

PREPARED BY AND RETURN TO:
SEAY, TITCHENER & HORNE
174

Wake County, NC 508
Laura M Riddick, Register Of Deeds

Presented & Recorded 09/06/2000 15:43:15

Book : 008678 Page : 02189 - 02203

**DECLARATIONS
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
FALLS GLEN**

THIS DECLARATION, made on the date hereinafter set forth by Homeplaces, L.L.C. , a North Carolina Limited Liability Company (hereinafter referred to as the "Declarant"):

W I T N E S S E T H:

WHEREAS, Declarant desires to ensure the attractiveness of the subdivision and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the subdivision, and to provide for the maintenance and upkeep of the Homeowners Common Area, as hereinafter defined, and to that end desires to subject the real property, together with such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, easements, charges, and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof;

WHEREAS, Declarant has deemed it advisable, for the efficient preservation, protection and enhancement of the values and amenities in said subdivision and to ensure the residents' enjoyment of the specific rights, privileges and easements in the Homeowners Common Area, as hereinafter defined, and to provide for the maintenance and upkeep of the Homeowners Common Area, to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Homeowners Common Area, administering and enforcing these covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has caused to be incorporated under North Carolina law, FALLS GLEN HOMEOWNERS ASSOCIATION; as a non-profit corporation for the purpose of exercising and performing the aforesaid functions;

NOW THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does declare that all of the said real property described in Exhibit A and such additions thereto as may be hereafter made pursuant to Article XIII, Section 3 hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, which shall run with the title or interest in said real property and any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Homeowners Association" or "Association" shall mean and refer to FALLS GLEN HOMEOWNERS ASSOCIATION, a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in Exhibit A, and any additional land later annexed into the Association in accordance with the terms and conditions herein provided.

Section 3. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on any recorded subdivision map of the Properties with the exception of the

Homeowners Common Area and Parking Area, if any.

Section 4. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 5. "Homeowners Common Area" shall mean and refer to all the real property to be owned by the Association for the common use and enjoyment of the Owners of Lots within FALLS GLEN and to be designated as "Common Area," and any additional area annexed thereto at a later date. All water and sewer lines which serve this development and which lie outside public right of way and City of Raleigh utility easements and are not located on individual lots are common area. Homeowners Association Common Area shall also refer to any and all lift station and pumping facilities for water and sewer.

Section 6. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties upon which an attached a Unit is to be situated, with the exception of the Common Area.

Section 7. "Declarant" shall mean and refer to HOMEPLACES, L.L.C., a North Carolina Limited Liability Company, and their successors and assigns.

Section 8. "Member" shall mean and refer to every person or entity who hold membership in the Homeowners Association.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to assessment by the Homeowners Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect to voting rights:

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots as the same are hereinafter defined. Each Class A Lot shall entitle the Owners of said Lot to one (1) vote. When more than one person owns an interest (other than a leasehold or a security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine, but fractional voting shall not be allowed.

(b) Class B Lots. Class B Lots shall be all Lots owned by Declarant which have not been converted to Class A Lots as provided in subparagraphs (1) or (2) below. The Declarant shall be entitled to three (3) votes for each Class B Lot.

The Class B Lots shall cease to exist and shall be converted to Class A Lots:

(1) When the total number of votes appurtenant to the Class A Lots equals the total number of votes appurtenant to the Class B Lots; or

(2) When the Class B Lots are converted to Class A Lots, Declarant shall have the same voting rights and maintenance assessment as other Owners of Class A Lots or December 31, 2002,

whichever event shall first occur.

ARTICLE III

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and access to, from, and over the Homeowners Common Area, which right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The Right of the Homeowners Association to suspend the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid, or for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association;

(b) The right of the Homeowners Association to dedicate or transfer all or any part of the Homeowners Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless at least three-quarters (3/4) of each Class of members agree to such dedication or transfer and signify their agreement by a signed and recorded document, provided that this subsection shall not preclude the Board of Directors of the Homeowners Association from granting easements for the installation and maintenance of sewage, utility (including CATV) and drainage facilities upon, over, under and across the Homeowners Common Area without the assent of the Members when, in the opinion of the Board, such easements are necessary for the convenient use and enjoyment of the Properties. Notwithstanding anything herein to the contrary, the Homeowners Common Area shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the City of Raleigh or to another non-profit corporation with purposes similar to those of this Association;

(c) The rights of Owners to the exclusive use of parking spaces as provided herein;

(d) The right of the Homeowners Association, with the written assent of Members entitled to at least two-thirds (2/3) of the votes of each Class of member to mortgage, pledge, deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the property rights of the Homeowners Association as set forth herein.

(e) The right of the Homeowners Association, to exchange any portion of the Homeowners Common Area for other properties provided that:

1. written notice of the exchange is given to each member of the association except in cases where the exchange is done to eliminate an encroachment; and

2. after notice is given, the Homeowners Association must approve such exchange in accordance with the provision herein described as "Membership and Voting Rights,";

3. the exchanged properties and other considerations are of like value and utility; and

4. the acreage and configuration of the remaining open space equal (including property to be received in such exchange) or exceed the requirements of the City of Raleigh Code; and

5. the exchange is approved by the City of Raleigh Planning Director.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment and access granted to every Owner in Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Wake County, North Carolina.

(b) Tenants or Contract Purchasers. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the Owner to his tenants or contract purchasers who occupy a residence or a portion of said residence within the Properties as their principal residence in Wake County, North Carolina.

(c) Guests. The right and easement of enjoyment granted to every Owner by Section 1 of this Article may be delegated to guests of such Owners, tenants, or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors governing said use.

Section 3. Parking Rights

Section 4. Conveyance of Title to the Homeowners Association. Declarant covenants, for itself and its successors and assigns, that it will convey fee simple title to the Homeowners Common Area to the Homeowners Association prior to the conveyance of the first Lot to an Owner within any phase, section, or annexation. Declarant reserves an easement to, from, over and across the Homeowners Common Area for the purpose of constructing additional residences upon the Lots. Such conveyance shall be free and clear of all encumbrances and liens, except utility, drainage and greenway easements of record or shown on the recorded plats of FALLS GLEN.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal or Corporate Obligation of Assessments. Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments or charges and special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Any such assessment or charge, together with interest and costs of collections, including reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment or charge, together with interest, costs and attorney's fees, shall also be the personal or corporate obligation of the person(s), firm(s), corporation(s), or entities owning such Lot at the time the assessment fell due. The personal or corporate obligation of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them; however, such unpaid assessments or charges shall continue to be a lien on the property against which the assessment was made.

Section 2. Purposes of Assessments. The assessments levied by the Homeowners Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and, in particular, for the payment

of governmental water and sewage disposal charges attributable to the Homeowners Common Area, as well as other like expenses, including, but not limited to, charges for electricity, and for the acquisition, improvement and maintenance of properties, services and facilities devoted and related to the use and enjoyment of the Homeowners Common Area, including but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, the payment of taxes and public assessments levied against the Homeowners Common Area, the procurement of insurance in accordance with the By-Laws, the employment of attorneys to represent the Homeowners Association when necessary, and such other needs as may arise. In addition, expenditures by the Homeowners Association for landscaping, planting and maintenance of areas within Lots, but lying outside of residence buildings and enclosed patio areas, as well as upon any landscape easement as shown on the survey of FALLS GLEN shall be deemed expenditures for the recreation, health, safety and welfare of the residents of the Properties and are hereby authorized.

Section 3. Maximum Monthly Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$180.00 per Class A Lot (\$15.00 per month) and \$90.00 per Class B Lot (\$7.5 per month).

(a) From and after January 1 of the year and immediately following the conveyance of the first Lot to an Owner, the Board of Directors may increase the maximum annual assessment, effective January 1 of each year, without a vote of the membership, provided that any such increase shall not exceed ten percent (10%) of the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessments may be increased without limitation if such increase is approved by Members entitled to no less than two-thirds (2/3) of the votes appurtenant to the Class A Lots and two-thirds (2/3) of the votes appurtenant to the Class B Lots, in person or by proxy, at a meeting duly called for that purpose.

(c) The Board of Directors may fix the annual assessments at amounts not in excess of the maximum, provided, however, that the ratio of the assessment established for each Class B Lot shall always be one-tenth (1/10) of the assessment for a Class A Lot. In the event that Class B Lots are converted to Class A Lots, or Class A Lots are reconverted to Class B Lots, the assessment with respect to each such Lot shall be prorated and charged according to its class as of the date of each conversion and reversion. Any Class B dwelling for which a certificate of occupancy has been issued shall be treated as a Class A Lot for assessment purposes. Such Lot shall remain a Class B Lot for all other purposes.

(d) Any annual assessment established by the Board of Directors shall continue thereafter as the annual assessment until changed by the Board or by the Members.

Section 4. Special Assessments for Capital Improvements. In addition the annual assessments authorized above, the Homeowners Association may levy, in any assessment year, a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Homeowners Common Area, including fixtures and personal property related thereto, or as necessary, provided that any such assessment shall have the same assent of the Members as provided in Section 3(b) of this Article and shall be in the ratios provided in Section 3(c) of this Article.

Section 5. Notice and Quorum for any Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members no less than 30 days nor more than 50 days prior to the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent of the votes appurtenant to the Class A and Class B Lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and, if called for a date not less than 50 days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 6. Date of Commencement of Annual Assessments; Due Dates; Certificate of Payment. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of all or any part of the Homeowners Common Area to the Homeowners Association. The first annual assessment shall be the "maximum annual assessment" set forth in Section 3 of this Article and shall be prorated according to the number of months remaining in the calendar year. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot. At least fifteen (15) days before January 1 of each year, the Board of Directors shall send written notice of such assessment to every Owner subject thereto. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. The Homeowners Association shall, upon demand, and for such reasonable charge as the Board of Directors may determine, furnish a certificate signed by an officer of the Homeowners Association setting forth whether the assessments on a specified Lot have been paid. If a certificate states that an assessment has been paid; such certificate shall be conclusive evidence of such payment.

Section 7. Effect of Nonpayment of Assessments, Remedies. Any assessment not paid within twenty (20) days after the due date shall incur a late charge in the amount of \$10.00 and, if not paid within thirty (30) days after the due date, shall bear interest from the due date at the rate of ten percent (10%) per annum or the maximum rate allowed by law, whichever is less. The Homeowners Association may bring an action at law against the Owner personally or corporately obligated to pay the same or foreclose the lien against the property; interest, late payment charge, costs and reasonable attorney's fee of such action or foreclosure shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Homeowners Common Area or abandonment of his Lot.

Section 8. Subordination of the Lien to Mortgages. the liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien, but the sale or transfer of any Lot pursuant to the foreclosure of such mortgage or deed of trust shall extinguish the lien of such assessments as to any installment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 9. Exempt Property. All property dedicated to and accepted by a local public authority, and all property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VARCHITECTURAL CONTROL

Section 1. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, including, but not limited to, the erection of antennas, satellite dishes or disks, not limited to, aerials or awnings, or the placement of reflective or other material in the windows of a dwelling unit or other exterior attachment, until plans and specifications showing the nature, kind, shape, heights, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Homeowners Association, or by an architectural control committee composed of three (3) or more representatives appointed by the Board. If the Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted, approval will not be required, and this Article will be deemed to have been fully complied with. The Homeowners Association shall have the right to charge a reasonable fee, not to exceed \$50.00 for receiving and processing each application. Neither the board of Directors nor the architectural control committee shall approve any alterations, decorations or modifications which would jeopardize or impair the soundness, safety, or appearance of any Lot or the Homeowners Common Area. Nothing herein shall be construed to permit interference with the development of the Properties by the Declarant in accordance with its general plan of development.

Section 2. Approval of Builder. Any Builder prior to performing any work on the Properties, must be approved by the Architectural Control Committee as to financial stability, building experience and ability to build structures of the class and type of those which are to be built on the Properties. No person, firm or entity shall be approved as a builder unless such person, firm or entity obtains his income primarily from construction of the type which builder is to perform upon the Properties. No Owner will be permitted to act as his own builder or contractor, for the exterior of any structure, except where such Owner obtains his income primarily from the construction of the type of structure to be constructed upon the Properties, and otherwise meets the qualifications for approval by the Architectural Control Committee as hereinabove set forth.

ARTICLE VIEXTERIOR MAINTENANCEARTICLE VIIGREENWAY EASEMENTARTICLE VIIIPARTY WALLS-ATTACHED UNITSARTICLE IX

USE RESTRICTIONS

Section 1. Land Use. All lots in the tract shall be known and described as residential lots. No structure shall be known erected, altered, placed, or permitted to remain on any residential building plot other than a single-family dwelling, not to exceed two and one half (2 1/2) stories in height and a private garage for each unit for not more than two cars and other accessory structures customarily incidental to use of the plot.

Section 2. Building Lines. No building shall be located nearer to the lot lines than permitted by the ordinances and regulations of Wake County and the City of Raleigh.

Unintentional violations not exceeding 10% of the minimum building line requirements herein set forth shall not be considered a violation of this Section.

Section 3. Subdivision of Lots. No person or entity may subdivide or resubdivide any lot or lots without the prior written consent of the Declarant.

Section 4. Size of Structure. No residential structure shall be erected or placed having a heated floor area of less than 950.00 square feet, exclusive of garages.

Unintentional violations not exceeding 2% of the minimum foot requirements herein set forth shall not be considered a violation of this Section.

Section 5. Temporary Structures. No structure of a temporary nature shall be erected or allowed to remain on any Lot unless and until permission for the same has been granted by the Architectural Control Committee. This Section shall not be applicable to temporary construction trailers, sales offices, and material storage facilities used during construction.

Section 6. Clothes Drying. No drying or airing of any clothing or bedding shall be permitted outdoors on any Lot or in any other uninclosed area (including patios) within the Properties other than between the hours of 8:00 A.M. and 5:00 P.M. on Monday through Friday and 8:00 A.M. and 1:00 P.M. on Saturdays (except when any such day shall fall on a holiday) and clothes hanging devices such as lines, reels, poles, frames, etc., shall be stored out of sight other than during the times aforementioned, and shall only be used in back yards.

Section 7. Nuisances. No noxious or offensive trade or activity shall be carried on upon any Lot, nor shall anything be done thereof which may be or become an annoyance or nuisance to the neighborhood.

Section 8. Temporary Residence. No trailer, basement, tent, shack, garage, barn, or other outbuilding erected on the tract shall be at any time used as a residence temporarily or permanently, nor shall any structure of a temporary character be used as a residence.

Section 9. Parking of Vehicles. No commercial truck over one ton capacity, school bus, nor any other vehicle deemed by the Architectural Control Committee or its designated committee to be unsightly, shall be parked in the street, in a driveway, in the front yard, in the side yard, or in the backyard of any Lot. Camper trailers, boats or boat trailers, and recreational vehicles must be parked in the driveway or garage.

Section 10. Harmony of Structures. No structure shall be constructed or moved onto any Lot unless it shall conform to and be in harmony with existing structures in the tract. In any

event structures to be added by property owners shall require approval of the Architectural Control Committee.

Section 11. Easements. A perpetual easement is reserved over the rear 5 feet of each Lot for utility installation and maintenance and/or as shown on the recorded map. A perpetual easement is reserved over the side and rear of each Lot for public storm drain and/or utilities as shown on the recorded map.

There is hereby reserved an easement of four feet upon the side line of each Lot for maintenance of the dwelling upon the adjoining Lot; and for maintenance of eaves and overhangs.

Section 12. Signs. No sign of any kind shall be displayed to the public view on any Lot except one professional sign of not more than one square foot; one sign of not more than five square feet, advertising the property for sale or rent; or signs used by a builder to advertise the property during the construction and sales period.

Section 13. Animals. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats, other household pets may be kept, bred, or maintained for personal use of owner.

Section 14. Trash Disposal. No Lot shall be used or maintained as a dumping ground for rubbish, trash, garbage, or waste and the same shall not be kept except in sanitary containers with lids. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 15. Fences. No chain link or chicken wire fence shall be erected on any Lot. No fence shall be erected on any Lot closer to any street line than the building setback line shown on the recorded map or the minimum setback permitted by the applicable zoning ordinance, nor shall any fence be erected except in accordance with the architectural control provisions of Article III hereof. Provided, however, that notwithstanding anything contained in this Section or elsewhere in the contrary, Declarant may install decorative fencing on any Lot owned by it containing a model home, after obtaining approval by the Architectural Committee.

Section 16. Radio and Television Antennas. No free standing radio or television transmission or reception towers, antennas, dishes or disks shall be erected on any Lot. Except that of receiving devices of less than two feet in diameter may be used in the back yard area of any Lot which has any existing dwelling.

Section 17. Mailboxes. No masonry mailbox supports shall be permitted.

Section 18. Basketball Goal Support. No Basketball goal supports shall be erected or placed within any street right of way.

ARTICLE X

EASEMENTS

Section 1. General Easements. Easements for the installation and maintenance of driveway, walkway, parking lots, water line, gas line, telephone, electric power line, sanitary sewer and storm drainage facilities and for other utility installations are reserved as shown on the recorded plat. Within any such easements above provided for, no structure, planting or other material shall be placed or permitted to remain which may

interfere with the installation of sewerage disposal facilities and utilities, or which may change the direction of flow or drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements.

Section 2. Drainage and Utility Easements. Easements for installation and maintenance of utilities and drainage facilities are reserved over the rear 3 feet and the 3 feet of each side line, unless shown in excess of such distance on the recorded plat(s).

Section 3. Easements for Government Access. An easement is hereby established over and across the Homeowners Common Area for the benefit of applicable governmental agencies for setting, removing, and reading water meters, maintaining and replacing water and drainage facilities, fire fighting, garbage collection, and delivery of mail.

Section 4. Owner's Right of Entry for Repair, Maintenance, and Reconstruction. If a dwelling is located closer than five (5) feet from its lot line, the Owner thereof shall have a perpetual access easement over the adjoining Lot to the extent reasonably necessary to repair, maintain, or reconstruct his dwelling. Such repair, maintenance or reconstruction shall be done expeditiously and, upon completion of such work, the Owner shall restore the adjoining Lot to as nearly the same condition as that which prevailed prior to the commencement of the work as is reasonably practicable.

Section 5. Easements for Encroachments. All Lots shall be subject to easements for the encroachment to initial improvements constructed thereon to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, bay windows, steps and walls.

ARTICLE XI

INSURANCE

Section 1. Owner's Responsibility to Insure. Declarant suggests that each Owner, at his expense, secure and maintain in full force and effect one or more insurance policies insuring his Lot and the improvements thereon for the full replacement value thereof against loss and damage from all hazards and risks normally covered by a standard "Extended Coverage" insurance policy, including fire and lightning, vandalism and malicious mischief. Declarant also suggests that each Owner, at his expense, secure and maintain in full force and effect comprehensive personal liability insurance for damage or injury to person or property of others occurring on his Lot.

Section 2. Insurance Responsibilities of the Association. the Homeowners Association shall procure and maintain adequate liability insurance, in an amount not less than \$1,000,000.00, insuring the Homeowners Association and its members against injuries occurring upon the Homeowners Common Area. The Association shall also maintain hazard insurance covering property owned by the Association as set forth herein.

ARTICLE XII

FINANCING PROVISIONS

Section 1. Approval of Owners and Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the Owners

and holders of first deeds of trust on Lots located within the Properties have given their prior written approval, the Homeowners Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Homeowners Association. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause. Notwithstanding anything herein to the contrary, the real property owned to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the City of Raleigh or to another non-profit corporation for the purposes set forth herein.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot.

(c) By act or omission change, waive or abandon any plan of regulation, or enforcement thereof, pertaining to the architectural design or the exterior appearance of residences located on Lots, the maintenance of party walls or common fences and driveways, or the upkeep of lawns and plantings in the subdivision.

(d) Fail to maintain fire and extended coverage insurance on insurable improvements in the Homeowners Common Area on current replace cost basis in an amount not less than one hundred percent (100%) of the insurable value.

(e) Use the proceeds of any hazard insurance policy covering losses to any part of the Homeowners Common Area for other than the repair, replacement or reconstruction of the damaged improvements.

Section 2. Books and Records. Any Owner or holder of a first deed of trust on any Lot, or the agent or agents of either, shall have the right to examine the books and records of the Homeowners Association during any reasonable business hours.

Section 3. Payment of Taxes and Insurance Premiums. The Owners or holders of first deeds of trust on Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against any of the Homeowners Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy covering property owned by the Homeowners Association. The persons, firms, or corporations making such payments shall be owed immediate reimbursement therefor by the Association.

ARTICLE XIII

GENERAL PROVISIONS

Section 1. Enforcement. The Homeowners Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Homeowners Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision, which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of the Owners as set forth below. This Declaration may be amended (including annexations of additional land) during the first twenty-five (25) year period by an instrument signed by the Owners of not less than ninety percent (90%) of the Lots, and thereafter by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots. No amendment shall be effective unless it has been approved, if required by Section 4 of this Article, by the Federal Housing Administration or Veterans Administration, and is recorded in the office of the Register of Deeds for Wake County. No amendment can be enacted without the consent of the City of Raleigh Attorney, or his or her designee.

Section 4. FHA/VA Approval. In the event the Declarant has arranged for and provided purchasers of Lots with VA or FHA insured mortgage loans, then as long as any Class B Lot exists, as provided in Article III hereof, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mortgaging of real property owned by the Homeowners Association, deeding of Common Area to persons other than the Homeowners Association, and amendment of this Declaration.

Section 5. Additions to Existing Property. Additional land may be brought within the schemes of this Declaration in the following manner.

(a) Additional land may be annexed to the existing property by Declarant their successors or assigns, in future stages of development, without the consent of any other lot owner or owners, provided that said annexations must occur within ten (10) years from the date of recording of this instrument.

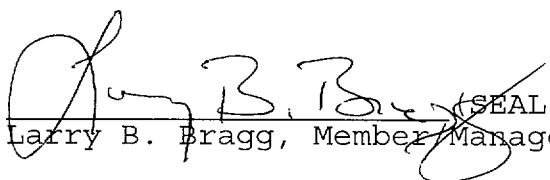
(b) The additions authorized under Section (a) above shall be made by filing a record Supplementary Declarations of Covenants, Conditions, and Restrictions with respect to the additional properties which shall extend the scheme of this Declaration to such properties and thereby subject such additions to the benefits, agreements, restrictions, and obligations set forth herein. Such Supplemental Declaration shall reference this document without setting forth the complete text in said Supplemental Declaration.

Section 6. Road Maintenance. Declarant agrees to maintain all streets, roads, and improvements installed within the right of way of such streets and roads, until the responsibility for the maintenance thereof is assumed by the appropriate governmental unit or agency.

IN WITNESS WHEREOF, the undersigned, HOMEPLACES, L.L.C., Declarant, by virtue of the provisions of Article I, Section 4, of the aforesaid Declaration of Covenants, Conditions, and Restrictions, has caused this instrument to be executed by their duly authorized officers and their corporate seals hereunto affixed this the _____ day of _____, 2000 .

)

HOMEPLACES, L.L.C.

by:  (SEAL)
Larry B. Bragg, Member/Manager

STATE OF NORTH CAROLINA

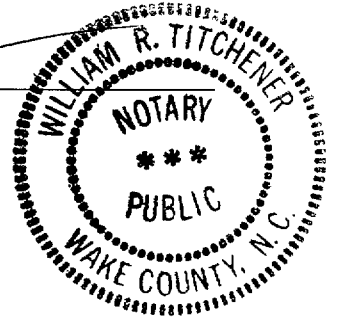
COUNTY OF WAKE

I, William R. Titchener, a Notary Public of the County and State aforesaid, certify that Larry B. Bragg, Member/Manager of Homeplaces, L.L.C., personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 6th day of September, 2000.


Notary Public

My Commission Expires: 9-25-2000



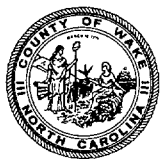
Tract 2
Kathleen Bledsoe Property
Book of Maps 2000, Page 1515
Wake County Registry

Laura M Riddick
Register of Deeds
Wake County, NC



Book : 000678 Page : 02185 - 02203

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___ of William R. Titchener

____ 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: Murray M. Parker
Assistant/Deputy Register of Deeds

This Customer Group
_____ # of Time Stamps Needed

This Document
_____ New Time Stamp
15 # of Pages