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NORTH CAROLINA
WAKE COUNTY

PRESENTED
FOR
REGISTRATION

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR PARKVIEW TOWNHOMES
RECORDED IN BOOK OF MAPS 1985
PAGE 1396, WAKE COUNTY

AUG 1 4 48 PM '85

KENNETH C. WILSON
REGISTER OF DEEDS
WAKE COUNTY, NC

THIS DECLARATION, made on the date hereinafter set forth, by PARKVIEW CO., a North Carolina joint venture, having its principal office and place of business in Wake County, North Carolina, hereafter referred to as "Declarant";

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in Northwoods, a planned unit development located in Cary Township, Wake County, North Carolina, which is more particularly described as:

See attached Exhibit A

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

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

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KADY AND SCHLAWSKI
ATTORNEYS AT LAW
1101 HAZARD FARM ROAD
APR NORTH CAROLINA 27511

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ARTICLE I

DEFINITIONS

Section 1. Site Association shall mean Parkview Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 2. Northwoods Association shall mean the master Association as provided in the master Declaration of Covenants, Conditions and Restrictions (the "Master Covenants") for all of Northwoods as recorded in Book 3497, Page 468, Wake County Registry.

Section 3. Multi Unit Site shall mean the property specifically described in attached Exhibit A, and additions thereto as may hereafter be brought within the jurisdiction of the Site Association.

Section 4. Limited Common Area shall mean and refer to all land owned by the Site Association within the Multi Unit Site along with facilities and improvements erected or constructed thereon designated for the exclusive use and enjoyment of the members of the Site Association. Said Limited Common Areas shall be maintained by the Site Association.

Section 5. Dwelling Unit Site shall mean any plot of land shown upon any recorded subdivision map of the Multi Unit Site upon which a dwelling unit has been or may be constructed, with the exception of the Limited Common Area.

Section 6. Dwelling Unit shall mean a residence containing a kitchen and sleeping facilities for one or more persons. A Dwelling Unit may be attached to other Dwelling Units, or separated from other Dwelling Units.

Section 7. Member shall mean and refer to every person or entity who is the Owner of a Dwelling Unit Site located on the Multi Unit Site which is subject to a lien for assessments, as hereinafter provided. Each such Member is also a member of Northwoods Association.

Section 8. Owner shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Dwelling Unit Site which is a part of

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

Section 9. Declarant shall mean and refer to PARKVIEW CO., a North Carolina joint venture, its successors and assigns, to whom the rights of Declarant are expressly transferred if such successors or assigns should acquire more than one Dwelling Unit Site for the purpose of development.

Section 10. Board of Directors or Board means those persons elected or appointed and acting collectively as the Directors of the Site Association.

ARTICLE II

LIMITED COMMON AREA OWNERSHIP AND MAINTENANCE

Section 1. Member's Easements of Enjoyment: Every Member, resident of a Dwelling Unit and guest shall have a right of enjoyment in and to the Limited Common Area, subject to the provisions of this Article II.

Section 2. Rules and Regulations: The Board of Directors of the Site Association shall have the power to formulate, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the Dwelling Unit Sites, and the Limited Common Areas owned and used by the Members.

Section 3. Leasing Common Area Facilities: The Board of Directors shall have the power to lease the use of any recreational facilities for operations, lessons or for special events, and to allow such lessee to charge admission or other fees for operations, lessons, or special events.

Section 4. Operating Limited Common Area Facilities: The Board of Directors of the Site Association shall have the power to limit the number of guests, to regulate hours, propriety and behavior, and to curtail any use or uses it deems necessary for the protection of

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facilities or the peace and tranquility of adjoining residents.

Section 5. Common Area Facilities Admission Fees: The Site Association may charge reasonable admission and other fees for the use of any Limited Common Area recreational facilities.

Section 6. Suspensions: The Board of Directors of the Site Association shall have the power to suspend the voting rights and right to use of any Limited Common Area recreational facilities by a Member, or any person to whom that Member has delegated his right of enjoyment for any period during which any assessment against his Dwelling Unit or Site remains unpaid; and for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations.

Section 7. Declarant's Covenant to Convey Title to Limited Common Area: The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Limited Common Area to the Site Association, at such time as it conveys the first Dwelling Unit Site to a person other than the Declarant, subject to easements of record for utilities, antennas, drainage, access or other services. Similarly, the Declarant will convey to the Site Association Limited Common Areas which are parts of any additional properties that are annexed to the Multi Unit Site in the future.

Section 8. Mortgaging the Limited Common Area: The Site Association shall have the power to borrow money for the purpose of improving the Limited Common Area and in aid thereof to mortgage the Limited Common Area, or any portion thereof. The rights of such mortgagee in said Limited Common Area properties shall not be subordinate to the rights of the Members; provided, however, that the execution of such mortgage shall require the approval of the Department of Housing and Urban Development or the Veteran's Administration and the same approval of the membership which

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is required for special assessments for capital improvements as set forth in Article VI, Section 5 of this Declaration.

Section 9. Limited Common Area Dedication or Transfer: The Site Association shall have the right to dedicate or transfer all or any part of the Limited Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by Members entitled to cast two-thirds (2/3) of the votes of the membership has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Member and not less than thirty (30) days in advance.

ARTICLE III

LAND USE

Section 1. Restrictions: Each Dwelling Unit or Dwelling Unit Site and the Limited Common Area shall be for the uses and subject to the restrictions herein set forth, and, in addition, to those set forth in the Bylaws.

Section 2. Designated Residential Property Restrictions: All property designated for residential use shall be used, improved and devoted exclusively to residential use, except for a temporary office for the Declarant and/or model(s) used by the Declarant.

Section 3. Common Area Restrictions: All Limited Common Area recreational facilities and amenities shall be used, improved and devoted exclusively to recreational purposes for the benefit of the Owners.

Section 4. Limited Common Area Offensive Use: No immoral, improper, offensive or unlawful use shall be made of any Dwelling Unit, Dwelling Unit Site, or Limited Common Area or any part thereof, and all valid laws, ordinances, and regulations of all governmental agencies having jurisdiction thereof shall be observed.

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Section 5. Limited Common Area Construction or Alteration: No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Limited Common Area except at the direction of and with the express written consent of the Site Association.

Section 6. Nuisance or Annoying Activity: No obnoxious or offensive activity shall be carried on upon the Multi Unit site, nor shall anything be done which may be or may become a nuisance or annoyance to any resident within Northwoods. In the event that a question arises regarding whether any activity or use carried on upon the Multi Unit Site is in violation of any of the provisions of this Article, the decision of the Northwoods Association Board of Directors, by majority vote, shall be final and binding upon all Owners.

Section 7. Parking and Antennas: Ownership of each Dwelling Unit Site shall entitle the Owner thereof to the use of not more than two (2) automobile parking spaces, which shall be as near and convenient to said Dwelling Unit Site as reasonably possible, together with the right of ingress and egress in and upon said parking areas. The Site Association shall permanently assign one vehicular parking space for each Dwelling Unit Site, such space to be as near the Dwelling Unit Site to which it is assigned as is reasonably possible. The Site Association may regulate the parking of boats, campers, trailers and the placing of tents and other such items on the Limited Common Area. No automobiles, trucks, tractors, boats, campers or trailers shall be regularly parked within the right-of-way of any street in or adjacent to the Multi Unit Site. Antennas and satellite discs must be approved by the Site Association prior to erection.

Section 8. Lease of Dwelling Unit: No Dwelling Unit or Dwelling Unit Site shall be leased for transient or hotel purposes, nor shall any such lease be for any period of less than sixty (60) days. Any lease must be in writing

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and provide that the terms of the lease and the occupants of the Dwelling Unit shall be subject in all respects to the provisions of the Declaration of Covenants, Conditions and Restrictions and Bylaws of Northwoods Association and the Site Association and any failure by any lessee to comply with the terms of such documents shall be a default under the lease.

Section 9. Animals: No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or Dwelling Unit. Household pets may be kept in the Dwelling Unit by the Owner but no pens, runs or houses shall be allowed on any Lot or on any Limited Common Area.

ARTICLE IV

ARCHITECTURAL CONTROL AND INSPECTION

Section 1. Architectural Review Board: A Multi Unit Site Architectural Review Committee consisting of three (3) persons shall be appointed at or prior to the sale and transfer of title to the first Dwelling Unit Site by the Declarant. At such time as the Class B membership expires this Multi Unit Site Architectural Review Committee shall be appointed by the Board of Directors of the Site Association.

Section 2. Plan or Design Approval: No site preparation or initial construction, erection, or installation of any improvements, including, but not limited to, Dwelling Units, outbuildings, fences, walls, signs, antennas, clotheslines, or other structures, change in paint colors, excavation, or changes in grades shall be undertaken upon a Dwelling Unit Site until the plans and specifications therefor, showing the nature, kind, shape, height, materials, and location of the proposed improvement shall have been submitted to the Architectural Review Committee and expressly approved in writing. No subsequent alteration or modification of any existing improvements may be undertaken or allowed to remain on a Dwelling Unit Site without the prior review and express written approval of the

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Parkview Architectural Committee and the Multi Unit Site Architectural Review Committee.

Section 3. Effect of Failure to Approve or Disapprove: In the event that the Multi Unit Site Architectural Review Committee or the Northwoods Architectural Committee, as the case may be, fails to approve or disapprove the site or design of any proposed improvements within thirty (30) days after plans and specifications therefor have been submitted and received, approval will not be required, and the requirements of this Article will be deemed to have been fully met; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Multi Unit Site Architectural Review Committee or the Northwoods Architectural Committee if they contain erroneous data or fail to present adequate information upon which the Multi Unit Site Architectural Review Committee or the Northwoods Architectural Committee, as the case may be, can arrive at a decision.

Section 4. Right of Inspection: The Multi Unit Site Architectural Review Committee shall have the right, at its election, but shall not be required, to enter upon any of the Dwelling Unit Sites during site preparation or construction, erection, or installation of any improvements to determine that such work is being performed in conformity with the approved plans and specifications.

Section 5. Northwoods Architectural Committee: All submissions for approval to the Multi Unit Site Architectural Review Committee shall, prior to final decision, be submitted to the Northwoods Architectural Committee, with the recommendation of approval, disapproval or modification from the Multi Unit Site Architectural Review Committee, and the same shall be reviewed by the Northwoods Architectural Committee and within thirty (30) days of each submission to it shall issue final approval or disapproval of the proposed plan. Failure to respond within

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such thirty (30) day period shall result in the automatic approval of the plan in question. The decision of the Northwoods Architectural Committee shall be binding.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Section 1. Members: The Declarant, for so long as it shall be an Owner, and every person or entity who is an Owner of a fee or undivided fee interest in any Dwelling Unit Site which is subject by covenants of record to assessments by the Site Association, including contract sellers, shall be a member of the Site Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of such Dwelling Unit Site shall be the sole qualification for membership, and no Owner shall have more than one membership, except as expressly provided hereinafter. Membership shall be mandatory, and shall be appurtenant to and may not be separated from ownership of any Dwelling Unit Site which is subject to assessment by the Site Association. The Board of Directors of the Site Association may make reasonable rules relating to the proof of ownership of a Dwelling Unit Site.

Section 2. Member Classes and Voting Rights: The Site Association shall have two (2) classes of voting membership:

Class A: Class A Members shall be all those Owners as defined in Article I Section 8 with the exception of the Declarant. Class A Members shall be entitled to one (1) vote for each Dwelling Unit Site in which they hold the interest required for membership. When more than one (1) person holds such interest in any Dwelling Unit Site, all such persons shall be members. The vote for such dwelling Unit Site shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any single Dwelling Unit Site.

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Class B: The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Dwelling Unit Site in which it holds the interest required for membership, provided that the Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in Class A Membership equal the total votes outstanding in Class B Membership, but provided that the Class B Membership shall be reinstated if thereafter and before the time stated in Subparagraph (b) below, additional lands are annexed to the Multi Unit Site without the assent of Members on account of the development of such additional lands by the Declarant, all as provided for in Article VIII Section 2, or

(b) On December 31, 1986.

Section 3. Voting Rights Suspension: The right of any Class A Member to vote may be suspended by the Board of Directors of the Site Association for just cause pursuant to its rules and regulations and according to the provisions of Article II Section 6.

Section 4. Conflict: In the event of any conflict between these Multi Unit Covenants and the Master Covenants, the latter shall control.

ARTICLE VI

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments: The Declarant, for each Dwelling Unit Site owned within the Multi Unit Site, hereby covenants, and each Owner of any Dwelling Unit Site by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Site Association:

(1) Annual assessments or charges, and

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- (2) Special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided.

All assessments relating to Limited Common Areas and the maintenance of Limited Common Area facilities shall be shared equally by the Owners of each Dwelling Unit Site. The annual and special assessments, together with such interest thereon and costs and collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees (as provided in North Carolina General Statutes Section 6-21.2) incurred by the Site Association in collecting delinquent assessments shall also be the personal obligation of the person or entity who was the Owner of such property at the time when the assessment fell due. The obligation of an Owner for delinquent assessments shall not pass to his successors or assigns in title unless expressly assumed. In the event any Dwelling Unit Site (whether one or more) is owned by more than one individual or entity, Declarant shall have the right to proceed against any one of such Owners for the collection of the entire assessment due.

Section 2. Purpose of Assessments: The assessments levied by the Site Association shall be used exclusively for the purpose of promoting the beautification of the Multi Unit Site, the recreational, health, safety, and welfare of the Owners in the Multi Unit Site, the enforcement of these covenants and the rules of the Site Association, and, in particular, for the improvement and maintenance of the services and facilities of the Multi Unit Site and for the maintenance of the exterior of Dwelling Units. The Site Association shall be responsible for the payment of premiums for liability insurance, payment of local ad valorem taxes on Limited Common Areas, payment of assessments for public

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and private capital improvements made to or for the benefit of such Limited Common Areas and maintenance of recreational and other facilities located on such Limited Common Areas. All monies collected by the Site Association shall be treated as the separate property of the Site Association, and such monies may be applied by the Site Association to the payment of any expense of operating and managing the Multi Unit Sites, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration; or the Articles of Incorporation or the Bylaws of the Site Association. As monies for any assessment are paid to the Site Association by any Owner, the same may be commingled with monies paid to the Site Association by other Owners. Although all funds and common surplus, including other assets of the Site Association, and any increments therefor or profits derived therefrom shall be held for the benefit of the members of the Site Association, no members of the Site Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Dwelling Unit or Dwelling Unit Site. When an Owner shall cease to be a member of the Association by reason of his divestment of ownership of his Dwelling Unit or Dwelling Unit Site, by whatever means, the Site Association shall not be required to account to such Owner for any share of the funds or assets of the Site Association, or which may have been paid to the Site Association by such Owner, as all monies which any Owner has paid to the Site Association shall be and constitute an asset of the Site Association which may be used in the operation and management of the Multi Unit Site.

Section 3. Basic Annual Assessment: Until December 31, 1985, the maximum annual assessment shall not be in excess of Thirty-Five Dollars (\$35.00).

(a) From and after January 1, 1986, the basic annual assessment may be increased by the Board of Directors of the Site Association effective January 1 of each year

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without a vote of the membership, provided the increase does not exceed the percentage increase reflected in the U.S. City Average, Consumer Price Index - United States and Selected Areas for Urban Wage Earners and Clerical Workers, All Items Most Recent Index and Percentage Changes from Selected Dates (published by the U.S. Bureau of Labor Statistics, Washington, D.C.), or such other index as may succeed the Consumer Price Index, for the twelve (12) month period ending the immediately preceding July 1. In no event shall such increase be greater than twelve percent (12%) in any one year.

(b) From and after January 1, 1986, the annual assessment may be increased by an affirmative vote of two-thirds (2/3) of the members who are voting in person or by proxy, at a meeting duly called for such purpose. Written notice of the meeting shall be given to all Members not less than thirty (30) days in advance of the meeting. However, in this instance the Class B Members shall have only one vote for each Dwelling Unit or Site owned by such Class B Member.

Section 4. Criteria for Establishing Assessments: In establishing the annual assessment for any assessment year, the Board of Directors of the Site Association shall consider all current costs and expenses of the Site Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount in excess of the sums derived by application of the Consumer Price Index, or such index as may succeed the Consumer Price Index, formula provided in Sub-section (b) of this Article VI, Section 3.

Section 5. Special Assessments for Capital Improvements: In addition to the annual assessments authorized above, the Site Association may levy a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the costs of any construction or reconstruction, unexpected repair or

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replacement of a described capital improvement upon the Limited Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the vote of the Members (as defined and determined above in Section 3(b)) who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days in advance of the meeting. However, in this instance the Class B Members shall have only one (1) vote for each Dwelling Unit or Site owned by such Class B Member.

Section 6. Uniform Rate of Assessment: Both Annual and Special Assessments must be fixed at a uniform rate for all Dwelling Unit Sites with exception of those owned by Declarant and that rate shall be not less than 25% of the regular assessment, and may be collected on a monthly, quarterly or annual basis.

Section 7. Date of Commencement of Annual Assessments: Due Dates: The annual assessments provided for herein shall commence as to all Dwelling Units Sites on the first day of the month following the conveyance of the Limited Common Areas to the Site Association. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors of the Site Association shall fix the amount of the Annual Assessment against each Dwelling Unit Site at least sixty (60) days in advance of each Annual Assessment. Written notice of the Annual Assessment and any Special Assessment for capital improvement shall be sent to every Owner subject thereto. The due date shall be established by the Board of Directors of the Site Association. The Site Association shall upon demand at any time furnish a certificate in writing signed by an officer of the Site Association setting forth whether the assessments on a specified Dwelling Unit Site have been paid. A reasonable charge may be made by the Board of Directors of the Site

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Association for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been made. The Site Association may contract with the Northwoods Association for this and other services in its discretion.

Section 8. Remedies for Non-Payment of Assessments:

Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at a rate of ten per cent (10%) per annum. The Site Association may bring an action at law against the Owner personally obligated to pay same or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosures of Deeds of Trust, and interest, costs and reasonable attorney's fees for representation of the Site Association in 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 Limited Common Area or abandonment of his Dwelling Unit or Dwelling Unit Site.

Section 9. Subordination of the Lien to Mortgages

and Ad Valorem Taxes: The lien of the assessments provided for herein on any Dwelling Unit Site shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any Dwelling Unit Site shall not affect the assessment lien or liens herein provided for. However, the sale or transfer of any Dwelling Unit Site which is subject to any mortgage pursuant to a decree of foreclosure under such mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payments thereof which became due prior to such sale or transfer. No sale or transfer shall relieve such Dwelling Unit Site from liability for any assessments thereafter becoming due or from the lien thereof.

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Section 10. Exempt Property: The following property subject to this Declaration shall be exempt from the assessments created herein:

(a) All properties dedicated to and accepted by a local public authority, and

(b) All properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina.

However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VII

EASEMENTS

Section 1. Walks, Drives, Parking Areas, Utilities, Etc.: All of the Multi Unit Site, including Dwelling Unit Sites and Limited Common Areas, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines, and other utilities maintenance, ingress, egress and regress as shall be established by the Declaration or by its successors in title; and the Site Association shall have the power and authority to grant and establish further easements upon, over, under and across the Limited Common Areas conveyed to it.

Section 2. Encroachments and Declarant's Easement to Correct Drainage: All Dwelling Unit Sites and Limited Common Area shall be subject to easements for the encroachment of initial improvements constructed on adjacent and surrounding Dwelling Unit Sites and Limited Common Area by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, such items as fireplaces, overhanging eaves, gutters and downspouts, exterior storage rooms, bay windows,

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steps and walls. Such easements shall exist for so long as such encroachments shall naturally exist.

If any encroachment shall occur subsequent to subjecting the Multi Unit Site to this Declaration as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be a valid easement for such encroachment and for the maintenance of the same. Every Dwelling Unit Site shall be subject to an easement for entry by the Declarant or its agents for a period not to exceed eighteen (18) months following conveyance of a Dwelling Unit Site to an Owner for the purpose of correcting any problems that may arise regarding grading and drainage. The Declarant, or its agent, upon making entry for such purpose, shall restore the affected Dwelling Unit Site to as near the original condition as practicable.

Every portion of a Dwelling Unit which contributes to the structural support of a building shall be burdened with an easement of structural support for the benefit of all other Dwelling Units within the building.

Every Dwelling Unit shall be subject to an easement for entry by the Site Association, the Declarant or their agents for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Dwelling Unit and that endangers any building or portion of the Limited Common Area.

Section 3. Private Streets: Private streets may be created upon any Multi Unit Site to service the needs of Dwelling Units thereon. Such private streets shall be subject to an easement in favor of every Dwelling Unit to which they are adjacent or which they are designed to serve and shall be deemed appurtenant to each Dwelling Unit whereby the Owner of such Dwelling Unit shall be entitled to use them as a means of ingress, egress and regress and such other uses as shall have been designated.

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Section 4. Easement to Town of Cary: An easement is hereby established for municipal, state or public utilities serving the area over all Limited Common Areas hereby or hereafter established for the setting, removal, and reading of utility meters, maintaining and replacing utility or drainage connections or any other purpose consistent with the public safety and welfare, including without limitation, police and fire protection.

ARTICLE VIII

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation by Members: Annexation of additional properties shall require the assent of two-thirds (2/3) of the votes of each class of Members at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days in advance of the meeting. The presence of members or of proxies entitled to cast sixty per cent (60%) of the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirements set forth above and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event that two-thirds (2/3) of the membership is not present in person or by proxy, members not present may give their written assent to the action taken thereat. However, in this instance the Class B Members shall have only one vote for each Dwelling Unit or Site owned by such Class B Member.

Section 2. Annexation by Declarant: If, within five (5) years of the date of incorporation of this Site Association, the Declarant should develop additional lands within the boundaries shown on Exhibit B annexed hereto, such additional lands may be annexed to said Multi Unit Site

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by Declarant without the assent of the other Members. Annexed areas must be contiguous to the Multi Unit Site herein described in Exhibit A or to property previously annexed.

Section 3. Other Annexations: In addition to annexations as provided hereinabove in this Article, contiguous or non-contiguous property may be annexed to the Multi Unit Site at any time with the express consent of two-thirds (2/3) of the Members. The voting ratio shall be as set forth in Article VIII, Section I.

ARTICLE IX

GENERAL PROVISIONS

Section 1. Enforcement: The Site 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 Site Association or 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. Rights of Lenders and Insurers of First Mortgages:

(a) The prior written approval of each institutional holder of a first deed of trust on a Dwelling Unit and/or Dwelling Unit Site will be required for the following:

(1) Any material amendment to the Declaration or to the Bylaws of the Site Association, except as otherwise herein provided.

(2) The effectuation of any decision by the Site Association to terminate professional management and assume self-management of the Multi Unit Site.

(b) No Dwelling Unit may be partitioned or subdivided without the prior written approval of the first lien holder of the Dwelling Unit.

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(c) Upon written request, any institutional holder of a first lien on a Dwelling Unit or Dwelling Unit Site will be entitled to:

(1) Inspect the books and records of the Site Association during normal business hours;

(2) Receive an annual audited financial statement of the Site Association within ninety (90) days following the end of any fiscal year; and

(3) Written notice of all meetings of the Site Association and be permitted to designate a representative to attend all such meetings.

(d) In the event of substantial damage to or destruction of any Dwelling Unit or any part of the Limited Common Area, the institutional holder of any first mortgage on a Dwelling Unit will be entitled to timely written notice of any such damage or destruction.

(e) If any Dwelling Unit or Dwelling Unit Site or portion thereof or if the Limited Common Area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage on a Dwelling Unit or Dwelling Unit Site will be entitled to timely written notice of any such proceeding or proposed acquisition.

(f) The holder of a first mortgage on any Dwelling Unit or Dwelling Unit Site shall be given prompt notice of any default by the Dwelling Unit Site mortgagor's obligations hereunder not cured within thirty (30) days of said default provided that the holder shall have given notice to the Site Association that it is a holder as to the Dwelling Unit or Dwelling Unit Site of such mortgagor and shall have requested the notice of default as herein set forth.

Section 3. Amendment: The covenants, conditions and restrictions, of this Declaration shall run with and bind the land, and shall inure to the benefit of and be

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enforceable by the Site Association, or the Owner of any Dwelling Unit or Site subject to this Declaration, their respective legal representatives, heirs, successors, and assigns for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. The covenants, conditions, and restrictions of this Declaration may be amended during the first thirty (30) year period or thereafter by an instrument signed by not less than the Owners of ninety per cent (90%) of the Dwelling Units or Sites. Amendments shall not become effective until approved by the Northwoods Association or until the Northwoods Association, after sixty (60) day notice, fails to comment on the amendment.

Section 4. Declarant's Right to Amend Declaration With Approval of Veteran's Administration or Department of Housing and Urban Development: In the event that the Declarant shall seek to obtain approval of this Declaration and the plan of development of the Multi Unit Site in order that the Dwelling Units or Dwellings Unit Sites and improvements constructed thereon will be eligible for loans approved or guaranteed by the Veteran's Administration (herein called "V.A.") or the Department of Housing and Urban Development (herein called "HUD") or other governmental agency including without limitation Federal National Mortgage Association and in the event that such agency or agencies require changes in this Declaration in order to make the Dwelling Unit or Dwelling Unit Sites and improvements thereon eligible for such loans and in such event, the Declarant, without the consent or approval of any other Owner, shall have the right to amend this Declaration, and the amendment shall become effective upon recordation of the amendment, along with attached evidence of approval by the appropriate governmental agency, in the Wake County Registry. A letter from an official of the V.A., HUD, or other appropriate governmental agency, requiring an

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amendment as a condition of approval, shall be sufficient evidence of the approval of V.A., HUD and/or such other agency.

Section 5. Right to Amend to Achieve Tax-Exempt Status: The Declarant, for so long as it shall retain control of the Site, and thereafter, the Board of Directors of the Site Association, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any Owner, however, with the consent and approval of VA or HUD, in order to qualify the Site Association or the Multi Unit Site, or any portion thereof, for tax-exempt status. Such amendment shall become effective upon the date of its recordation in the Wake County Registry.

Section 6. Certification and Recordation of Amendment: If any amendment to these covenants, conditions and restrictions is executed, each such amendment shall be delivered to the Board of Directors of the Northwoods Association. Thereupon, the Board of Directors of Northwoods Association and Board of Directors of the Site Association, within thirty (30) days do the following:

(a) Reasonably assure itself that the amendment has been executed by the Owners of the required number of Dwelling Units or Dwelling Unit Sites. (For this purpose, the Board may rely on its roster of Members and shall not be required to cause any title to any Dwelling Unit or Dwelling Unit Site to be examined.)

(b) Determine by a majority vote of the Board of Directors of the Northwoods Association that the amendment is in the best interests of the Northwoods Association.

(c) Attach to the amendment a certification as to its validity, which certification shall be executed by the Northwoods Association.

Section 7. Effect and Validity of Amendments: All amendments shall become effective from the date of proper recordation in the Wake County Registry. When any instrument purporting to amend the covenants, conditions,

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and restrictions has been certified by the Board of Directors of the Northwoods Association, recorded as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Dwelling Unit on the Multi Unit Site.

Section 8. Exchange of Common Area for Other Portions of the Properties: Notwithstanding any provisions herein to the contrary, other than Section 4 of this Article IX, it is expressly provided that the Site Association may convey to the Declarant, as well as any other Member, for fair market value any portion of the Limited Common Area theretofore conveyed to the Site Association, all as provided in the Articles of Incorporation of the Site Association. Upon such conveyance, the area thus conveyed shall cease to be Limited Common Area and shall cease to be subject to the provisions of these covenants relating to the Limited Common Area. Any area purchased by the Site Association shall become Limited Common Area and subject to the provisions of these covenants relating to the Limited Common Area. (The following hypothetical situation is by way of illustration, but not of limitation: Due to a surveying error an undesirable drainage area is designated for the location of Dwelling Unit Sites. Under this provision, the Declarant and the Site Association exchange deeds so that the Dwelling Unit Site may be relocated within the Limited Common Area and the area previously designated for Dwelling Unit Sites may be converted to Limited Common Area.) Any such conveyance shall be subject to prior written approval by V.A. or HUD.

Section 9. Conflicts: In the event there shall be any irreconcilable conflicts between either this Declaration of the Site Association or the Bylaws of the Site Association and Declaration of Covenants, Conditions and Restrictions for Northwoods Association or the Bylaws of Northwoods Association, the provisions of the said

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Declaration for Northwoods Association and the Bylaws for said Northwoods Association shall control. In the event of irreconcilable conflict between this Declaration and the Bylaws of the Site Association, the provisions of this Declaration shall control.

Section 10. Severability: Invalidation of any one of these covenants or restrictions by a judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 11. Certification by Adjoining Owner that no Contribution is Due: If any Owner desires to sell his Dwelling Unit Site, he may, in order to assure a prospective purchaser that no adjoining Owner has a right of contribution as provided in Article II, request of the adjoining Owner a certification that no right of contribution exists, whereupon it shall be the duty of each adjoining Owner to make such certification immediately upon request and without charge; provided, however, that where the adjoining Owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

ARTICLE X

DWELLING MAINTENANCE AND REPAIR

Section 1. Exterior Maintenance: In addition to maintenance of the Limited Common Area, the Site Association shall provide exterior maintenance upon each Dwelling Unit and Dwelling Unit Site which is subject to assessment hereunder, as follows: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements. Notwithstanding the Site Association's maintenance responsibilities contained herein, it shall be the duty of each Owner to maintain and repair the following on the Owner's Unit: doors, windows, exterior lighting fixtures and deck. In order to enable the Site Association to accomplish the foregoing, there is hereby reserved to the

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Site Association the right to unobstructed access over and upon each Dwelling Unit Site at all reasonable times to perform inspection and/or maintenance as provided in this Article. The Owner of any Dwelling Unit Site may, at his election, plant trees, shrubs, flowers, and grass in such portion of the Limited Common Area as may be designated on the approved site plan provided that such maintenance by the Owner does not hinder or add substantially to the cost of the Site Association in performing its maintenance of the exterior of the Dwelling Unit and the remaining Limited Common Areas. No such maintenance by a Dwelling Unit Site Owner shall reduce any assessment payable by him to the Site Association. If, in the opinion of the Site Association, such Owner fails to maintain this designated area in a neat and orderly manner, the Site Association may revoke the Owner's maintenance rights for a period not to exceed one (1) year. The Owner of a Dwelling Unit shall not plant any vegetation in any non-designated area except with prior written approval of the Site Association.

Section 2. Special Repair and Maintenance: In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the Owner, residents of his Dwelling Unit, guests, or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircrafts, vehicles, and smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage Insurance Policies, the costs of such maintenance or repairs shall be added to and become part of the assessment to which such Dwelling Unit Site is subject.

Section 3. Failure to Maintain: It shall be the duty and responsibility of the Site Association to maintain the Dwelling Unit Sites and Limited Common Areas to at least the same standard of maintenance as that of the Common Areas and facilities of Northwoods Association and in conformity with the general plan of development and maintenance for

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Northwoods Association. In the event that the Site Association fails properly to maintain the Dwelling Units or Dwelling Unit Sites or Limited Common Area in conformity with these requirements, the Board of Directors of Northwoods Association shall give written notice of any deficiencies to the Board of Directors of the Site Association, and if the Site Association fails to remedy such deficiencies within thirty (30) days following receipt of such notice, the Northwoods Association may perform the necessary maintenance for such period of time as it may in its discretion elect to do so, and the costs of such maintenance may be added to and be included in the annual assessment by Northwoods Association of Owners within the Multi Unit Site on a per Dwelling Unit Site basis.

There is hereby created an easement for entry, which shall run with the land, in favor of the Northwoods Association and its successors upon any Dwelling Unit Site and Limited Common Area within the Multi Unit Site or other areas annexed hereto to perform the maintenance provided for herein.

Section 4. Party Walls: Each wall which is built as a part of the original construction of the Dwelling Unit upon the Multi Unit Site and placed on the dividing line between the Dwelling Units and all reconstruction or extensions of such walls shall constitute party walls, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support in below-ground construction and of liability for property damage due to negligence or willful acts or omissions shall apply thereto. In addition, the following specific requirements shall be observed:

(a) The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion of such use.

(b) If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore

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it, and if the other Owners thereafter make use of the wall, they shall contribute to the costs or restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(c) The Owner of any Dwelling Unit Site may construct, reconstruct, or extend a party wall in any direction (subject to and within the limitation of architectural control and other limitations of these covenants) with the right to go upon the adjoining Dwelling Unit Site to the extent reasonably necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Dwelling Unit Site to as near as the same condition which prevailed on it before the commencement of such construction as is reasonably practicable

(d) Notwithstanding any other provision of this Article, an Owner who by his negligence or willful act causes the party wall to be exposed to the elements shall bear the whole costs of furnishing the necessary protection against such elements.

(e) The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

(f) In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by majority of all the arbitrators. The costs of each individual arbitrator selected shall be borne solely by the party selecting that arbitrator and the costs of the additional arbitrator selected shall be borne equally by the parties to the dispute.

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ARTICLE XI

DISSOLUTION OF INSOLVENCY OF THE SITE ASSOCIATION

In the event that the Site Association becomes insolvent, is dissolved or for any reason whatsoever loses the ownership of any of the Limited Common Areas referred to in Article II above, the Owners of Dwelling Units or Dwelling Unit Sites having an interest in such Limited Common Areas may, at their election as determined by majority vote, form a non-profit corporation as provided in the Charter and Bylaws of the Site Association and assign to it the duty and authority to assess on a per Dwelling Unit or Dwelling Unit Site basis all Dwelling Units or Dwelling Unit Sites abutting such Limited Common Area, whereupon such corporation shall maintain such Limited Common Area in the same manner that the Site Association is empowered to do by this instrument with the same right of lien for assessments for herein.

ARTICLE XII

HUD/VA APPROVAL

As long as there is a Class B memberships, the following acts will require the prior approval of HUD or V.A.: Annexation of additional properties, dedication of Limited Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

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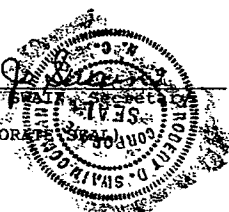
IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed in their respective names by authority duly given.

PARKVIEW CO., a North Carolina Joint Venture

ROBERT D. SWAIN COMPANY,
a North Carolina Corporation,
Partner

By: *George H. Jordan III* (SEAL) By: *Robert D. Swain*
GEORGE H. JORDAN, III, Partner ROBERT D. SWAIN, President

ATTEST:

Mary D. Swain
MARY D. SWAIN, Secretary
(CORPORATE SEAL)


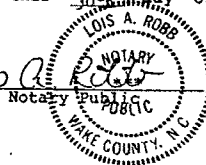
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STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that GEORGE H. JORDAN, III Partner, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official seal, this 30th day of July, 1985.

My commission expires: 11-17-88

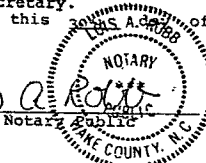


STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that MARY JO SWAIN, personally came before me this day and acknowledged that she is Secretary of ROBERT D. SWAIN COMPANY, 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 its President, sealed with its corporate seal and attested by her as its Secretary.

Witness my hand and official seal, this 30th day of July, 1985.

My commission expires: 11-17-88



NORTH CAROLINA - WAKE COUNTY

The foregoing certificate is of

Lois A. Robb

Notary 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.

KENNETH C. WILKINS, Register of Deeds

By Kenneth C. Wilkins
Register of Deeds

EXHIBIT A

BEING all of that tract shown by map of Parkview Townhomes, Phase One, as shown by map recorded in Book of Maps 1985, Page 1396, Wake County Registry.

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EXHIBIT B

BEING all of the 6.362 acre tract designated as
Site R-2 on a Map recorded in Book of Maps 1985,
Page 201, Wake County Registry.