of each Lot in the Subdivision and/or by the Association.

Declarant further reserves the right to subject the Lots to a contract with one or more cablevision and/or telephone companies for the installation of underground cablevision and/or telephone lines.

ARTICLE X

EASEMENTS AND RIGHTS

- A. General Easement. Declarant, for itself, its successors and/or assigns (for so long as Declarant shall own any "Declarant's Property"), and the Association, reserves unto themselves, their successors and assigns, the perpetual right and easement to use the Common Areas and any Lot, or any portion thereof, as may be needed for the repair, maintenance and/or construction on such Lot or Common Areas.
- B. Drainage and Utility Easements. Each Owner acknowledges and covenants to honor and provide such easements for drainage and waterflow and utilities as are shown on the plats/maps of the Properties now or hereafter recorded in the Office of the Register of Deeds of Wake County, North Carolina. A perpetual, alienable easement of ingress, egress and regress is hereby reserved over and upon all Lots and on the Common Areas for the purposes of installation, repair, construction and maintenance of all utilities, including but not limited to, underground utilities and drainage facilities, provided, however, no new utility lines may be constructed or no existing utility line may be relocated without the prior approval of the Declarant or of the Architectural Review Committee should the Declarant no longer own any "Declarant's Property". Specifically included herein are easements for the location of underground and above-ground electric transmission lines and equipment, septic conduits and telephone and cablevision lines and equipment.
- C. Easements for Emergency Services. An easement is hereby granted to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency services, to enter upon any Lot and the Common Areas in the performance of such emergency services.
- D. Additional Utility Easement. There is specifically (and in addition to the easements granted and/or reserved elsewhere in this Declaration) reserved unto the Declarant and unto the Association, their successors and assigns, a perpetual, alienable and releasable easement and

right on, over and under the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone poles, wires, cables, conduits, sewers, water mains, street lights and other suitable equipment for the conveyance and use of electricity, telephone equipment, sewer, water or other public convenience or utilities on, in or over the Lots and the Common Areas; provided, further, that the Declarant and the Association, or their designee(s) may cut drainways for surface water whenever action may appear to the Declarant and/or the Association to be absolutely necessary in order to maintain reasonable standards of health, safety and appearance. These easements and rights expressly include the right to cut any trees, bushes, shrubbery, vegetation, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and maintenance and to maintain reasonable standards of health, safety and appearance.

- E. Easements Run With the Land. All easements and rights described in this Declaration are easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the Declarant, its successors and assigns, the Association, its successors and assigns, and the Lot Owners, future Lot Owners, Mortgagees and other persons and/or entities having an interest in any Lot, or any part or portion thereof, regardless of whether or not reference to said easements is made in the respective deed of conveyance to such Lot Owner or in the mortgage/deed of trust to such Mortgagee.

ARTICLE XI

PROTECTION OF MORTGAGEES

- A. Book and Records. Any owner or holder of a first deed of trust or first mortgage on any Lot, or its agent(s), shall have the right, during normal business hours, to examine copies of the Declaration, the Articles of Incorporation of the Association, the By-Laws of the Association, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement of the Association for the immediately preceding fiscal year.
- B. Notice to Association. Upon written request to the Association, the owner or holder of a first deed of trust or first mortgage on any Lot shall be entitled to timely written notice of any 60-day delinquency in the payment of assessments or charges owed by any Owner of the Lot securing such owner/holder's loan.
- C. Payment of Taxes. The owners or holders of first deeds of trust or first mortgages on Lots, jointly or singly, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Common Areas of the Association. The persons, firms or corporations making such payments shall be owed immediate reimbursement by the Association.

ARTICLE XII

GENERAL PROVISIONS

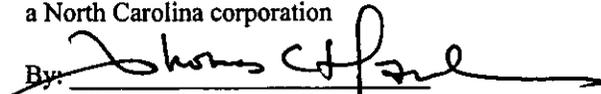
- A. Revocation and Amendment. For so long as the Declarant, its successors and/or assigns, shall own any "Declarant's Property", Declarant, its successors and/or assigns, shall the right to revoke and/or amend any of the terms and provisions of the Declaration, so long as such revocation and/or amendment is not in violation of the ordinances of the County of Wake, North Carolina. Any such amendment or revocation shall be effective when duly recorded in the Office of the Register of Deeds of Wake County, North Carolina. Thereafter, the Declaration shall not be revoked nor shall any of the terms and provisions thereof be amended unless approved in writing by at least sixty-six and two-thirds percent (66-2/3%) of the

Members voting in person or by proxy on such matter at a meeting called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting. Any such amendment and/or revocation must not be in violation of the ordinances of the County of Wake, North Carolina. Any such amendment or revocation shall be effective when duly recorded in the Office of the Register of Deeds of Wake County, North Carolina.

- B. Term. The covenants, conditions and restrictions of the Declaration shall run with and bind the land subject to the Declaration, and shall inure to the benefit of and be enforceable by the Owners, the Declarant and/or the Association and their legal representatives, successors and assigns, for the term of thirty (30) years from the date of the Declaration is recorded in the Office of the Register of Deeds of Wake County, North Carolina, after which time the Declaration shall automatically be extended for successive periods of ten (10) years unless an instrument signed by the majority of the then Owners of the Lots has been recorded in the Office of the Register of Deeds of Wake County, North Carolina, agreeing to change the Declaration in whole or in part.
- C. Severability and Governing Law. Invalidation of one or more of the terms and provisions of the Declaration by judgment or court decree/order shall not affect any other provisions, all of which shall remain in full force and effect. The terms and provisions of this Declaration shall be construed and enforced in accordance with the laws of the State of North Carolina.
- D. Waiver of Enforcement and Enforcement. Waiver of enforcement of any provision contained in the Declaration shall be limited to that particular provision and shall not be construed to be a waiver of any other provision. All waivers shall be in writing. Enforcement of any of the terms and provisions of the Declaration shall be by proceedings in law or in equity against any person or persons or entity or entities violating or attempting to violate any term and/or provision, either to restrain violation or to recover damages.
- E. Assignment by Declarant. The Declarant shall have the right to assign its rights under the Declaration, in whole or in part, to any person or entity by an express transfer of such rights, including but not limited to, the right to transfer Declarant's powers under Article III herein to an Architectural Review Committee.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the day and year first above written.

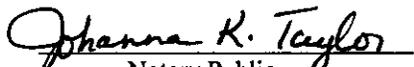
Teague-Hankins Development Corp.,
a North Carolina corporation

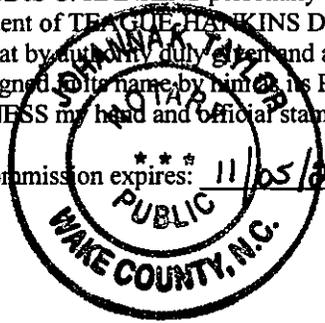
By: 
Thomas C. Hankins, President

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned, a Notary Public of the County and State aforesaid certify that THOMAS C. HANKINS personally came before me this day and acknowledged the that he is President of TEAGUE-HANKINS DEVELOPMENT, CORP., a North Carolina Corporation, and that by ~~and~~ ^{and} ~~and~~ ^{and} as the act of the corporation, the foregoing instrument was signed ~~in~~ ⁱⁿ its name, by him ~~as~~ ^{as} its President as the deed and act of the corporation. WITNESS my hand and official stamp or seal, this 26th day of June, 2005.

My commission expires: 11/05/2005


Johanna K. Taylor
Notary Public



CONSENTED AND AGREED TO:

The undersigned PARAGON COMMERCIAL BANK, a North Carolina banking corporation (hereinafter referred to as the "Bank"), and MATTHEW C. DAVIS, as Trustee (hereinafter referred to as the "Trustee"), hereby each acknowledge each and every term and provision of the foregoing Declaration and each agrees that the lien of the Bank's first Deed of Trust on the Property described in Exhibit A attached to said Declaration and incorporated herein by reference, which said Deed of Trust is recorded in Book 10648, Page 1035, Wake County Registry, North Carolina, shall be and is hereby subordinated to all the terms and provisions of the foregoing Declaration.

IN WITNESS WHEREOF, the Trustee has hereunto set his hand and seal and the Bank has caused this instrument to be signed in its corporate name by its duly authorized officers, all by authority of their Boards of Directors, this the 20th day of June, 2005.

PARAGON COMMERCIAL BANK,
a North Carolina corporation

[Signature] (SEAL)
MATTHEW C. DAVIS, TRUSTEE

By: Terry M. Pope
S.V.P. President

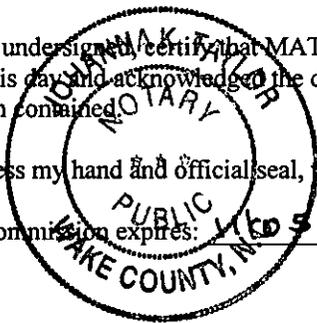
STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned, certify that MATTHEW C. DAVIS, TRUSTEE, personally came before me this day and acknowledged the due execution of the foregoing instrument for the purposes herein contained.

Witness my hand and official seal, this the 20th day of June, 2005.

My commission expires: 11/05/2005

Johanna K. Taylor
Notary Public



STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned, certify that Terry M. Pope personally came before me this day and acknowledged that he (or she) is Senior V.P. (official's title) of PARAGON COMMERCIAL BANK, a North Carolina banking corporation, and that he/she, as Senior V.P. President being authorized to do so, executed the foregoing instrument on behalf of and as the act of the corporation. Witness my hand and official seal, this the 20th day of June, 2005.

My commission expires: 11/05/2005

Johanna K. Taylor
Notary Public

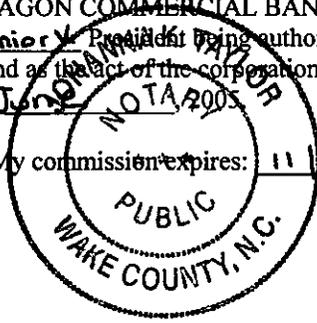


EXHIBIT "A"
(LEGAL DESCRIPTION)

All of those certain parcels or tracts of land in Barton's Creek Township, Wake County, North Carolina, and being more particularly described as follows:

TRACT ONE: BEING all of Lots 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41 and 42 of PARKER FALLS NORTH SUBDIVISION as depicted on that certain plat of survey entitled "SUBDIVISION MAP: PARKER FALLS NORTH (LOTS 23 - 42 & OPEN SPACE 1 - 3)" dated 15 October 2004 by Sullivan Surveying and recorded in Book of Maps 2005, Pages 1064 and 1065 and 1066, Wake County Registry.

TRACT TWO: BEING all of those certain parcels or tracts of real property depicted as "SILVER MIST COURT (50' PUBLIC R/W)", "RIVER DANCE DRIVE (50' PUBLIC R/W)", "WOOD HENGE DRIVE (50 PUBLIC R/W)", "PERMANENT OPEN SPACE 1", "PERMANENT OPEN SPACE 2" and "PERMANENT OPEN SPACE 3" as depicted on that certain plat of survey entitled "SUBDIVISION MAP: PARKER FALLS NORTH (LOTS 23 - 42 & OPEN SPACE 1 - 3)" dated 15 October 2004 by Sullivan Surveying and recorded in Book of Maps 2005, Pages 1064 and 1065 and 1066, Wake County Registry.



BOOK:011425 PAGE:02690 - 02713

Yellow probate sheet is a vital part of your recorded document.
Please retain with original document and submit for rerecording.



Wake County Register of Deeds
Laura M. Riddick
Register of Deeds

North Carolina - Wake County

The foregoing certificate S of _____

Johanna K. Taylor

Notary(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.

Laura M. Riddick, Register of Deeds

By Frederick C. Bayman
Assistant/Deputy Register of Deeds

This Customer Group _____ # of Time Stamps Needed

This Document _____ New Time Stamp
24 # of Pages

WAKE COUNTY, NC 598
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
06/22/2005 AT 14:49:54

BOOK:011425 PAGE:02666 - 02689

Prepared By and Hold For: Aaron D. Garrett, Attorney At Law (Box 67)

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE
PARKER FALLS SOUTH SUBDIVISION

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE
PARKER FALLS SOUTH SUBDIVISION

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PARKER FALLS SOUTH SUBDIVISION (hereinafter referred to as the "Declaration"), made this ____ day of _____, 2005 by TEAGUE-HANKINS DEVELOPMENT, CORP., a North Carolina corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, the Declarant is the owner of those certain lots and parcels and tracts of real property (hereinafter referred to as the "Property" or "Properties") near the City of Raleigh, Township of Barton's Creek, County of Wake, State of North Carolina, more particularly described in Exhibit A, which said Exhibit A is attached hereto, made a part hereof and incorporated herein by reference; and

WHEREAS, Declarant desires to create on such Property a residential community of single-family residential dwellings to be known as the "PARKER FALLS SOUTH SUBDIVISION" (hereinafter sometimes referred to as "PARKER FALLS SOUTH" or the "Subdivision");

WHEREAS, to the extent thereof, Declarant shall designate on the various Plats of the Subdivision and will convey to the "Association" (as hereinafter defined) certain common areas designated as "PERMANENT OPEN SPACE 1" and "20' LANDSCAPE AND SIGN EASEMENT" (hereinafter referred to collectively as the "Common Areas") on the recorded map and/or plats of the Subdivision, including easements and rights-of-way, which are hereby designated for the common use and enjoyment of all the residents of the Subdivision (as hereinafter defined), although Declarant makes no representations that any such Common Areas shall now or may hereafter exist; and

WHEREAS, Declarant desires to provide for the upkeep and maintenance of the Common Areas and the entrance into the Subdivision and to provide a vehicle for ensuring that any storm water drainage systems and facilities for the Subdivision are properly maintained, and, to that end, desires to subject all of the Property within the Subdivision to the covenants, conditions, restrictions, easements, charges, assessments and liens hereinafter set forth, each and all of which is and are for the benefit of said Property, its present and subsequent owners, and the Association as hereinafter specified; and

WHEREAS, Declarant has deemed it advisable to create an organization to own, maintain and administer the Common Areas, to administer and enforce the covenants and restrictions and protective covenants exclusively applicable to the Subdivision, and to collect and disburse the assessments and charges hereinafter created, and Declarant has caused or will cause to be incorporated under North Carolina law as a nonprofit corporation, the "PARKER FALLS HOMEOWNERS ASSOCIATION, INC." (hereinafter referred to as the "Association") for the purpose of exercising the aforesaid functions.

NOW THEREFORE, Declarant hereby declares that all of the Property described in the attached Exhibit A (together with any property which may be added pursuant to the terms hereof) shall be owned, held, transferred, sold, conveyed and occupied subject to the following easements, covenants, conditions, restrictions, charges, assessments and liens set forth in this Declaration (hereinafter referred to collectively as the "Restrictions"), which said Restrictions shall run with the title to the Property and be binding on all

parties owning any right, title or interest in said Property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of the Property, each owner thereof (both present and future), and to the Association.

ARTICLE I

DEFINITIONS

The following words or terms when used in this Declaration, or any Supplemental Declaration, unless the context shall prohibit, shall have the following meanings:

- A. "Association" shall mean and refer to the PARKER FALLS HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation, its successors and assigns.
- B. "Board of Directors" shall mean and refer to the Board of Directors of the Association.
- C. "By-Laws" shall mean and refer to the By-Laws of the Association.
- D. "Class A Member (s)" shall mean and refer all those Owners other than the Declarant (See Article IV hereof).
- E. "Class B Member" shall mean and refer to the Declarant, its successors and/or assigns (See Article IV hereof).
- F. "Committee" shall mean and refer to the Architectural Review Committee of the Association.
- G. "PERMANENT OPEN SPACE 1", "20' LANDSCAPE AND SIGN EASEMENT" AND "COMMON AREAS", together with any and all improvements erected therein or thereon (hereinafter referred to collectively as the "Common Areas") shall mean and refer to the real property, together with any improvements thereon, if any, owned by the Association, whether in fee, by easement or otherwise, for the common use and enjoyment by the Owners of Lots within the Subdivision. The Common Areas shall be maintained by the Association, or its successors in interest, unless dedicated to public use as set forth herein. The Association shall comply with all Wake County and North Carolina ordinances with regard to said Common Areas.
- H. "Contract Seller" or "Builder" shall mean and refer to an Owner who purchased a Lot for resale and is not an occupant of any improvements thereon.
- I. "Declarant" shall mean and refer to TEAGUE-HANKINS DEVELOPMENT, CORP., a North Carolina corporation, its successors and/or assigns.
- J. "Declarant's Property" shall mean and refer to the property described in Article V, Paragraph B of the Declaration as "Declarant's Property".
- K. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision map or plat of the Properties, with the exception of any Common Areas owned in fee or by easement or otherwise by the Association, and with the exception of any street rights-of-way shown on any such recorded subdivision map or plat of the Properties.
- L. "Member" shall mean and refer to every person or entity who holds membership in the Association.
- M. "Membership" shall mean and refer to all of the Members of the Association.

- N. "Owner" shall mean and refer to a person or entity who is a record owner of a fee interest in any Lot which is a part of the Properties, including Contract Sellers or Builders who own the Lot (and do not merely have it under contract).
- O. "Property" or "Properties" shall mean and refer to the "Existing Property" described in Exhibit A to the Declaration and any additional property annexed into the Association pursuant to the terms and provisions of the Declaration.
- P. "Street" shall mean and refer to any street, road, drive, highway or other thoroughfare as shown on any recorded map or plat of the Properties.
- Q. "Subdivision" shall mean and refer to the PARKER FALLS SOUTH SUBDIVISION located on the west side of Old Creedmoor Road (North Carolina Highway 50) between Boyce Mill Road and North Carolina Highway 98, near the City of Raleigh, in the Township of Barton's Creek, County of Wake, State of North Carolina, together with any additions thereunto annexed by the Declarant pursuant to the terms and provisions of the Declaration.

ARTICLE II

SUBJECTING ADDITIONAL PROPERTY TO THE DECLARATION

- A. Additions to the Properties by Declarant. The Declarant shall have the right to annex into and bring within the scheme of the Declaration additional properties which are located within any phase of PARKER FALLS SOUTH SUBDIVISION, or any other property which is contiguous at any point with the Property or any additions to the Property. A public road, railroad, utility right-of-way, or buffer dividing two properties shall not be deemed to deprive them of contiguity.
- B. Method of Making Additions (Annexation). Additions to the Property shall be made by filing for record in the Office of the Register of Deeds of Wake County, North Carolina a Supplemental Declaration of Covenants, Conditions and Restrictions (the "Supplemental Declaration") with respect to the additional property, which said Supplemental Declaration shall describe the property being annexed. Such Supplemental Declaration(s) may contain such additions and modifications of Article VIII of the Declaration as may, in the sole discretion of Declarant, be necessary to reflect the different character of the added properties. In no event, however, shall such Supplemental Declaration(s) revoke, modify or add to the Restrictions established by the Declaration with respect to the Properties already subject to the Declaration, except to grant the Owners of Lots then subject to the Declaration limited rights with respect to such additional properties (changes to assessments brought about by such addition shall be deemed not to be a revocation, modification or addition of the Restrictions).
- C. Future Additions of Common Areas. Future Common Areas may be added to the scheme of the Declaration and included within the Properties subject to the jurisdiction of the Association, although there is no obligation to do so, and no representations are made with respect to any such additions. Such Future Common Areas will be deeded to the Association by Declarant.
- D. Additions by Others. So long as Declarant is a Class B Member, additions may be made by any other Owner who, with the approval of the Declarant and the Board of directors, which approval may be withheld in their sole discretion, desires to add such property located within the boundaries of the Subdivision to the scheme of the Declaration and to subject it to the jurisdiction of the Association. When Declarant ceases to be a Class B Member, such additions may be made upon approval by two-thirds (2/3) majority vote of the Members who

are entitled to vote. Such approval by the Declarant, Board of Directors and, if required, the Membership, shall be evidenced by a certified copy of a resolution of approval recorded in the Office of the Register of Deeds of Wake County, North Carolina.

ARTICLE III

ARCHITECTURAL CONTROL

A. Architectural Control.

1. Until such time as Declarant shall no longer be a Class B Member of the Association, no dwelling or other structure or other improvements (the "Improvements") shall be erected, placed or altered on any Lot in the Properties, or in any addition thereto, until the Improvements' plans and specifications for such Lot and the Lot plan for such Lot (showing the location of such Improvements on the Lot) and the Landscaping Plan for such Lot (collectively, the "Plans") have been approved in writing by the Declarant as to conformity with the Restrictions, quality, materials and as to conformity and harmony of external design with existing (and approved or proposed) Improvements in the Properties, and as to location of the Improvements with respect to topography and finished ground elevation. Such written approval from the Declarant must be obtained prior to commencing clearing, grading or construction of any kind on a Lot. All Improvements shall comply with the plans as presented unless changes are approved in writing by the Declarant. The written approval of Declarant shall also be required prior to erecting, placing or altering mail boxes, signs and newspaper boxes upon any lot. All roof pitches for a dwelling and/or garage on any Lot must be approved by Declarant.

Anything herein to the contrary notwithstanding, during the initial development of the Properties, Declarant may limit its review to a review of a typical set of Plans and Specifications and Materials for the proposed residence type proposed by a Contract Seller or a Builder to be built within the Subdivision, and, upon Declarant's written approval of such typical Plans, Specifications, and Materials, residences may be constructed in the Subdivision consistent with such approved Plans, Specifications, and Materials without the requirement of further review by the Declarant.

2. Upon or prior to the date upon which Declarant shall cease to be a Class B Member of the Association, the Declarant shall form an "Architectural Review Committee" for the Properties (herein referred to as the "Committee"), which said Committee shall be composed of three (3) members appointed by the Declarant. The initial three (3) members of the Committee shall serve until the annual meeting of the Association next immediately following the date of such appointment by the Declarant. Thereafter the members of the Committee shall be appointed by the Board of Directors of the Association, each such member to serve for a term of one (1) year, said term to expire upon the date of the annual meeting of the Association. Each member of the Committee shall have one (1) vote and a majority vote of the Committee shall be required to constitute Committee action on any issue brought before the Committee. So long as Declarant is a Class B Member all Improvements and Placement of Improvements by Builders and/or Contract Sellers shall require the approval of the Declarant. All improvements and Placement of Improvements by Lot Owners subsequent to the transfer of ownership of a house from a Builder/and or Contract Seller will require the approval of the Architectural Committee. So long as Declarant is a Class B Member Declarant reserves the right to approve or reject any guide- lines and/or approvals of the Committee. Upon the date upon which Declarant shall no longer be a Class B Member of the Association, the Committee shall assume and be responsible for all of the approvals and responsibilities set forth in subparagraph 1 of paragraph A of this Article with regard to Architectural Control within the Properties. Upon approval by the Committee of the Plans as herein provided, the Committee shall evidence its approval in writing by memorandum or directly upon such Plans and the applicant Owner may then commence construction in accordance

with such Plans. The Committee shall approve or reject in writing any Plans within thirty (30) business days after the receipt of the submitted Plans.

B. Limitation of Liability. No approval of Plans by Declarant or by the Committee shall be construed as a representation, warranty or implication that the Improvements, if built in accordance therewith, will be free from defects, shall meet applicable codes and laws, or will be built in a good and workmanlike manner. Any approvals of the Declarant or of the Committee shall be concerned solely with matters of aesthetics and the satisfaction of the requirements set forth in the Declaration. None of the Declarant, the Association, the Committee, the Board of Directors, or the officers of Members of the Association, shall be liable or responsible to anyone submitting Plans for approval for any loss or damage arising out of or related to the approval, disapproval or failure to approve any such Plans, the noncompliance of such Plans with applicable codes and laws, or the construction undertaken pursuant to such Plans. Approval of the Plans by Declarant or by the Committee shall not be construed as approval of any Plans, or as an indication of approval of any Plans, by the governmental authorities of Wake County, North Carolina or any other federal, state or local agency.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

A. Membership.

1. Every person or entity who is a record Owner of a fee interest in any Lot which is a part of the Properties, including Contract Sellers or Builders who own the Lot (and to not merely have it under contract), shall be a Member of the Association (herein referred to as a "Member" or collectively as "Members"). The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security, unless such persons or entities acquire title to a Lot through judicial or non-judicial foreclosure, deed in lieu of foreclosure, or other action.
2. Membership in the Association shall be appurtenant to and shall not be separated from ownership of a Lot. Ownership of a Lot shall be the sole qualification for Membership. When more than one (1) person holds an interest in any Lot, all such persons shall be Members, but the vote for such Members shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot owned by Class A Member, and in no event shall more than forty (40) votes be cast with respect to any such Lot owned by the Class B Member in PARKER FALLS SOUTH SUBDIVISION and in PARKER FALLS NORTH SUBDIVISION. See Paragraph C of this Article IV Entitled "Voting Rights".

B. Classes. There shall be two (2) classes of voting Members:

1. The Class A Members shall be all those owners other than the Declarant.
2. The Class B Member shall be the Declarant, its successors and/or assigns. Class B Membership may cease and be converted to Class A Membership at the option of the Class B Member, by its written notice to the Secretary of the Association. Subject to the provisions of Subsection 3 of this Paragraph B of this Article IV, Class B Membership shall cease and be converted to Class A Membership, without further act or deed, upon the date ten (10) years from the date upon which the Declaration

shall be recorded in the Office of the Register of Deed of Wake County, North Carolina.

3. Notwithstanding a conversion of the Declarant, its successors and/or assigns to a Class A Member or the cessation of the Class B Membership due to the expiration of the ten (10) year period hereinabove described, in the event Declarant, its successors and/or assigns, thereafter acquires or adds additional Lots to the Properties such that Declarant, its successors and/or assigns, would, according to Subsection 2 of this Paragraph B of this Article IV, be entitled to Class B Membership, Declarant, its successors and/or assigns, shall thereupon be reestablished as and converted to a Class B Member of the Association, with all of the benefits and burdens pertaining thereto.

C. Voting Rights.

1. Class A Members shall be entitled to one (1) vote for each Lot owned.
2. The Class B Member shall be entitled to forty (40) votes for each Lot owned by the Class B Member in PARKER FALLS SOUTH SUBDIVISION and in PARKER FALLS NORTH SUBDIVISION (whether or not such Lot is under contract to a Contract Seller or Builder).
3. No cumulative voting shall be permitted.
4. Only those Members who are in good standing with the Association may vote.

ARTICLE V

ADMINISTRATION AND MANAGEMENT

- A. Governing Documents. The administration of the Properties shall be governed by the provisions of the Declaration, the Articles of Incorporation (the "Articles"), the By-Laws of the Association (the "By-Laws"), and the published rules and regulations of the Association (the "Rules"), if any. In the event of a conflict between the provisions of the Declaration and the Articles and the By-Laws and the Rules, the provisions of the Declaration shall control. In the event of a conflict between the provisions of the Articles and the By-Laws and the Rules, the Articles shall control. In the event of a conflict between the By-Laws and the Rules, the By-Laws shall control.
- B. Management of the Association/Board of Directors. The affairs of the Association shall be managed by an Initial Board to two (2) Directors who need not be Members of the Association and who shall be elected by the Declarant. The persons who are to act in the capacity as the Initial Directors of the Association until the selection of their successors are: Thomas C. Hankins and Charles W. Teague, Jr.
 1. The number of Directors of the Association shall be two (2) and shall be elected by the Declarant (Class B Member) for so long as the Declarant shall own any Lot which is subject by the provisions of this Declaration, or as this Declaration may be amended, to assessment by the Association or owns any real property which is adjacent to and adjoins any Lot which is subject by the provisions of this Declaration, or as this Declaration may be amended, to assessment by the Association and which the Declarant shall annex into the Association pursuant to the terms and provisions of this Declaration, as may be amended (hereinafter referred to as the "Declarant's Property"). Thereafter the number of Directors of the

Association shall be increased to five (5), said five (5) Directors to be elected by the Members at a special meeting of the Members of the Association called by the Declarant within sixty (60) days next immediately following the date upon which Declarant shall own no "Declarant's Property". At such special meeting of the Members of the Association the Members shall elect one (1) Director to serve a term of one (1) year, two (2) Directors to serve a term of two (2) years, and two (2) Directors to serve a term of three (3) years. The annual meeting of the Members of the Association shall be held each year thereafter on the anniversary of the aforescribed special meeting, unless such date shall fall on a legal holiday, and in such case, on the next business day immediately following such legal holiday.

2. At each annual meeting of the Association after the first annual meeting the Members shall elect the number of Directors needed to fill the vacancy or vacancies created by the Director or Directors whose term(s) is/are expiring, to serve for a term of three (3) years (except in the case of the initial election of a Director, in which case the term of that Director may be shortened to provide for the staggering set forth in this Article, or in the case of the filling of a vacancy, in which case the Director elected to fill the vacancy shall be elected for the unexpired term of the Director whose vacancy is being filled). The term of office of the Directors shall be staggered so that, except for an election to fill a vacancy or to fill a newly created directorship, the terms of not less than one nor more than two Directors shall expire at each annual meeting of the Members of the Association. Each Director shall hold office until his/her death, resignation, retirement, removal or disqualification, or until his/her successor is elected and qualified, whichever event shall first occur. Directors need not be Members of the Association.
3. After the date upon which the Declarant shall no longer own any "Declarant's Property" as heretofore described in this Article, the Members of the Association may, by a majority of the votes cast at any duly called annual or special meeting of the Members at which a quorum is present, increase or decrease the number of Directors of the Association, provided, however, that the number of Directors shall not be increased to more than seven (7) or decreased to less than five (5) without amendment of the By-Laws of the Association.
4. So long as the Declarant is a Class B Member, all Directors of the Association shall be elected by the Class B Member. So long as the Declarant is not a Class B Member, all Directors of the Association shall be elected by the Class A Members.

- C. Rules and Regulations of the Association. The Declarant, and the Association if the Declarant shall no longer own any "Declarant's Property", shall have the right to publish rules and regulations for the Association regarding use and enjoyment of the Common Areas and the use of the Lots within the Subdivision and may enforce such rules and regulations by establishing a monetary penalty to be imposed for violation of such rules and regulations by persons who violate such rules and regulations.

ARTICLE VI

PROPERTY RIGHTS IN THE COMMON AREAS

- A. Extent of Member's Easements. Members, their families and guests, are hereby granted a blanket easement to use and enjoy the Common Areas, if any, for recreational, social and

other purposes directly related to private single-family residential uses authorized herein, subject to the following:

1. The Association shall have the right to promulgate and publish rules and regulations (the "Rules") with which each Member, their families and guests, shall strictly comply.
 2. The Common Areas, if any, shall not be used for other than intended purpose(s) specified on the recorded plats of the Subdivision, if any.
 3. The Declarant and the Association, in accordance with the Articles of Incorporation of the Association and the By-Laws of the Association, shall have the right to borrow money for the purpose of improving, renovating, repairing and reconstructing the Common Areas with the written consent of the Class B Member (for so long as the Class B Member shall own any "Declarant's Property"), together with the written consent of sixty-seven percent (67%) of the Class A Members entitled to vote. Such vote shall be in person or by proxy on such matter at a meeting of the Members called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting, to wit: to mortgage all or any part of said Common Areas as security for such loans.
- B. Personal Property for Common use. The Association may acquire and hold in the name of the Association for the use and benefit of all Members, tangible and intangible, real or personal property, and may dispose of the same by sale or otherwise.
- C. Maintenance and Upkeep of Common Areas and Personal Property and Compliance with County/State Ordinances.
1. The Association shall be responsible for the continued maintenance, upkeep and repair of any and all Common Areas and an and all personal property owned by the Association for common use by the Members and shall be responsible for any and all costs and expenses associated therewith.
 2. The Association shall comply with any and all Wake County and/or State of North Carolina subdivision ordinances regarding the maintenance, use, upkeep and repair of the Common Areas, including but not limited to, any special "Watershed Zoning Restrictions". Undeveloped Common Areas shall be retained in a vegetative or natural state in accordance with such ordinances and or zoning restrictions. For purposes of this subparagraph, the term Common Areas shall mean and refer to any "PERMANENT OPEN SPACE", "OPEN SPACE" "20' LANDSCAPE & SIGN EASEMENT" and "COMMON AREAS" as shown and depicted on any plat and/or map of the Parker Falls South Subdivision or the Parker Falls North Subdivision now or hereafter recorded in the Office of the Register of Deeds of Wake County, North Carolina.

ARTICLE VII

COVENANT FOR MAINTENANCE ASSESSMENT

- A. Creation of Lien and Personal Obligation of Assessment. Declarant, for each Lot within the Properties, hereby covenants, and each Owner of any Lot by acceptance of the deed therefor, whether or not it shall be so expressed in the deed to such Owner, covenants and agrees to pay to the Association all assessments set forth herein and/or established by the Association, and with respect to the enforcement of payment of such assessments, hereby consents to the lien

established herein. Such assessments shall be fixed, established and collected from time to time as provided in the By-Laws of the Association. The Annual and Special Assessments, together with such interest thereon and costs of collection thereof, including reasonable attorney's fees, shall be a charge upon the Lot and a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with such interest, reasonable attorney's fees and costs of collection thereof, shall be a personal obligation of the Owner of the Lot at the time when the assessment falls due. Such personal obligation shall not pass to the Owner's successors in title unless expressly assumed by them.

- B. Purpose of Assessments. The assessments (both Annual Assessments and Special Assessments, if any) levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, enjoyment and welfare of the residents in the Properties, and in particular for the improvement, reconstruction, repair, maintenance and upkeep of the Common Areas, and any other purpose reasonable, necessary or incidental to such purposes as determined by the Board of Directors. Special Assessments shall be fixed as hereinafter provided. The Annual Assessment shall be set each year by the Board of Directors, and, subject to the terms and provisions of Paragraph E hereof, all assessments must be fixed at a uniform rate for all lots. Declarant shall not be required to pay any Annual Assessments for so long as Declarant shall own any "Declarant's Property". **Within thirty (30) days after adoption of any proposed budget for the Association, the Board shall provide to all the Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at the meeting a majority of all the Owners or any larger vote specified in the Declaration rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.**
- C. Capital Contribution. The purchaser of each Lot in the Subdivision shall pay to the Association at the closing of the purchase of such Lot the sum of Two Hundred and No/100 Dollars (\$200.00) per Lot purchased, said sum to be deposited by the Association in its bank account for use as working capital for the Association. This initial capital contribution of Two Hundred and No/100 Dollars (\$200.00) per Lot shall be deemed an assessment pursuant to the terms and provisions of this Article VII and shall be a charge upon the Lot and a continuing lien upon the Lot until paid and shall be enforceable as an assessment pursuant to the terms and provisions of this Article VII.
- D. Basis of Annual Assessment.
1. The Annual Assessments shall be based upon the cash requirements, as the Board of Directors shall from time to time determine, necessary to provide for the payment of all estimated expenses arising out of or connected with the purposes of the assessments as stated in Paragraph B of this Article.
 2. The maximum Annual Assessment for any Lot shall be Six Hundred and No/100 Dollars (\$600.00) per year. The maximum may be changed as follows:
 - a. The maximum Annual Assessment may be increased each calendar year by not more than ten percent (10%) above the maximum Annual Assessment for the previous year without a vote of the Membership.
 - b. The Board of Directors may, from time to time, fix the Annual

Assessment at any amount less than or equal to the maximum without a vote of the Membership.

- c. A majority of the votes cast by the Members (Class A Members and Class B Members) voting in person or by proxy on such matters at a meeting called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance setting forth the purpose of the meeting, shall be required to increase the maximum Annual Assessment for any one year more than the percentage set forth in subparagraph a above. For so long as the Declarant shall own any "Declarant' Property", no such increase in the maximum Annual Assessment by the Membership shall be effective unless and until Declarant shall have given written consent thereto. The Members shall have no power to require Declarant to pay any Annual Assessment as to any Lot or Lots owned by Declarant for so long as Declarant shall own any "Declarant's Property".
- E. Date of Commencement of Annual Assessments. Annual Assessments shall be imposed on the Lots owned by Owners other than Declarant from and after June 1, 2005 and shall be paid by the Owners and collected by the Association in advance each year. Annual Assessments shall be paid, and collected annually, on or before March 15 of each year. Subject to the provisions of Paragraph E below, Annual Assessment for a Lot owned by an Owner other than a Contract Seller or Builder, shall commence beginning on the first day next immediately following the date upon which such Owner shall have closed (shall have taken title to) upon the purchase of such Lot, prorated for any portion of the year remaining.
- F. Discounted Annual Assessments Prior to Initial Occupancy. The Annual Assessment (but not Special Assessments) on any Lots(s) within the Properties owned by a Contract Seller or a Builder (whether with or without improvements, but if the respective Lot has improvements, only if the improvements are not occupied by the Contract Seller or the Builder) shall be assessed at one-fourth (1/4) of the Annual Assessment rate. Annual Assessments at the discounted Annual Assessment rate for any such Lot owned by a Contract Seller or Builder shall begin on the date such Contract Seller or Builder shall close on the purchase of such Lot and shall continue until the day of the month on which such Contract Seller or Builder shall have sold (transferred title to) such Lot to a homeowner. Each such Lot owned by a Contract Seller or a Builder who owns more than one Lot within the Properties shall be assessed separately from the other Lots(s) owned by such Contract Seller or Builder.
- G. Special Assessment for Capital Improvements. Upon the affirmative vote of the Class B Member (for so long as Declarant shall own any "Declarant's Property") and a majority of the Class A Members voting in person or by proxy at a meeting called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance setting forth the purpose of such meeting, the Association may levy, in addition to the Annual Assessments hereinabove described, one or more Special Assessments in any calendar year applicable to that year only, for the purpose of defraying in whole or in part the costs of construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including but not limited to, necessary fixtures and personal property related thereto. Any such Special Assessment shall be levied equally on the Lots owned by Owners other than the Declarant. Declarant shall not be required to pay any Special Assessments. Any Special Assessment so levied shall be payable in accordance with the terms set forth in the motion approving such Special Assessment.
- H. The Effect of Non-Payment of Assessments: Remedies of the Association. Each Owner, other than Declarant, shall be deemed to covenant and agree to pay to the Association the assessments (both Annual Assessments and Special Assessment) provided for in the

Declaration, and each agrees to the enforcement of the assessments in the manner herein specified. If any Annual Assessment or Special Assessment owned by an Owner shall not be paid within ten (10) days next immediately following the due date for such assessment, such delinquent Owner shall pay to the Association interest on the delinquent amount from the date of delinquency (the due date of the assessment) through the date of payment equal to the highest rate of interest per annum by law allowed on such delinquent amount. Should any Owner's check for any assessment be returned by such Owner's financial institution because of insufficient funds in such Owner's account, then in such event, such Owner shall pay to the Association an administrative fee in the sum of \$25.00 for each such check returned, said administrative fee to be in addition to any assessment and accrued interest due from such Owner to the Association. In the event the Association employs attorneys for collection of any assessment against an Owner, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of the Declaration by an Owner, each such Owner agrees to pay interest on all delinquent amounts from the date of the delinquency through the date of payment equal to the highest rate of interest per annum by law allowed on such amount, together with reasonable attorney's fees and cost thereby incurred, as well as, any other amounts due and any other relief or remedy obtained against said Owner, including reasonable attorney's fees and court costs and expenses incurred thereby. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or by abandonment of his/her Lot. In the event of a default in payment of any such assessment when due, the assessment shall be deemed delinquent if not paid within ten (10) days, and, in addition to any other remedies herein or by law provided, the Association may (i) prohibit the Owner, the members of the Owner's family and any guests or any tenants of the Owner from using any Common Areas, and (ii) enforce each such obligation in any manner provided by law or in equity, specifically including but not limited to, any of the following:

1. Enforcement by Suit. The Board of Directors may cause a suit at law to be commenced and maintained in the name of the Association against an Owner to enforce each such assessment obligation. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon at the highest rate by law permitted from the date of delinquency, administrative fees, court costs and reasonable attorney's fees.
2. Enforcement by Lien. There is, to the full extent permitted by law, hereby created a lien, with power of sale, on each Lot within the Properties to secure payment to the Association of any and all assessments levied against all Owners of such Lots under the Declaration, together with interest thereon at the highest rate by law provided from the date of delinquency and all costs of collection which may be paid or incurred by the Association in connection therewith, including administrative fees and reasonable attorney's fees. At any time after the occurrence of any default in the payment of any assessment the Association, or any authorized representative of the Association, may, but shall not be required to, make a written demand for payment to the defaulting Owner on behalf of the Association. Said demand shall state the date of the assessment was due and the amount of delinquency. Each default shall constitute a separate basis for a demand or claim of lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, the Board of Directors may elect to file such a claim of lien in the appropriate State and/or Wake County offices (i.e., Office of the Clerk of Superior Court and/or Office of the Register of Deeds of Wake County, North Carolina) on behalf of the Association against the Lot of the defaulting Owner. Such a claim of lien shall be executed and acknowledged by any

officer of the Association, or an agent or attorney designated by the Board, and shall contain the following information:

- a. The name of the delinquent Owner;
- b. The legal description and street address of the Lot against which claim of lien is made;
- c. The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, administrative fees, collection costs and reasonable attorney's fees;
- d. That the claim of lien is made by the Association pursuant to the Declaration for non-payment of annual and/or special assessment(s); and
- e. That a lien is claimed against said Lot in an amount equal to the amount stated, plus accruing interest and costs, including reasonable attorney's fees.

Upon the recordation of a duly executed original or copy of such a claim of lien and the mailing a copy thereof by certified mail, postage prepaid, to said defaulting Owner at the last known address of said Owner on the books of the Association, the lien claimed therein shall immediately attach and become effective in favor of the Association as a lien upon the Lot against which such assessment was levied and such lien shall have priority over all liens or claims created subsequent to recordation of the claim of lien thereof, except only tax liens for real property taxes on any Lot, assessments on any Lot in favor of any municipal, county or other governmental assessment unit, and the liens which are hereinafter specifically described in Paragraph H hereinbelow. Any such lien may be foreclosed by appropriate action in court or in the manner provided by law for the foreclosure of a deed of trust as set forth by the laws of the State of North Carolina, as the same may be changed or amended. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all other Owners. The Association shall have the power, but not the obligation, to bid in at any foreclosure sale and to purchase any such Lot and to hold, lease, mortgage and convey any such Lot purchased. In the event such foreclosure is by action in court, reasonable attorney's fees, court costs, title examination fees, interest and all other costs and expenses incurred in such foreclosure by the Association, shall be allowed to extent permitted by law. EACH OWNER, BY BECOMING AN OWNER IN THE PROPERTIES, HEREBY EXPRESSLY WAIVES ANY OBJECTION TO THE ENFORCEMENT AND FORECLOSURE OF THE LIEN IN THIS MANNER.

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

foreclosure of a Lot shall not extinguish the personal obligation of the Owner against whom such foreclosure proceeding was brought to pay any and all assessments due for such Lot.

ARTICLE VIII

RESTRICTIONS ON USE AND MAINTENANCE OF PROPERTY

A. Use Restrictions. Except as may be modified by a Supplemental Declaration with respect to another phase of the Subdivision, the following Restrictions and Covenants shall be applicable to the use of any Property subject to the Declaration:

1. Land Use and Building Type - Residential Purposes Only. Except for the Common Areas, no Lot on the Properties shall be used for any purpose other than single-family residential purposes, unless otherwise shown on the recorded plats/maps of the Subdivision. Such restriction shall not prohibit the maintenance and occupancy of any model homes, temporary sales trailers or offices, or temporary construction trailers on the Lots, subject to the prior approval of the Declarant. Subject to the foregoing, no buildings shall be erected or allowed to remain on any Lot except one (1) detached, single-family dwelling not exceeding three (3) stories in height (exclusive of basement and attic), a private attached garage for not more than three (3) cars and/or a detached garage for not more than two (2) cars, and a storage shed or workshop approved by the Declarant (or by the Architectural Review Committee if Declarant shall no longer own any "Declarant's Property"). Except as specified above, no mobile homes, trailers, manufactured homes or modular homes shall be erected or allowed to remain on any Lot in the Subdivision. No carport shall be erected or allowed to remain on any Lot.
2. Resubdivision of Lots. No Lot shall be resubdivided except with the written consent of the Declarant (or of the Association if the Declarant shall not own any "Declarant's Property").
3. Nuisances. No nuisance or noxious or offensive activity shall be carried on or upon the Properties or any part thereof or on any Lot, nor shall anything be done or maintained thereof which may disturb the neighborhood or occupants of adjoining property, or detract from its value as an attractive residential community. No portion of a Lot shall be used for business, manufacturing or commercial purposes, nor shall any merchandise be kept or allowed to remain on a Lot for commercial purposes. Each Owner shall maintain his or her buildings, improvements, landscaping and grounds in a safe, clean and orderly fashion.
4. Animals. No birds, animals, livestock or poultry of any kind shall be raised, bred or kept on any part of the Properties or any part thereof or on any Lot, excepts that dogs, cats or other household pets may be kept, bred or raised solely as domestic pets and not for commercial purposes. Such domestic pets shall be kept under the control of the Owner of such pets or his/her guests. The Owner of any pet shall immediately remove excrement deposited by said pet upon the Streets and/or the sidewalks and/or the Common Areas and/or the Lots in the Subdivision. Habitual barking, howling, yelping or otherwise noisy pets shall be deemed a nuisance. No horses or barnyard animals shall be kept or allowed to remain on any of the Properties or any part thereof or on any Lot at any time.
5. Dwelling Size. No dwelling shall be erected or allowed to remain on a Lot if the heated floor area of the main structure, exclusive of open porches and garages, shall be less than Three Thousand (3,000) square feet. The Declarant, in its sole and

absolute discretion, may grant a variance of up to ten percent (10%) of the minimum dwelling size.

6. Building Setbacks. Unless prior written approval is obtained from the Declarant, no dwelling shall be erected on any Lot so that the front of the dwelling is nearer to the front lot line of said Lot than fifty (50); nor nearer to the rear lot line of said Lot than thirty (30) feet; nor nearer to either side lot line of such Lot than fifteen (15) feet; provided, however, that on corner Lots the dwelling may face either street or may face the corner where said streets intersect but may not be located nearer than fifty (50) feet to one street and no nearer than thirty (30) feet from the other street. For the purposes of this covenant, eaves, steps, stoops, chimneys, uncovered decks not considered a structural part of the dwelling by the Wake County authorities, and uncovered entrances shall not be considered a part of the dwelling, provided, however, that this shall not be construed to permit any portion of a dwelling to encroach upon another Lot or upon any Common Areas. Should there be any differences between the minimum building set-backs requirements depicted on any of the plats/maps of the Subdivision recorded in the Office of the Register of Deeds of Wake County, North Carolina and the minimum building setback requirements imposed in the Declaration, the more restrictive provision shall take precedence and shall control.
7. Utilities and HVAC Equipment. All water, sewer, gas, electric, telephone, television, cablevision and other utility lines and connections between the main utility lines and the dwelling and other structures located on each Lot shall be located underground and concealed so as not to be visible, except that septic tank lids shall be at a height per Wake County standards.

Transformers, air conditioning, heating and other mechanical equipment on a Lot, including solar and other alternative energy devices, which said devices must be approved in writing by the Declarant or by the Architectural Review Committee should Declarant no longer own any "Declarant's Property", shall be either concealed within a screen or integrated with the building design of the dwelling on the Lot so as to be inconspicuous. Declarant or the Architectural Review Committee should Declarant no longer own any "Declarant's Property" shall determine whether or not any such integration is inconspicuous.
8. COMMON AREAS. No Owner or occupant shall remove or significantly alter any tree or landscaping in any street, right-of-way, or other part of the Common Areas unless permission in writing is first granted by the Association and unless and until permission in writing has been obtained from the appropriate Wake County governmental authorities, if such governmental permission is required.
9. Waste. No part of the Properties and no Lot shall be used or maintained as a dumping ground for rubbish, grass clippings, garbage or trash. Garbage and other waste shall be kept in sanitary containers. Except on the scheduled trash pick-up day(s), all containers for the storage or disposal of such materials shall be kept inside the residence or inside the garage or in an approved enclosure (such enclosure to be approved by Declarant or the Architectural Review Committee should Declarant no longer own any "Declarant's Property"). Any such enclosure must be screened from view from the street or integrated with the building design so as to be inconspicuous.
10. Unauthorized Vehicles. Trucks with tonnage in excess of one (1) ton shall not be permitted to park or remain on any streets of the Subdivision or on the driveways on any Lot or on any Lot overnight, except that construction vehicles utilized in the

construction or repair of the dwellings on the Lots may be temporarily parked on the streets of the Subdivision and on the Lots provided such vehicles do not unduly interfere with the flow of traffic over said streets. No vehicle of any size which normally transports inflammatory or explosive cargo may be kept in the Subdivision at any time. No mobile home, other than a mobile home used as a temporary sales office or construction office for dwellings being constructed in the Subdivision, shall be placed or allowed to remain on any Lot or on any of the Properties.

No boat, marine craft, hovercraft, aircraft, recreational vehicle, pick-up camper, camper, equipment vehicle, tractor, travel trailer, trailer, truck (other than pick-up trucks), commercial vans, camper body or similar vehicle or equipment, or other vehicle (other than operable automobiles, sports utility vehicles and personal vans used only for personal use) may be parked or stored or allowed to remain in any area on a Lot except inside an enclosed building or behind screening, which said building or screening shall have been previously approved in writing by Declarant or by the Architectural Review Committee should Declarant no longer own any "Declarant's Property", or as otherwise consented to in writing by the Declarant or said Architectural Review Committee. Any such vehicle or equipment must be stored on a Lot so as to be screened and not visible from the street of the Subdivision and the adjoining neighbors. The keeping of inoperable vehicles, with or without wheels, on any public street in the Subdivision or on any Common Areas in the Subdivision is expressly prohibited.

11. Roofs. All roof pitches on any dwelling and/or garage on any Lot must be approved by the Declarant or the Architectural Review Committee should Declarant no longer own any "Declarant's Property".
12. Driveways and Walkways. All driveways and walks on any Lot must be paved with concrete or asphalt or brick.
13. Landscaping. All lots on which a dwelling has been approved and built in accordance with the provisions of Article III of the Declaration shall be landscaped in accordance with landscaping plans approved by the Declarant (or by the Architectural Review Committee) in accordance with the provisions of Article III of the Declaration. All front yards are to be sodded through the front ditch line, to the street, excluding appropriate natural areas. All sod shall be laid so as not to rise above the level of the asphalt and impede Street drainage as required by the North Carolina Department of Transportation ("NCDOT"). Each Owner will be responsible for the costs of any rework to such Owner's lawn and yard which may be required necessary for Declarant to obtain NCDOT's acceptance of the Streets in the Subdivision for permanent maintenance.
14. Signals. No radio signals, television signals or other form of electromagnetic radiation shall originate from any Lot which may unreasonably interfere with the reception of television or radio signals on any other Lot.
15. Antenna. No structure or facility for providing alternative sources or energy (such as solar, wind or bio-mass) or for television, cablevision, or other signal reception (such as antenna or satellite dish) shall be erected or allowed to remain on a Lot without the prior written permission of the Declarant or of the Architectural Review Committee should Declarant no longer own any "Declarant's Property"; however, small cable television satellite dish (es) having a diameter not exceeding eighteen (18) inches may be mounted on the dwelling on a Lot or placed on a lot without

permission if, and only if, such dish (es) is/are mounted/placed in such manner as not to be visible from the Streets in the Subdivision.

16. Mail Boxes, Signs, Newspaper Boxes and Signs. No mail boxes or newspaper boxes or signs shall be placed, altered or allowed to remain on any Lot without the prior permission of the Declarant or of the Architectural Review Committee should Declarant no longer own any "Declarant's Property". All mailboxes shall conform to the approved mailbox style selected by Declarant for the Subdivision.
 17. Temporary Structures. No structure of a temporary character or nature shall be erected or allowed to remain on any Lot, except for those provided for in Paragraph A.1 of this ARTICLE VIII. No basement (unless said basement is part of a dwelling erected at the same time the dwelling is erected), tent, shack, mobile home, barn or other outbuilding or temporary structure erected on a Lot shall be used as a residence either temporarily or permanently.
 18. Fences and Walls. No fence, retaining wall or screening wall shall be erected or permitted to remain on any Lot closer to the front lot line of said Lot than the front of the dwelling erected on said Lot. In the case of a corner Lot where the dwelling faces one street any such fence, retaining wall and/or screening wall to be erected on the side of the Lot facing the other street (the "side street") shall be erected no closer to the side street line than that side of the dwelling facing said side street and any such fence, retaining wall and/or screening wall to be erected on the other side of said dwelling shall be no closer to the front lot line of said Lot than the front of the dwelling erected on said Lot. In the case of a corner Lot where the dwelling faces the intersection of the two streets any such fence, retaining wall and/or screening wall shall be erected no closer to either street than the front corners of the dwelling erected on said Lot. Chain link fences and chain link animal pens shall not be erected or permitted to remain on any Lot. All fences and walls to be erected on a Lot must be approved in writing by the Declarant or by the Architectural Review Committee should Declarant no longer own any "Declarant's Property". All fences and walls on Lots shall be maintained in good repair and in a clean, attractive manner and, if painted or stained, shall be in a color in harmony with the Subdivision.
 19. Driveway Culvert Pipes. All driveway culvert pipes under any driveway servicing a Lot in the Subdivision shall be constructed of concrete reinforced pipe which meets or exceeds North Carolina Department of Transportation specifications and such pipe shall have each exposed end trimmed with stacked stone.
 20. Accessory Building. No accessory buildings, including but not limited to, storage sheds and workshops, shall be placed or erected or allowed to remain on any Lot until the design and location of such accessory building has been approved in writing by the Declarant or the Architectural Review Committee should Declarant no longer own any "Declarant's Property". Any siding and roofing materials on such accessory buildings shall be consistent with that of the main dwelling situated on the Lot upon which the accessory building will be erected.
- B. Easement to Repair and Maintain. If any Lot is not maintained, repaired and kept by the Owner(s) of such Lot in accordance with and in conformity with the terms and provisions contained in the Declaration, the Association is hereby granted an easement to enter onto and upon such nonconforming Lot and to perform and pay for such functions as may be necessary and/or required to bring such Lot into conformity with the terms and provisions of the

Declaration, and to charge the Owner(s) of such Lot for the cost thereof, such cost being deemed to be an assessment hereunder, payable by the Owner within thirty (30) days after written demand therefore from the Association.

- C. Waiver of Violations. The Declarant, or the Architectural Review Committee should the Declarant no longer own any "Declarant's Property", shall have the power and right to waive any violation of the terms and provisions of the Declaration, such waiver to be in writing and to be recorded in the Office of the Register of Deeds of Wake County, North Carolina. Upon recordation of such waiver such violation shall be deemed thereafter not to exist.

ARTICLE IX

RESTRICTIONS ON USE OF PROPERTY BY DECLARANT

So long as Declarant shall own any interest in the Properties or shall own any "Declarant's Property", Declarant hereby specifically excepts, excludes and reserves the following from each and every conveyance as if set out fully in each deed and instrument of conveyance executed and delivered by it to the Owner of a building site or living unit.

- A. Sales Activities. The Declarant shall have the right for itself, its successors and/or assigns, and the power to grant to one or more Contract Sellers or Builders the right to maintain sales and administration offices, construction offices or trailers and model homes with parking facilities on the Properties and to conduct sales activities and marketing therein and thereon, subject to approval by the appropriate Wake County zoning authority and/ or its successor agency.
- B. Construction and Completion. The Declarant shall have the right, for itself, its successors and/or assigns, but not the obligation, (i) for itself, its successors and/or assigns, the power to grant to one or more Contract Sellers or Builders the right to construct and complete the construction of single-family residential homes, buildings, drives, lanes, road and all other improvements on the Properties; (ii) to repair and maintain the Common Areas; (iii) to use and excavate the surface and subsurface of the ground for the erection, construction and installation of improvements and foundations, footings, floorings and basements; (iv) to extend the drives, lanes, streets and roads located, or to be located, on the Properties; (v) to lease or rent such residences; (vi) to sell, grant and convey title to purchasers such subsequently constructed residences; (vii) to use and occupy so much of the Properties as may be necessary for the construction, reconstruction, maintenance and operation of any of said residences, Lots and Common Areas and other improvements, including but not limited to, the right to locate, install, maintain and repair all utilities and utility lines necessary for such construction, reconstruction, maintenance and operation; and (viii) to convey to any town, county, private utility company, water district, sanitary sewer district or other municipal or quasi-municipal or private corporation all sewer lines and mains and water lines and mains and pipelines and wells and affiliated structures constructed or to be constructed on the Properties, together with suitable easements and/or rights-of-way over said lines and sites for the required installation, maintenance, repair, replacement and operation thereof.
- C. Erosion Control. During site preparation and construction on a Lot, the Owner of such Lot (including Contract Seller and Builders) shall take such action to control erosion on such Lot and sedimentation of streams resulting from erosion on such Lot as may be required by the Declarant or by any governmental authority charged with responsibility therefor. If the Owner of such Lot fails to maintain such erosion and/or sedimentation controls on such Lot, the Declarant may cause the required

action/work to be completed and charge the Owner of such Lot for all costs and expenses incurred by Declarant in completing such action/work, including but not limited to, court costs and reasonable attorney's fees incurred to collect such costs and expenses.

- D. Easements. Easements for installation, maintenance, repair, replacement and operation of utilities and drainage facilities and for Subdivision entrance signs and landscaping are reserved as shown on the recorded plats/maps of the Subdivision and Declarant further reserves an easement for and the right at any time in the future to grant rights-of-way for the installation, maintenance, repair, replacement and operation of public and/or private utilities across, on or under each Lot at a distance of not more than ten (10) feet from the front, rear, and side lines of each Lot.

Declarant further reserves the right to subject the Lots to a contract with a local utility company for the installation of underground electric cables and or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to said utility company by the Owner of each Lot in the Subdivision and/or by the Association.

Declarant further reserves the right to subject the Lots to a contract with one or more cablevision and/or telephone companies for the installation of underground cablevision and/or telephone lines.

ARTICLE X

EASEMENTS AND RIGHTS

- A. General Easement. Declarant, for itself, its successors and/or assigns (for so long as Declarant shall own any "Declarant's Property"), and the Association, reserves unto themselves, their successors and assigns, the perpetual right and easement to use the Common Areas and any Lot, or any portion thereof, as may be needed for the repair, maintenance and/or construction on such Lot or Common Areas.
- B. Drainage and Utility Easements. Each Owner acknowledges and covenants to honor and provide such easements for drainage and waterflow and utilities as are shown on the plats/maps of the Properties now or hereafter recorded in the Office of the Register of Deeds of Wake County, North Carolina. A perpetual, alienable easement of ingress, egress and regress is hereby reserved over and upon all Lots and on the Common Areas for the purposes of installation, repair, construction and maintenance of all utilities, including but not limited to, underground utilities and drainage facilities, provided, however, no new utility lines may be constructed or no existing utility line may be relocated without the prior approval of the Declarant or of the Architectural Review Committee should the Declarant no longer own any "Declarant's Property". Specifically included herein are easements for the location of underground and above-ground electric transmission lines and equipment, septic conduits and telephone and cablevision lines and equipment.
- C. Easements for Emergency Services. An easement is hereby granted to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency services, to enter upon any Lot and the Common Areas in the performance of such emergency services.
- D. Additional Utility Easement. There is specifically (and in addition to the easements granted and/or reserved elsewhere in this Declaration) reserved unto the Declarant and unto the Association, their successors and assigns, a perpetual, alienable and releasable easement and

right on, over and under the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone poles, wires, cables, conduits, sewers, water mains, street lights and other suitable equipment for the conveyance and use of electricity, telephone equipment, sewer, water or other public convenience or utilities on, in or over the Lots and the Common Areas; provided, further, that the Declarant and the Association, or their designee(s) may cut drainways for surface water whenever action may appear to the Declarant and/or the Association to be absolutely necessary in order to maintain reasonable standards of health, safety and appearance. These easements and rights expressly include the right to cut any trees, bushes, shrubbery, vegetation, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and maintenance and to maintain reasonable standards of health, safety and appearance.

- E. Easements Run With the Land. All easements and rights described in this Declaration are easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the Declarant, its successors and assigns, the Association, its successors and assigns, and the Lot Owners, future Lot Owners, Mortgagees and other persons and/or entities having an interest in any Lot, or any part or portion thereof, regardless of whether or not reference to said easements is made in the respective deed of conveyance to such Lot Owner or in the mortgage/deed of trust to such Mortgagee.

ARTICLE XI

PROTECTION OF MORTGAGEES

- A. Book and Records. Any owner or holder of a first deed of trust or first mortgage on any Lot, or its agent(s), shall have the right, during normal business hours, to examine copies of the Declaration, the Articles of Incorporation of the Association, the By-Laws of the Association, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement of the Association for the immediately preceding fiscal year.
- B. Notice to Association. Upon written request to the Association, the owner or holder of a first deed of trust or first mortgage on any Lot shall be entitled to timely written notice of any 60-day delinquency in the payment of assessments or charges owed by any Owner of the Lot securing such owner/holder's loan.
- C. Payment of Taxes. The owners or holders of first deeds of trust or first mortgages on Lots, jointly or singly, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Common Areas of the Association. The persons, firms or corporations making such payments shall be owed immediate reimbursement by the Association.

ARTICLE XII

GENERAL PROVISIONS

- A. Revocation and Amendment. For so long as the Declarant, its successors and/or assigns, shall own any "Declarant's Property", Declarant, its successors and/or assigns, shall the right to revoke and/or amend any of the terms and provisions of the Declaration, so long as such revocation and/or amendment is not in violation of the ordinances of the County of Wake, North Carolina. Any such amendment or revocation shall be effective when duly recorded in the Office of the Register of Deeds of Wake County, North Carolina. Thereafter, the Declaration shall not be revoked nor shall any of the terms and provisions thereof be amended unless approved in writing by at least sixty-six and two-thirds percent (66-2/3%) of the

Members voting in person or by proxy on such matter at a meeting called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting. Any such amendment and/or revocation must not be in violation of the ordinances of the County of Wake, North Carolina. Any such amendment or revocation shall be effective when duly recorded in the Office of the Register of Deeds of Wake County, North Carolina.

- B. Term. The covenants, conditions and restrictions of the Declaration shall run with and bind the land subject to the Declaration, and shall inure to the benefit of and be enforceable by the Owners, the Declarant and/or the Association and their legal representatives, successors and assigns, for the term of thirty (30) years from the date of the Declaration is recorded in the Office of the Register of Deeds of Wake County, North Carolina, after which time the Declaration shall automatically be extended for successive periods of ten (10) years unless an instrument signed by the majority of the then Owners of the Lots has been recorded in the Office of the Register of Deeds of Wake County, North Carolina, agreeing to change the Declaration in whole or in part.
- C. Severability and Governing Law. Invalidation of one or more of the terms and provisions of the Declaration by judgment or court decree/order shall not affect any other provisions, all of which shall remain in full force and effect. The terms and provisions of this Declaration shall be construed and enforced in accordance with the laws of the State of North Carolina.
- D. Waiver of Enforcement and Enforcement. Waiver of enforcement of any provision contained in the Declaration shall be limited to that particular provision and shall not be construed to be a waiver of any other provision. All waivers shall be in writing. Enforcement of any of the terms and provisions of the Declaration shall be by proceedings in law or in equity against any person or persons or entity or entities violating or attempting to violate any term and/or provision, either to restrain violation or to recover damages.
- E. Assignment by Declarant. The Declarant shall have the right to assign its rights under the Declaration, in whole or in part, to any person or entity by an express transfer of such rights, including but not limited to, the right to transfer Declarant's powers under Article III herein to an Architectural Review Committee.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the day and year first above written.

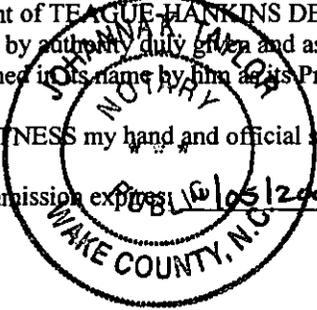
Teague-Hankins Development Corp.,
a North Carolina corporation

By: Thomas C. Hankins
Thomas C. Hankins,
President

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned, a Notary Public of the County and State aforesaid certify that THOMAS C. HANKINS personally came before me this day and acknowledged the that he is President of TEAGUE-HANKINS DEVELOPMENT, CORP., a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by him as its President as the deed and act of the corporation.

WITNESS my hand and official stamp or seal, this 21st day of June, 2005.
My commission expires 06/05/2005



Johanna K. Taylor
Notary Public

CONSENTED AND AGREED TO:

The undersigned PARAGON COMMERCIAL BANK, a North Carolina banking corporation (hereinafter referred to as the "Bank"), and MATTHEW C. DAVIS, as Trustee (hereinafter referred to as the "Trustee"), hereby each acknowledge each and every term and provision of the foregoing Declaration and each agrees that the lien of the Bank's first Deed of Trust on the Property described in Exhibit A attached to said Declaration and incorporated herein by reference, which said Deed of Trust is recorded in Book 10648, Page 1035, Wake County Registry, North Carolina, shall be and is hereby subordinated to all the terms and provisions of the foregoing Declaration.

IN WITNESS WHEREOF, the Trustee has hereunto set his hand and seal and the Bank has caused this instrument to be signed in its corporate name by its duly authorized officers, all by authority of their Boards of Directors, this the 20th day of June, 2005.

PARAGON COMMERCIAL BANK,
a North Carolina corporation

[Signature] (SEAL)
MATTHEW C. DAVIS, TRUSTEE

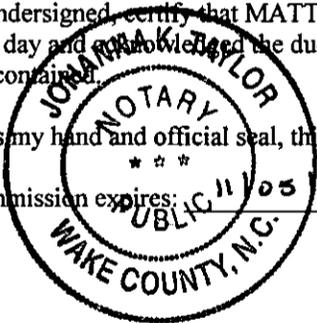
By: [Signature]
S. V., President

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned, certify that MATTHEW C. DAVIS, TRUSTEE, personally came before me this day and acknowledged the due execution of the foregoing instrument for the purposes herein contained.

Witness my hand and official seal, this the 20th day of June, 2005.

My commission expires: 11/05/2005

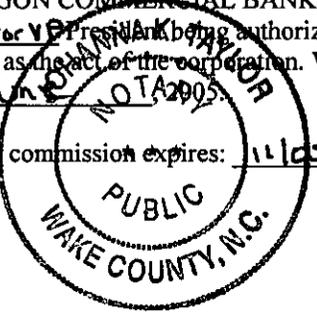


[Signature]
Johanna R. Taylor
Notary Public

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned, certify that Terry M. Pope personally came before me this day and acknowledged that he (or she) is Senior V.P. (official's title) of PARAGON COMMERCIAL BANK, a North Carolina banking corporation, and that he/she, as Senior V.P. being authorized to do so, executed the foregoing instrument on behalf of and as the act of the corporation. Witness my hand and official seal, this the 20th day of June, 2005.

My commission expires: 11/05/2005



[Signature]
Johanna R. Taylor
Notary Public

BK011425PG02688

EXHIBIT "A"
(LEGAL DESCRIPTION)

All of those certain parcels or tracts of land in Barton's Creek Township, Wake County, North Carolina, and being more particularly described as follows:

TRACT ONE: BEING all of Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21 and 22 and all of Septic Lots 15-A, 16-B, 17-C and 18-D of PARKER FALLS SOUTH SUBDIVISION as depicted on that certain plat of survey entitled "SITE OVERVIEW MAP: PARKER FALLS SOUTH (LOT BY LOT SUBDIVISION) LOTS 1 - 22 SEPTIC LOTS 15-A, 16-B, 17-C 18-D" dated 15 October 2004 by Sullivan Surveying and recorded in Book of Maps 2005, Pages 1061 and 1062 and 1063, Wake County Registry.

TRACT TWO: BEING all of those certain parcels or tracts of real property depicted as "PARKER FALLS DRIVE (50' PUBLIC R/W)", "RIVER DANCE DRIVE (50' PUBLIC R/W)", and "MOSSY RIDGE COURT (50 PUBLIC R/W as depicted on that certain plat of survey entitled "SITE OVERVIEW MAP: PARKER FALLS SOUTH (LOT BY LOT SUBDIVISION) LOTS 1 - 22 SEPTIC LOTS 15-A, 16-B, 17-C 18-D" dated 15 October 2004 by Sullivan Surveying and recorded in Book of Maps 2005, Pages 1061 and 1062 and 1063, Wake County Registry.



BOOK:011425 PAGE:02666 - 02689

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Wake County Register of Deeds
Laura M. Riddick
Register of Deeds

North Carolina – Wake County

The foregoing certificate S of _____

Johanna K. Taylor

_____ Notary(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.

Laura M. Riddick, Register of Deeds

By: Frederick C. Bayman
Assistant/Deputy Register of Deeds

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24 # of Pages

- said Subparagraph 2 and replacing said words with the words "forty-two (42)".
2. Subparagraph 2 of Paragraph B of ARTICLE IV on page 6 of the Declaration is hereby amended by removing the comma (",") after the words "Article IV" in the fourth line of said Subparagraph 2 and replacing said comma with a period (".").
 3. Subparagraph 2 of Paragraph C of ARTICLE IV on page 7 of the Declaration is hereby amended by removing the words "forty (40)" in the first line of said Subparagraph 2 and replacing said words with the words "forty-two (42)".
 4. Subparagraph 1 of Paragraph B of ARTICLE V beginning on page 7 of the Declaration is hereby amended by deleting all of said Subparagraph 1 in its entirety and replacing said Subparagraph 1 with a new Subparagraph 1 which reads as follows: "1. The number of Directors of the Association shall be two (2) and shall be elected by the Declarant (Class B Member) for so long as the Declarant shall own any Lot which is subject by the provisions of this Declaration, or as this Declaration may be amended, to assessment by the Association or owns any real property which is adjacent to and adjoins any Lot which is subject by the provisions of this Declaration, or as this Declaration may be amended, to assessment by the Association and which the Declarant shall annex into the Association pursuant to the terms and provisions of this Declaration, as may be amended (hereinafter referred to as the "Declarant's Property"). Thereafter the number of Directors of the Association shall be increased to three (3), said three (3) Directors to be elected by the Members at a special meeting of the Members of the Association called by the Declarant within sixty (60) days next immediately following the date upon which Declarant shall own no "Declarant's Property". At such special meeting of the Members of the Association the Members shall elect one (1) Director to serve a term of one (1) year and one (1) Director to serve a term of two (2) years and one (1) Director to serve a term of three (3) years. The annual meeting of the Members of the Association shall be held each year thereafter on the anniversary of the aforescribed special meeting, unless such date shall fall on a legal holiday, and in such case, on the next business day immediately following such legal holiday".
 5. Subparagraph 3 of Paragraph B of ARTICLE V beginning on page 8 of the Declaration is hereby amended by removing the words "seven (7)" in the sixth line of said Subparagraph 3 and replacing said words with the words "five (5)" and by removing the words "five (5)" near the end of the sixth line of said Subparagraph 3 and replacing said words with the words "three (3)".
 6. Paragraph A of ARTICLE XII on page 20 of the Declaration is hereby amended by adding the word "have" after the word "shall" near the end of the second line of said Paragraph A.

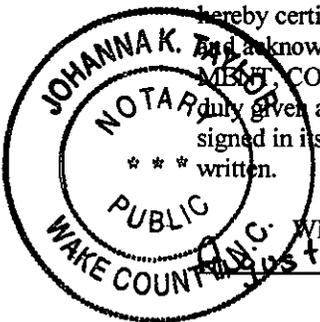
Except as herein amended, all of the remaining terms and provisions of the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has executed this First Amendment the day and year first above written.

Teague-Hankins Development, Corp.,
a North Carolina corporation

By: 
Thomas C. Hankins, President

STATE OF NORTH CAROLINA
COUNTY OF WAKE



I, the undersigned Notary Public of the County and State aforesaid, hereby certify that THOMAS C. HANKINS personally came before me this day and acknowledged that he is the President of TEAGUE-HANKINS DEVELOPMENT CORP., a North Carolina corporation, and that and that by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by him as its President, as of the say and year first above written.

WITNESS my hand and official stamp or seal, this 17th day of August, 2005.

Johanna K. Taylor
Notary Public

My commission expires: 11/05/2005

CONSENTED AND AGREED TO:

The undersigned PARAGON COMMERCIAL BANK, a North Carolina banking corporation (hereinafter referred to as the "Bank"), and MATTHEW C. DAVIS, Trustee, hereby each acknowledge each and every term and provision of the foregoing FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND CONDITIONS FOR THE PARKER FALLS NORTH SUBDIVISION; and each agrees that the lien of the Bank's first Deed of Trust on the Property described in Exhibit A attached to the Deed of Trust recorded in Book 10648, Page 1035, Wake County Registry, North Carolina, shall be and is hereby subordinated to all the terms and provisions of the foregoing FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND CONDITIONS FOR THE PARKER FALLS NORTH SUBDIVISION.

IN WITNESS WHEREOF, the Trustee has hereunto set his hand and seal and the Bank has caused this instrument to be signed in its corporate name by its duly authorized officers and its corporate seal to be hereunto affixed by authority of its Boards of Directors, this the 17th day of August, 2005.

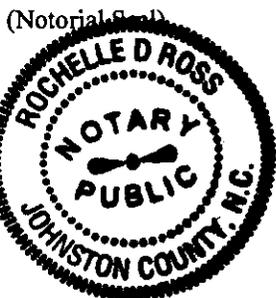
PARAGON COMMERCIAL BANK,
a North Carolina banking corporation

[Signature] (SEAL)
MATTHEW C. DAVIS, Trustee

By: [Signature]
Senior V. President

NORTH CAROLINA
Wake COUNTY

I, the undersigned, a Notary Public for the County and State aforesaid, hereby certify that MATTHEW C. DAVIS, Trustee personally came before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. WITNESS my hand and official seal, this the 17th day of August, 2005.



[Signature]
Notary Public
My commission expires: 11-10-09

NORTH CAROLINA
Wake COUNTY

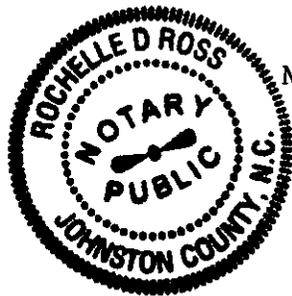
I, the undersigned, a Notary Public for the County and State aforesaid, hereby certify that Terry M. Pope personally came before me this day and acknowledged that he/she is Senior Vice President of PARAGON COMMERCIAL BANK, a North Carolina banking corporation, and that by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by him/her as its Gr. Vice President, as of the say and year first above written. WITNESS my hand and official seal, this the 17th day of August, 2005.

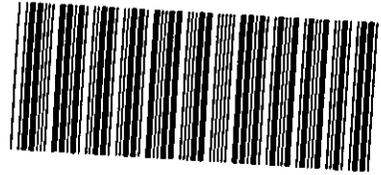
(Notarial Seal)

Rochelle D. Cross
Notary Public

My commission expires: 11-10-09

My commission expires: _____





BOOK:011533 PAGE:00892 - 00896

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Wake County Register of Deeds
Laura M. Riddick
Register of Deeds

North Carolina – Wake County

The foregoing certificate 4 of Johanna K Taylor
Rochele D Ross

_____ Notary(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.

Laura M. Riddick, Register of Deeds

By: Jamet Morgan
Assistant/Deputy Register of Deeds

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WAKE COUNTY, NC 350
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
08/18/2005 AT 14:50:11

BOOK:011533 PAGE:00897 - 00901

PREPARED BY AND MAIL TO: AARON D. GARRETT, ATTORNEY AT LAW,
276 West Millbrook Road, Raleigh, NC 27609

STATE OF NORTH CAROLINA FIRST AMENDMENT TO DECLARATION
OF COVENANTS, CONDITIONS AND
COUNTY OF WAKE RESTRICTIONS FOR THE PARKER FALLS
SOUTH SUBDIVISION

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND CONDITIONS FOR THE PARKER FALLS SOUTH SUBDIVISION, made and entered into this 16th day of August, 2005 by Teague-Hankins Development, Corp, a North Carolina corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant has heretofore filed that certain instrument entitled "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PARKER FALLS SOUTH SUBDIVISION", said instrument being recorded on the 22nd day of June, 2004 in Book 11425, Page 2666, Wake County Registry, North Carolina (said instrument being hereinafter referred to as the "Declaration"); and

WHEREAS, paragraph A of Article XII of the Declaration provides in part that "For so long as the Declarant, its successors and/or assigns, shall own any 'Declarant's Property', Declarant, its successors and/or assigns, shall have the right to revoke and/or amend any of the terms and provisions of the Declaration, so long as such revocation and/or amendment is not in violation of the ordinances of the County of Wake, North Carolina. Any such amendment or revocation shall be effective when duly recorded in the Office of the Register of Deeds of the County of Wake, North Carolina"; and

WHEREAS, the "Declarant" still owns "Declarant's Property" in the Parker Falls North and Parker Falls South Subdivisions and desires to make amendments to the Declaration pursuant to the authority set forth in Paragraph A of Article XII of the Declaration.

NOW, THEREFORE, Declarant hereby amends that certain instrument entitled "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PARKER FALLS NORTH SUBDIVISION" recorded in Book 11425, Page 2666, Wake County Registry, North Carolina, as follows:

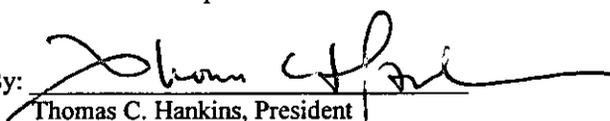
1. Subparagraph 2 of Paragraph A of ARTICLE IV on page 6 of the Declaration is hereby amended by removing the words "forty (40)" in the seventh line of

- said Subparagraph 2 and replacing said words with the words "forty-two (42)".
2. Subparagraph 2 of Paragraph B of ARTICLE IV on page 6 of the Declaration is hereby amended by removing the comma (",") after the words "Article IV" in the fourth line of said Subparagraph 2 and replacing said comma with a period (".").
 3. Subparagraph 2 of Paragraph C of ARTICLE IV on page 7 of the Declaration is hereby amended by removing the words "forty (40)" in the first line of said Subparagraph 2 and replacing said words with the words "forty-two (42)".
 4. Subparagraph 1 of Paragraph B of ARTICLE V beginning on page 7 of the Declaration is hereby amended by deleting all of said Subparagraph 1 in its entirety and replacing said Subparagraph 1 with a new Subparagraph 1 which reads as follows: "1. The number of Directors of the Association shall be two (2) and shall be elected by the Declarant (Class B Member) for so long as the Declarant shall own any Lot which is subject by the provisions of this Declaration, or as this Declaration may be amended, to assessment by the Association or owns any real property which is adjacent to and adjoins any Lot which is subject by the provisions of this Declaration, or as this Declaration may be amended, to assessment by the Association and which the Declarant shall annex into the Association pursuant to the terms and provisions of this Declaration, as may be amended (hereinafter referred to as the "Declarant's Property"). Thereafter the number of Directors of the Association shall be increased to three (3), said three (3) Directors to be elected by the Members at a special meeting of the Members of the Association called by the Declarant within sixty (60) days next immediately following the date upon which Declarant shall own no "Declarant's Property". At such special meeting of the Members of the Association the Members shall elect one (1) Director to serve a term of one (1) year and one (1) Director to serve a term of two (2) years and one (1) Director to serve a term of three (3) years. The annual meeting of the Members of the Association shall be held each year thereafter on the anniversary of the aforescribed special meeting, unless such date shall fall on a legal holiday, and in such case, on the next business day immediately following such legal holiday".
 5. Subparagraph 3 of Paragraph B of ARTICLE V beginning on page 8 of the Declaration is hereby amended by removing the words "seven (7)" in the sixth line of said Subparagraph 3 and replacing said words with the words "five (5)" and by removing the words "five (5)" near the end of the sixth line of said Subparagraph 3 and replacing said words with the words "three (3)".
 6. Paragraph A of ARTICLE XII on page 20 of the Declaration is hereby amended by adding the word "have" after the word "shall" near the end of the second line of said Paragraph A.

Except as herein amended, all of the remaining terms and provisions of the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has executed this First Amendment the day and year first above written.

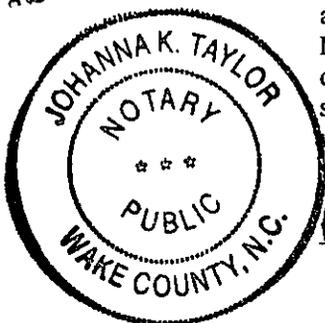
Teague-Hankins Development, Corp.,
a North Carolina corporation

By: 
Thomas C. Hankins, President

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, the undersigned Notary Public of the County and State aforesaid, hereby certify that THOMAS C. HANKINS personally came before me this day and acknowledged that he is the President of TEAGUE-HANKINS DEVELOPMENT, CORP., a North Carolina corporation, and that and that by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by him as its President, as of the say and year first above written.



WITNESS my hand and official stamp or seal. this 17th day of August, 2005.

Johanna K. Taylor

Notary Public

My commission expires: 11/03/2005

CONSENTED AND AGREED TO:

The undersigned PARAGON COMMERCIAL BANK, a North Carolina banking corporation (hereinafter referred to as the "Bank"), and MATTHEW C. DAVIS, Trustee, hereby each acknowledge each and every term and provision of the foregoing FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND CONDITIONS FOR THE PARKER FALLS NORTH SUBDIVISION; and each agrees that the lien of the Bank's first Deed of Trust on the Property described in Exhibit A attached to the Deed of Trust recorded in Book 10648, Page 1035, Wake County Registry, North Carolina, shall be and is hereby subordinated to all the terms and provisions of the foregoing FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND CONDITIONS FOR THE PARKER FALLS NORTH SUBDIVISION.

IN WITNESS WHEREOF, the Trustee has hereunto set his hand and seal and the Bank has caused this instrument to be signed in its corporate name by its duly authorized officers and its corporate seal to be hereunto affixed by authority of its Boards of Directors, this the 17th day of August, 2005.

PARAGON COMMERCIAL BANK,
a North Carolina banking corporation

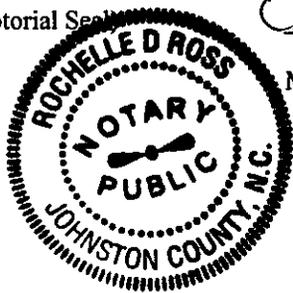
[Signature] (SEAL)
MATTHEW C. DAVIS, Trustee

By: [Signature]
Senior President

NORTH CAROLINA
Wake COUNTY

I, the undersigned, a Notary Public for the County and State aforesaid, hereby certify that MATTHEW C. DAVIS, Trustee personally came before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. WITNESS my hand and official seal, this the 17th day of August, 2005.

(Notarial Seal)



[Signature]

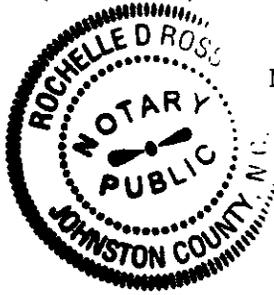
Notary Public

My commission expires: 11-10-09

NORTH CAROLINA
Wake COUNTY

I, the undersigned, a Notary Public for the County and State aforesaid, hereby certify that Terry M. Pope personally came before me this day and acknowledged that he/she is Sr. Vice President of PARAGON COMMERCIAL BANK, a North Carolina banking corporation, and that by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by him/her as its Sr. Vice President, as of the say and year first above written. WITNESS my hand and official seal, this the 17th day of August, 2005.

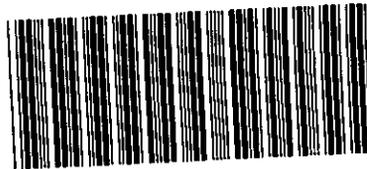
(Notarial Seal)



Rochelle D. Ross
Notary Public

My commission expires: 11-10-09

My commission expires: _____



BOOK:011533 PAGE:00897 - 00901

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Wake County Register of Deeds
Laura M. Riddick
Register of Deeds

North Carolina – Wake County

The foregoing certificate 5 of Johanna K Taylor
Rockelle D Ross

_____ Notary(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.

Laura M. Riddick, Register of Deeds

By: Jana Morgan
Assistant/Deputy Register of Deeds

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WHEREAS, the aforescribed "Parker Falls North Declaration" and the "Parker Falls South Declaration" shall hereinafter be collectively referred to as the "Parker Falls Declarations"; and

WHEREAS, paragraph A of Article II of the "Parker Falls North Declaration" provides in part that "The Declarant shall have the right to annex into and bring within the scheme of the Declaration additional properties which are located within any phase of PARKER FALLS NORTH SUBDIVISION, or any property which is contiguous at any point with the Property or any additions to the Property"; and

WHEREAS, pursuant to paragraph B of Article II of the "Parker Falls North Declaration", additions to the Property authorized under paragraph A of Article II of the declaration shall be made by filing of record in the Office of the Register of Deeds of Wake County, North Carolina, a "Supplemental Declaration of Covenants, Conditions and Restrictions (the 'Supplemental Declaration') with respect to the additional property, which said Supplemental Declaration shall describe the property being annexed"; and

WHEREAS, the "Declarant" is the owner of all of the real property described in Exhibit "A" attached hereto, which said Exhibit "A" is incorporated herein by reference, and the real property described in the attached Exhibit "A" is contiguous to the Property described in the Declaration; and

WHEREAS, pursuant to the authority set forth in paragraph A of Article II of the Declaration, Declarant desires to bring the real property described in the attached Exhibit "A" (the "additional property") within the plan, scope and operation of the "Parker Falls North Declaration" and

WHEREAS, pursuant to Paragraph A of Article XII of both the "Parker Falls North Declarations" and the "Parker Falls South Declaration" "for so long as the Declarant, its successors and/or assigns shall own any "Declarant's Property", Declarant, its successors and/or assigns, shall have the right to revoke or amend any of the terms and provisions of the Declaration, so long as such revocation and/or amendment is not in violation of the ordinances of the County of Wake, North Carolina"; and

WHEREAS, Declarant still owns "Declarant's Property" as defined in the "Parker Falls North Declaration"; and

WHEREAS, in order to comply with certain requirements of the County of Wake it is necessary for Declarant to amend each of the "Parker Falls Declarations".

NOW, THEREFORE, Declarant hereby declares as follows:

- A. that Article VI of each of the "Parker Falls Declarations" are hereby by adding the following new Paragraphs "D", "E", "F" and "G" at the end of said Article VI:

"D". Definitions. The term "Septic Easement Areas" as used herein shall be deemed to include and shall mean those certain areas depicted as "54S", "55S1", "55S2", "20' SEPTIC EASEMENT" and "15' SEPTIC EASEMENTS" on the recorded plats of that certain addition to Parker Falls North Subdivision known as "PARKER FALLS NORTH PHASE

2" referred to in the attached Exhibit A. The purpose of the Septic Easement Areas is to provide for a means to transport sewage from Lots 54 and 55 as depicted on the recorded Plats to each Lot's corresponding separate Septic Easement Area shown on the recorded Plats as "54S" and "55S1" and 55S2". The term "General Failure" as used herein shall be deemed to mean and shall mean a break, leak or other interference with the flow of sewage through the pipes located within the Septic Easement Areas described above caused by an event that affects any of the individual sewer lines located in the Septic Easements."

"E. Easement for Sewer Line and Maintenance. The Declarant, for itself, its successors and assigns and for the Owners of Lots 54 and 55 of Parker Falls North Phase 2 reserves the following easements: Lots 54, 55 and 56 and Septic Easement Areas "54S", "55S1", "55S2" and PERMANENT OPEN SPACE 2, all as depicted on the recorded plats of survey of PARKER FALLS NORTH PHASE 2 described in the attached Exhibit A (hereinafter referred to as the "Plats"), are and shall hereafter be subject to the Septic Easements as shown and depicted on the Plats. An individual sewer line is to be installed in and under a 20 foot Septic Easement over the northern line of Lot 56 and in and under a 15 foot Septic Easement that crosses that certain street known as "Bryant Falls Court" and runs over the eastern portion of PERMANENT OPEN SPACE 2, all as depicted on the Plats. These Septic Easements are for the sole purpose of providing sewage access for the Owner(s) of Lot 55 to a separate off-site Septic Easement for the sewer field for said Lot 55 situated in and under a portion of PERMANENT OPEN SPACE 2 and depicted as "55S1" on the Plats. In addition, Lot 55 shall have one of its septic fields in the Septic Easement Area situated in the northern portion of PERMANENT OPEN SPACE 3 and depicted as "55S2" on the Plats. Lot 54 shall have its septic fields in the Septic Easement Area situated in the southern portion of PERMANENT OPEN SPACE 3 and depicted as "54S" on the Plats. The easements reserved herein shall be a perpetual right and easement to install and maintain within said easement areas underground sewage lines to serve Lot 54 and Lot 55 described in the attached Exhibit A and the perpetual right of the Owners of said Lots 54 and 55 to go upon said respective easements, whenever the same is reasonably necessary, for the purpose of installing, inspecting, maintaining, repairing and reinstalling said sewer lines and components."

"F. Liability for Repairs and Maintenance. The Owner(s) of Lot 54 shall be responsible for the maintenance and proper functioning of the separate sewer lines and the septic system components on Lot 54 and within the Septic Easement Area depicted as "54S" on the Plats. The Owner(s) of Lot 55 shall be responsible for the maintenance and proper functioning of the separate sewer lines and the septic system components on Lot 55 and within the Septic Easement Area depicted as "55S1" and "55S2" on the Plats and within the 15 foot and 20 foot Septic Easements used to reach Septic Easement Area "55S1". Any malfunction, including "General Failure" as defined herein, shall be the responsibility of the individual Lot Owner so affected and said Lot Owner shall be liable to reimburse the Parker Falls Homeowners Association, Inc. (the "Association") for any and all expense the Association might incur or suffer in correcting or repairing said malfunction, including reasonable attorney fees and

court costs. Neither Wake County nor the State of North Carolina will be liable for any accidents or damage caused by encroachment within the street rights-of-way within the Subdivision and the Lot Owner of Lot 55 shall hold harmless the public and indemnify Wake County and the State of North Carolina from such liability. Septic Easement Areas shall be kept in a neat, clean, attractive and safe condition. Damaged, unsafe or dead plants within the Septic Easement Areas must be removed by the Lot Owner responsible for such Septic Easement Area. Notwithstanding the foregoing, it is the intent of this provision that the Association shall maintain any landscaping, including grass mowing, on Septic Easement Areas "55S1" and within the 15 foot Septic Easement in PERMANENT OPEN SPACE 2, and that the Lot Owner of Lot 56 shall maintain any landscaping, including grass mowing, within the 20 foot Septic Easement on said Lot 56. The Lot Owner of Lot 56 shall do nothing which would damage or interfere with the normal operation of the sewer lines within said 20 foot Septic Easement and will indemnify and hold the Lot Owner of Lot 55 harmless for any such damages cause by the Lot Owner of Lot 56, including attorney fees and court costs incurred by the Lot Owner of Lot 55. The Lot Owner of Lots 54 shall be responsible for maintaining the landscaping, including grass mowing, within Septic Easement Area "54S". The Lot Owner of Lots 55 shall be responsible for maintaining the landscaping, including grass mowing, within Septic Easement Area "55S2". "

"G. RESTRICTIONS ON SEPTIC EASEMENT AREAS. FOR SO LONG AS THEY ARE REQUIRED AS WASTEWATER DISPOSAL AREAS THE FOLLOWING RESTRICTIONS SHALL APPLY TO THOSE SEPARATE SEPTIC EASEMENT AREAS DESIGNATED AS "54S", "55S1" AND "55S2" ON THE RECORDED PLATS OF THE ADDITION TO PARKER FALLS NORTH SUBDIVISION KNOWN AS PARKER FALLS NORTH PHASE 2: Septic Easement Areas "54S", "55S1" and "55S2" shall not be buildable areas and shall serve exclusively as offsite wastewater disposal areas for Lots 54 and 55. Septic Easement Areas "54S", "55S1" and "55S2" shall be used only for the installation, maintenance or repair of subsurface wastewater disposal systems serving their respective building Lots 54 and 55. Other land uses not specifically approved by the Wake County Department of Environmental Services are prohibited. All future Owners of the Lots depicted on the recorded Plats referred to in the attached Exhibit A shall provide affirmative access as indicated on the said Plats for installation, maintenance or repair of any subsurface wastewater disposal system serving a Lot depicted on the recorded Plats. All costs of installation, repair, operation and/or maintenance for the subsurface wastewater disposal systems and all components thereof shall be the sole responsibility of the Lot Owner controlling and owning the systems, his heirs, successors and assigns.

- B. that the real property described in the attached Exhibit "A" is and shall be held, transferred, sold and conveyed subject to all of the terms and provisions of that certain instrument entitled "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PARKER FALLS NORTH SUBDIVISION" recorded in Book 11425, Page 2690, as amended in Book 11533, Page 892, all of the Wake County Registry, North Carolina, and as further amended herein; that said real

property shall be subject to all of the terms, requirements, restrictions and conditions of said Declaration, the provisions of which are incorporated herein by reference as if fully set out; that the terms and provisions of said Declaration, as amended herein, shall inure to the benefit of each and every owner of each of the lots described in the attached Exhibit "A", their heirs, successors and assigns, and shall be binding on each and every one of them; and that said terms and provisions shall run with the title to the real property described in the attached Exhibit "A";

C. Except as amended herein, all of the remaining terms and provisions of the Parker Falls Declarations shall remain in full force and effect.

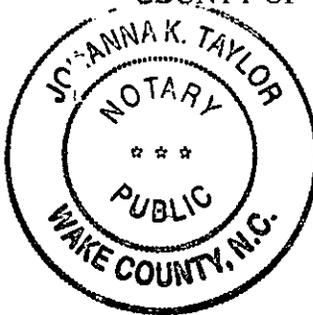
IN WITNESS WHEREOF, the Declarant has executed this Supplemental Declaration and Second Amendment the day and year first above written.

Teague-Hankins Development, Corp.,
a North Carolina corporation

By: *Thomas C. Hankins*
Thomas C. Hankins,
President

STATE OF NORTH CAROLINA

COUNTY OF WAKE



I, Johanna K. Taylor, a

Notary Public for the County and State aforesaid, hereby certify that THOMAS C. HANKINS personally came before me this day and acknowledged that he is President of TEAGUE-HANKINS DEVELOPMENT, CORP., a North Carolina corporation, and that by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by him as its _____ President.

WITNESS my hand and official seal, this the 27th day of August, 2007.

Notarial Seal)

Johanna K. Taylor
Notary Public

My commission expires: 11/05/2010

Typed/Printed Name of Notary Public: JOHANNA K. TAYLOR

CONSENTED AND AGREED TO:

The undersigned PARAGON COMMERCIAL BANK, a North Carolina banking corporation (hereinafter referred to as the "Bank"), and MATTHEW C. DAVIS, Trustee, hereby each acknowledge each and every term and provision of the foregoing Supplemental Declaration and Second Amendment and each agrees that the lien of the Bank's two (2) Deed of Trust on the Property described in the Deeds of Trust recorded in Book 11883, Page 875, and Book 11883, Page 885, all of the Wake County Registry, North Carolina, shall be and are hereby subordinated to all the terms and provisions of the foregoing Supplemental Declaration and Second Amendment.

N WITNESS WHEREOF, the Trustee has hereunto set his hand and seal and the Bank has caused this instrument to be signed in its corporate name by its duly authorized officers and its corporate seal to be hereunto affixed by authority of its Boards of Directors, this the 27th day of August, 2007.

PARAGON COMMERCIAL BANK,
a North Carolina banking corporation

[Signature] (SEAL)
MATTHEW C. DAVIS, Trustee

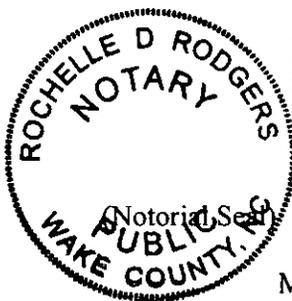
By: Terry M. Pope
S. V. President

NORTH CAROLINA
Wake COUNTY

I, Rochelle D Rodgers, a Notary

Public for the County and State aforesaid, hereby certify that MATTHEW C. DAVIS, Trustee, personally came before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. WITNESS my hand and official seal, this

the 27th day of August, 2007.



[Signature]
Notary Public

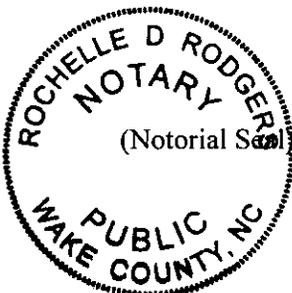
My commission expires: 01-16-2012
Typed/Printed Name of Notary Public: Rochelle D Rodgers

NORTH CAROLINA
Wake COUNTY

I, Rochelle D Rodgers, a Notary

Public for the County and State aforesaid, hereby certify that Terry M. Pope personally came before me this day and acknowledged that he/she is S. V. President of PARAGON COMMERCIAL BANK, a North Carolina banking corporation, and that by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by him/her as its S. V. President.

WITNESS my hand and official seal, this the 27th day of August, 2007.



[Signature]
Notary Public

My commission expires: 01-16-2012
Typed/Printed Name of Notary Public: Rochelle D Rodgers

EXHIBIT A
(LEGAL DESCRIPTION)

Lying and being in Barton's Creek Township, Wake County, North Carolina, and being more particularly described as follows:

TRACT 1: PARKER FALLS NORTH – PHASE 2 RESIDENTIAL LOTS

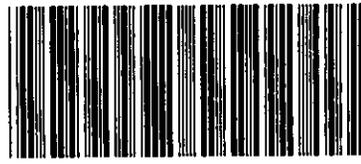
BEING all of Lots 43, 44, 45, 46, 54, 55, 56, 57 and 58 of PARKER FALLS NORTH - PHASE 2, as shown and identified on that certain plat of survey entitled "SUBDIVISION MAP: PARKER FALLS NORTH PHASE 2 LOT 43 – 46 & 54 – 58 A 'CLUSTER' SUBDIVISION" by Sullivan Surveying, dated 30 August, 2006 and recorded in Book of Maps 2007, Page ~~02048~~⁰²⁰⁴⁷, Wake County Registry, North Carolina, to which plat reference is hereby made for a more particular description.

TRACT 2: PARKER FALLS NORTH – PHASE 2 RESIDENTIAL LOTS

BEING all of Lots 47, 48, 49, 50, 51, 52 and 53 of PARKER FALLS NORTH - PHASE 2, as shown and identified on those certain plats entitled "SUBDIVISION MAP: PARKER FALLS NORTH PHASE 2 LOT 47 – 53 A 'CLUSTER' SUBDIVISION" by Sullivan Surveying, dated 30 August, 2006 and recorded in Book of Maps 2007, Pages ~~02048~~⁰²⁰⁴⁷ and ~~02048~~⁰²⁰⁴⁸, Wake County Registry, North Carolina, to which plat reference is hereby made for a more particular description.

TRACT 3: PARKER FALLS NORTH – PHASE 2 COMMON AREAS

BEING all of the property shown, designated and depicted as "PERMANENT OPEN SPACE 1 (3,004 S.F./0.0690 ACRES)", "PERMANENT OPEN SPACE 2 (23,647S.F./0.5429 ACRES)", "PERMANENT OPEN SPACE 2 (148,215 S.F./3.4026 ACRES)" and which includes "Septic Easement Lot 55S1", "PERMANENT OPEN SPACE 3 (66,699 S.F./1.5312 ACRES)" and which includes "Septic Easement Lot 54S" and "Septic Easement Lot 55S2", "PUBLIC DRAINAGE EASEMENT", "100' WELL EASEMENT", "20' ACCESS EASEMENT, 20' Septic Easement over Lot 56 to serve Lot 55, and "15' SEPTIC EASEMENT TO SERVE LOT 55", all as shown and depicted on those certain plats of survey of "PARKER FALLS NORTH PHASE 2" by Sullivan Surveying, dated 30 August, 2006 and recorded in Book of Maps 2007, Pages ~~02048~~⁰²⁰⁴⁷ and ~~02048~~⁰²⁰⁴⁸, Wake County Registry, North Carolina, to which plats reference is hereby made for a more particular description.



BOOK:012730 PAGE:00939 - 00946

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**Wake County Register of Deeds
Laura M. Riddick
Register of Deeds**

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_____ # of Pages

WAKE COUNTY, NC 322
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
07/02/2008 AT 14:58:03

BOOK:013165 PAGE:02777 - 02782

PREPARED BY: STEPHEN D. LOWRY, 8358-104 SIX FORKS RD., RALEIGH, NC 276115
RETURN TO: STEPHEN D. LOWRY, BOX 115

NORTH CAROLINA

WAKE COUNTY

SECOND AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS FOR THE
PARKER FALLS NORTH SUBDIVISION

THIS SECOND AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS FOR THE PARKER FALLS NORTH
SUBDIVISION, is made and entered into this 26th day of June, 2008 by
Teague-Hankins Development, Corp., a North Carolina corporation (hereinafter referred
to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant has heretofore filed that certain instrument entitled
"DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
THE PARKER FALLS NORTH SUBDIVISION," said instrument being recorded on the
22nd day of June, 2004 in Book 11425, Page 2690, Wake County Registry, and amended
by First Amendment thereto recorded in Book 11533, Page 892, Wake County Registry
(said instrument, as amended, being hereafter referred to as the "Declaration"); and

WHEREAS, Paragraph A of Article XII of the Declaration provides in part that
"For so long as the Declarant, its successors and/or assigns, shall own any 'Declarant's
Property,' Declarant, its successors and/or assigns, shall have the right to revoke and/or
amend any of the terms and conditions of the Declaration, so long as such revocation
and/or amendment is not in violation of the ordinances of the County of Wake, North

Carolina. Any such amendment or revocation shall be effective when duly recorded in the Office of the Register of Deeds of the County of Wake, North Carolina"; and

WHEREAS, the Declarant still owns "Declarant's Property" in the Parker Falls North Subdivision and desires to make amendments to the Declaration pursuant to the authority set forth in Paragraph A of Article XII of the Declaration.

NOW, THEREFORE, Declarant hereby amends that certain instrument entitled "DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE PARKER FALLS NORTH SUBDIVISION" recorded in Book 11425, Page 2690, and amended in Book 11533, Page 892, both of the Wake County Registry, as follows:

1. Paragraph A of Article III, which commences on page 5 of the Declaration, is hereby amended in its entirety to read as follows:

"A. Architectural Control.

1. Until such time as Declarant shall no longer be a Class B Member of the Association, no dwelling or other structure or other improvements (the "Improvements") shall be erected, placed or altered on any Lot in the Properties, or in any addition thereto, until the Improvement's plans and specifications for such Lot and the Lot plan for such Lot (showing the location of such Improvements on the Lot) and the Landscaping Plan for such Lot (collectively, the "Plans") have been approved in writing by the Declarant as to conformity with the Restrictions, quality, materials and as to conformity and harmony of external design with existing (and approved or proposed) Improvements in the Properties, and as to location of the improvements with respect to topography and finished ground elevation. Such written approval from the Declarant must be obtained prior to commencing clearing, grading or construction of any kind on a Lot. All Improvements shall comply with the plans as presented unless changes are approved in writing by the Declarant. The written approval of Declarant shall also be required prior to erecting, placing or altering mail boxes, signs and newspaper boxes upon any lot. All roof pitches for a dwelling, garages, out buildings and fences on any Lot must be approved by Declarant. Anything herein to the contrary notwithstanding, during the initial development of the Properties, Declarant may limit its review to a review of a typical set of Plans and Specifications and Materials for the proposed residence type proposed by a Contract Seller or a Builder to be built within the Subdivision, and, upon Declarant's written approval of such typical Plans, Specifications, and Materials, residences may be constructed in the Subdivision consistent with such approved Plans, Specifications, and Materials without the requirement of further review by the Declarant. Only Builders approved by Declarant shall be used to construct homes in the development. Declarant reserves the right to require that the Builder of each residence in the Subdivision is a member of the then current approved Builder Team for the Development.

2. Upon or prior to the date upon which Declarant shall cease to be a Class B Member of the Association, the Declarant shall form an "Architectural Review

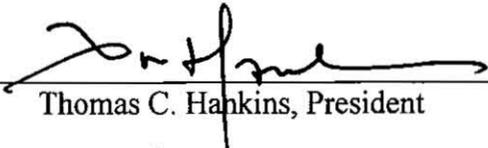
Committee” for the Properties (herein referred to as the “Committee”), which said Committee shall be composed of three (3) members appointed by the Declarant. The initial three (3) members of the Committee shall serve until the annual meeting of the Association next immediately following the date of such appointment by the Declarant. Thereafter the members of the Committee shall be appointed by the Board of Directors of the Association, each such member to serve for a term of one (1) year, said term to expire upon the date of the annual meeting of the Association. Each member of the Committee shall have one (1) vote and a majority vote of the Committee shall be required to constitute Committee action on any issue brought before the Committee. So long as Declarant is a Class B Member, all Improvements and placement of Improvements by Builders and/or Contract Sellers shall require the approval of the Declarant. All improvements and placement of Improvements by Lot Owners subsequent to the transfer of ownership of a house from a Builder/and or Contract Seller will require the approval of the Architectural Committee. So long as Declarant is a Class B Member, Declarant reserves the right to approve or reject any guidelines and/or approvals of the Committee. Upon the date upon which Declarant shall no longer be a Class B Member of the Association, the Committee shall assume and be responsible for all of the approvals and responsibilities set forth in subparagraph 1 of paragraph A of this Article with regard to Architectural Control within the Properties, provided, however, that the Declarant shall retain the exclusive right to approve all initial dwellings and lot improvements, including, but not limited to, house location, landscape plan and initial exterior colors and materials on the dwelling until the last dwelling in the Subdivision is approved and constructed. Upon approval by the Committee of the Plans as herein provided, the Committee shall evidence its approval in writing by memorandum or directly upon such Plans and the applicant Owner may then commence construction in accordance with such plans. The Committee shall approve or reject in writing any Plans within thirty (30) business days after the receipt of the submitted Plans.”

2. Except as herein amended, all the remaining terms and provisions of the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has executed this Second Amendment the day and year first above written.

TEAGUE-HANKINS DEVELOPMENT CORP.,
a North Carolina corporation

By: _____

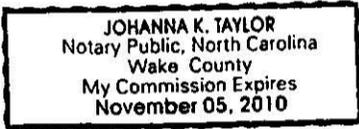

Thomas C. Hankins, President

NORTH CAROLINA

WAKE COUNTY

I, the undersigned Notary Public of the County and State aforesaid, hereby certify that Thomas C. Hankins personally appeared before me this day and acknowledged that he is President of Teague-Hankins Development Corp., a North Carolina corporation, and that by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by him as its President, as of the day and year first above written.

WITNESS my hand and official stamp or seal this 26th day of June, 2008.



Johanna K. Taylor
Notary Public JOHANNA K. TAYLOR

My commission expires:
11/05/2010

CONSENTED AND AGREED TO

The undersigned Paragon Commercial Bank, a North Carolina banking corporation (hereinafter referred to as the "Bank"), and Matthew C. Davis, Trustee, hereby each acknowledge each and every term and provision of the foregoing SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE PARKER FALLS NORTH SUBDIVISION; and each agrees that the lien of the Bank's Deeds of Trust on the Property described in Exhibit A attached to the Deeds of Trust recorded in Book 11883, Pages 875 and 885, Wake County Registry, shall be and is hereby subordinated to all the terms and provisions of the foregoing SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE PARKER FALLS NORTH SUBDIVISION.

IN WITNESS WHEREOF, the Trustee has hereunto set his hand and seal, and the Bank has caused this instrument to be executed in its corporate name by its duly authorized officers and its corporate seal to be hereunto affixed by authority of its Board of Directors, this the 27 day of June, 2008.

Matthew C. Davis
Matthew C. Davis, Trustee

PARAGON COMMERCIAL BANK, a
North Carolina banking corporation

By: Terry M. Pope
President

NORTH CAROLINA
WAKE COUNTY

I, the undersigned, Notary Public of the County and State aforesaid, do hereby certify that Matthew C. Davis, Trustee, personally came before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and official seal, this the 27 day of June, 2008.

Rochelle D. Rodgers
Notary Public

My commission expires:
01-16-2012



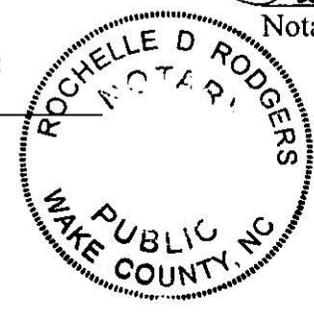
NORTH CAROLINA
WAKE COUNTY

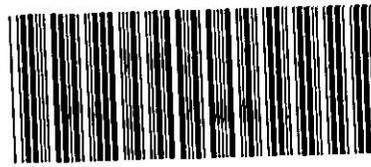
I, the undersigned, Notary Public of the County and State aforesaid, do hereby certify that Terry M. Pope personally came before me this day and acknowledged that he/she is Sr. Vice President of Paragon Commercial Bank, a North Carolina banking corporation, and that by authority given and as the act of said corporation, the foregoing instrument was signed in its name by him/her in the capacity so indicated, as of the day and year first above written.

WITNESS my hand and official seal, this the 27 day of June, 2008.

Rochelle D. Rodgers
Notary Public

My commission expires:
01-16-2012





BOOK:013165 PAGE:02777 - 02782

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Laura M. Riddick
Register of Deeds

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New Time Stamp
of Pages

~~WAKE COUNTY, NC 452
LAURA M RIDDICK
REGISTER OF DEEDS
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07/15/2008 AT 16:38:21~~

~~BOOK:013178 PAGE:00371 - 00376~~

~~WAKE COUNTY, NC 42
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
06/27/2008 AT 09:17:11~~

~~BOOK:013155 PAGE:02629 - 02633~~

WAKE COUNTY, NC 167
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
07/17/2008 AT 12:00:17

*Re-recorded to correct
typographical errors on pages 1-2
Stowley, Anstis' Aky*

*Re-record 20 times to
correct name of
document.
Stowley
Anstis' Aky*

PREPARED BY: STEPHEN D. LOWRY, 8358-104 SIX FORKS RD., RALEIGH, NC 276115
RETURN TO: STEPHEN D. LOWRY, BOX 115

BOOK:013179 PAGE:02722 - 02728
SNL SOUTH CAROLINA
North

WAKE COUNTY

Third (SNL)
~~SECOND~~ AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS FOR THE
PARKER FALLS SOUTH SUBDIVISION

Third (SNL)
THIS ~~SECOND~~ AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS FOR THE PARKER FALLS SOUTH
SUBDIVISION, is made and entered into this 26th day of June, 2008 by
Teague-Hankins Development, Corp., a North Carolina corporation (hereinafter referred
to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant has heretofore filed that certain instrument entitled
"DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
THE PARKER FALLS SOUTH SUBDIVISION," said instrument being recorded on the
22nd day of June, 2004 in Book 11425, Page 2666, Wake County Registry, and amended
by First Amendment thereto recorded in Book 11533, Page 897, Wake County Registry
(said instrument, as amended, being hereafter referred to as the "Declaration"); and

by the First and a Second Amendment (SNL)
WHEREAS, Paragraph A of Article XII of the Declaration provides in part that
"For so long as the Declarant, its successors and/or assigns, shall own any 'Declarant's
Property,' Declarant, its successors and/or assigns, shall have the right to revoke and/or
amend any of the terms and conditions of the Declaration, so long as such revocation
and/or amendment is not in violation of the ordinances of the County of Wake, South *(SNL)*
North

Carolina. Any such amendment or revocation shall be effective when duly recorded in the Office of the Register of Deeds of the County of Wake, ~~South Carolina~~ and

North SOL

WHEREAS, the Declarant still owns "Declarant's Property" in the Parker Falls South Subdivision and desires to make amendments to the Declaration pursuant to the authority set forth in Paragraph A of Article XII of the Declaration.

NOW, THEREFORE, Declarant hereby amends that certain instrument entitled "DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE PARKER FALLS SOUTH SUBDIVISION" recorded in Book 11425, Page 2666, and amended in Book 11533, Page 897, both of the Wake County Registry, as follows:

1. Paragraph A of Article III, which commences on page 5 of the Declaration, is hereby amended in its entirety to read as follows:

"A. Architectural Control.

1. Until such time as Declarant shall no longer be a Class B Member of the Association, no dwelling or other structure or other improvements (the "Improvements") shall be erected, placed or altered on any Lot in the Properties, or in any addition thereto, until the Improvement's plans and specifications for such Lot and the Lot plan for such Lot (showing the location of such Improvements on the Lot) and the Landscaping Plan for such Lot (collectively, the "Plans") have been approved in writing by the Declarant as to conformity with the Restrictions, quality, materials and as to conformity and harmony of external design with existing (and approved or proposed) Improvements in the Properties, and as to location of the improvements with respect to topography and finished ground elevation. Such written approval from the Declarant must be obtained prior to commencing clearing, grading or construction of any kind on a Lot. All Improvements shall comply with the plans as presented unless changes are approved in writing by the Declarant. The written approval of Declarant shall also be required prior to erecting, placing or altering mail boxes, signs and newspaper boxes upon any lot. All roof pitches for a dwelling, garages, out buildings and fences on any Lot must be approved by Declarant. Anything herein to the contrary notwithstanding, during the initial development of the Properties, Declarant may limit its review to a review of a typical set of Plans and Specifications and Materials for the proposed residence type proposed by a Contract Seller or a Builder to be built within the Subdivision, and, upon Declarant's written approval of such typical Plans, Specifications, and Materials, residences may be constructed in the Subdivision consistent with such approved Plans, Specifications, and Materials without the requirement of further review by the Declarant. Only Builders approved by Declarant shall be used to construct homes in the development. Declarant reserves the right to require that the Builder of each residence in the Subdivision is a member of the then current approved Builder Team for the Development.

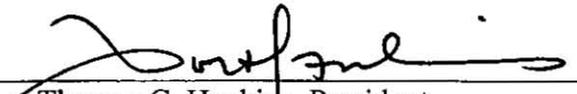
2. Upon or prior to the date upon which Declarant shall cease to be a Class B Member of the Association, the Declarant shall form an "Architectural Review

Committee” for the Properties (herein referred to as the “Committee”), which said Committee shall be composed of three (3) members appointed by the Declarant. The initial three (3) members of the Committee shall serve until the annual meeting of the Association next immediately following the date of such appointment by the Declarant. Thereafter the members of the Committee shall be appointed by the Board of Directors of the Association, each such member to serve for a term of one (1) year, said term to expire upon the date of the annual meeting of the Association. Each member of the Committee shall have one (1) vote and a majority vote of the Committee shall be required to constitute Committee action on any issue brought before the Committee. So long as Declarant is a Class B Member, all Improvements and placement of Improvements by Builders and/or Contract Sellers shall require the approval of the Declarant. All improvements and placement of Improvements by Lot Owners subsequent to the transfer of ownership of a house from a Builder/and or Contract Seller will require the approval of the Architectural Committee. So long as Declarant is a Class B Member, Declarant reserves the right to approve or reject any guidelines and/or approvals of the Committee. Upon the date upon which Declarant shall no longer be a Class B Member of the Association, the Committee shall assume and be responsible for all of the approvals and responsibilities set forth in subparagraph 1 of paragraph A of this Article with regard to Architectural Control within the Properties, provided, however, that the Declarant shall retain the exclusive right to approve all initial dwellings and lot improvements, including, but not limited to, house location, landscape plan and initial exterior colors and materials on the dwelling until the last dwelling in the Subdivision is approved and constructed. Upon approval by the Committee of the Plans as herein provided, the Committee shall evidence its approval in writing by memorandum or directly upon such Plans and the applicant Owner may then commence construction in accordance with such plans. The Committee shall approve or reject in writing any Plans within thirty (30) business days after the receipt of the submitted Plans.”

2. Except as herein amended, all the remaining terms and provisions of the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has executed this Second Amendment the day and year first above written.

TEAGUE-HANKINS DEVELOPMENT CORP.,
a North Carolina corporation

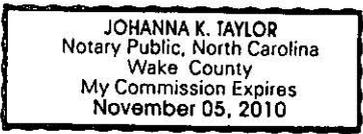
By: 
Thomas C. Hankins, President

SOUTH CAROLINA

WAKE COUNTY

I, the undersigned Notary Public of the County and State aforesaid, hereby certify that Thomas C. Hankins personally appeared before me this day and acknowledged that he is President of Teague-Hankins Development Corp., a North Carolina corporation, and that by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by him as its President, as of the day and year first above written.

WITNESS my hand and official stamp or seal this 26 day of June, 2008.



Johanna K. Taylor
Notary Public
JOHANNA K. TAYLOR

My commission expires:
11/05/2010

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Laura M. Riddick
Register of Deeds**

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**Wake County Register of Deeds
Laura M. Riddick
Register of Deeds**

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**Wake County Register of Deeds
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